

State of California

City of Visalia



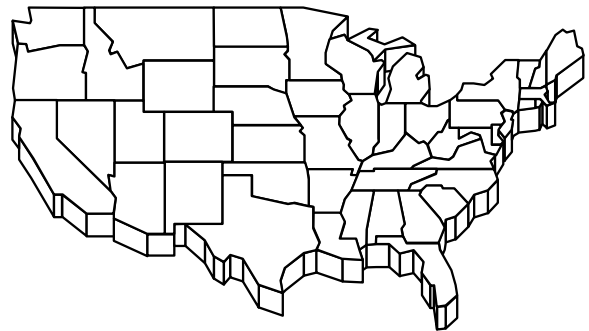
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

CITY OF VISALIA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015



Prepared by the Finance Department

**707 W. Acequia Ave.
Visalia, California 93291
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**CITY OF VISALIA
JUNE 30, 2015**

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January 26, 2016

To the Honorable Mayor, City Council, and Citizens of the City of Visalia:

We are pleased to submit the City of Visalia's (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2014 through June 30, 2015. The City Charter (Article VI - Section 17) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The CAFR is also intended to provide relevant financial information to the residents of Visalia, taxpayers, creditors, investors, and other interested parties.

This letter of transmittal provides a non-technical summary of City finances, services, and achievements, and economic prospects. We ask that readers who wish a more detailed discussion of the City's financial results refer to Management's Discussion & Analysis ("MD&A") contained in the Financial Section of the CAFR.

The City Finance Department is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles (GAAP).

The City contracted with Maze & Associates Accounting Corporation, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2014-2015 are fairly stated in conformity with generally accepted accounting principles (GAAP). This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in front of the Financial Section of this report.

This CAFR is organized into four sections:

- The **Introductory Section** provides this transmittal letter which includes information about the governmental structure, economic activities of the community, and notable financial activities.
- The **Financial Section** includes the financial statements, notes, and supplemental information. It has management's discussion and analysis (MD&A) which immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the Basic Financial Statements including notes and the Required Supplementary Information.

- The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of potential interest to readers of financial documents. The data also includes ten-year revenue and expenditure data.
- The **Compliance Section** which includes the Measure T Agreed Upon Procedures Audit, Bond Disclosure Requirements and Single Audit Reports. The citizens of the City of Visalia, in 2004, passed a sales tax ballot measure for public safety operations. An annual compliance audit was required as part of the measure and is included in this document. The Schedule of Expenditures of Federal Awards is included in the document along with the Single Audit Reports.

CITY PROFILE

Basic Information

Visalia is located in the central San Joaquin Valley in California, approximately 185 miles north of Los Angeles and 220 miles south of San Francisco. Visalia is the county seat and principal trading center for Tulare County, which is currently the most productive agricultural county in the United States. The City currently has a land area of approximately 37 square miles with a population of 130,753 as of January 2015, placing Visalia among the 200 largest cities in America.

The City was founded in 1852, incorporated in 1874, and became a charter city in 1923. The charter was amended in 1974 and operates under a Council-Manager form of government. The City Council is comprised of five members who are elected at large to alternating four-year terms staggered every two years. The Council selects two of its members to serve as Mayor and Vice Mayor for a two-year term. City Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the ordinances and policies of the City Council, overseeing operations, and appointing, with Council approval, the City's department heads.

Recently, the City entered into a judicial consent decree to move from at-large Council elections to district-based elections starting in November 2016. As a result, the current Council members' terms have all been increased by one year, so the first district-based elections will coincide with the 2016 general election. Two Council members' will be up for election at that time.

Types of Services

The City provides a full range of municipal services including those required by statute or charter. These services include Police, Fire, Planning, Building Safety, Successor Agencies to Redevelopment, Housing and Economic Development, Wastewater Treatment and Collection, Storm Water Collection, Ground Water Recharge, Solid Waste, Streets, Parks, Traffic Safety, Transit, Airport, Recreation, Convention Center, Senior Center, Golf Course, Ball Park, and General Administrative Services.

BUDGET

The City Council is required to adopt a budget by no later than the close of the prior fiscal year. This budget is prepared on a two-year basis and serves as the foundation for the City's fiscal planning and financial control. The budget is prepared by departments (e.g., Community Development), by funds (e.g., Transportation), and by divisions (e.g., Planning). The City Manager may transfer appropriations within a fund, provided that the total appropriation is not increased.

The City's Capital Budget is considered as part of the City's Five-Year Capital Improvement Plan. The capital expenditures approved are the two years adopted in the budget.

ECONOMIC CONDITION

The recovery from the recession continued in fiscal year (FY) 2015. The FY 2015 economic rebound resulted in increases in all economically-sensitive and most property-related revenue sources in the General Fund. The residential assessed property values increased by 2%; however, the commercial properties values were reduced to realign the property values with today's land values causing a decrease in total property taxes received. The total economic-sensitive revenue sources increased by \$769,475 as shown in Table 1 – Economic Sensitive Revenues.

Table 1 - Economic Sensitive Revenues

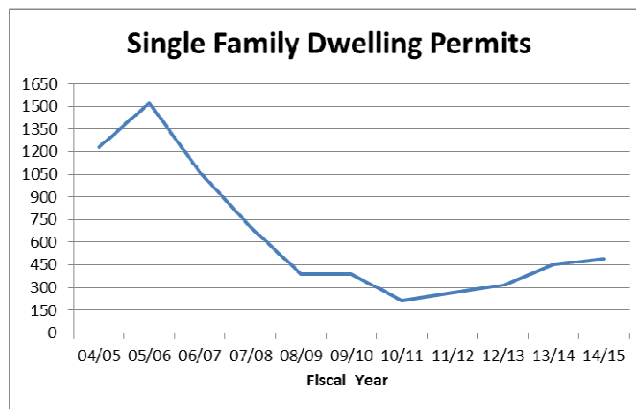
Description	FY 13/14	FY 14/15	Increase Over	
			Prior Year	% Increase
Sales Tax	\$21,020,682	\$21,638,374	\$ 617,692	3%
Property Tax	27,306,354	26,711,206	\$ (595,148)	-2%
Transient Occupancy Tax	2,301,303	2,621,530	\$ 320,227	14%
Franchise Fees	2,528,457	2,750,925	\$ 222,468	9%
Business License	2,067,132	2,271,368	\$ 204,236	10%
Total	\$55,223,928	\$55,993,403	\$ 769,475	1%

Visalia has 11,992 licensed businesses operating in the City. These businesses include private manufacturing, technology research, retail and service businesses, educational services, healthcare and social assistance, consulting, arts and entertainment, hospitality services, along with non-profit institutions.

Industrial jobs are primary factors in creating economic vitality. These jobs create the need for service jobs. This past fiscal year, Visalia has seen significant growth in the City's industrial job base with more activity pending through the calendar year.

Construction activity in the City also improved in 2014-15. The total valuation for all permits issued was \$223 million, a 19% increase from the prior year. This is the strongest construction activity since FY 07/08 as shown in Table 2 – New Single Family Dwelling Permits Comparison. The new single family dwelling permits was up from prior year by 8%. The construction valuation for 490 new single family dwelling permits was \$128.4 million, which was up 11% from the prior year valuation level.

Table 2 – New Single Family Dwelling Permits Comparison



While new housing permits have risen over the last several years since the Great Recession, home construction is not yet back to pre-housing boom levels. Prior to the housing boom, the ten year average for new housing was 626 permits annually (1993-2002). While there is substantial improvement needed to return to pre-boom levels, the City is pleased to see continuing gradual growth in the housing market. Overall, this construction activity drives the revenue collection in several categories and is an indicator of future activity for several other categories, such as property taxes, impact fees, and storm and sanitary sewer system fees.

Industrial Park Highlights

Residence Inn, the four-story extended stay Marriott Hotel, received their CUP to construct near the Fresno Pacific campus in the Plaza Business Park development. This extended stay brand is considered top-of-the-line.

Pinnacle Premix is a new business to Visalia located in the industrial park at 7019 W. Sunnyview (adjacent to Shirk). This company mixes vitamins and minerals into ag and pet feed products and is associated with Western Milling and Perfection Pet Foods.

RePlanet the state's largest recycling company, has located to 6941 W. Goshen Ave. This facility will take tons of plastic bottles that are collected statewide and use as feedstock to make plastic packaging for the agriculture industry.

Hydrite Chemical expanded and acquired a vacant industrial building and land at the SEC of Clancy and Doe.

Pacific Stihl expanded into a 140,000 sq. ft. space near Riggin and Plaza. This expansion nearly tripled their previous space and more than doubled its dock doors from eight to eighteen.

Commercial Developments from Around the Community

The City also witnessed other types of development around the community, including commercial and office developments.

Mooney Boulevard Revitalization

Shoe Palace received City approval to proceed with the removal of two commercial buildings at 2950 and 2942 S. Mooney. Shoe Palace, an athletic footwear and apparel retail chain, will rebuild with a new commercial building.

Mor Furniture for Less opened a store at 3000 S. Mooney Blvd and features an outlet store immediately behind the main store.

HomeGoods the popular home furnishing store celebrated their grand opening on Sunday, November 8th. HomeGoods now occupies the space formerly used by Staples next to Dick's Sporting Goods at Caldwell and Mooney. Also opening in this center will be a **Designer Shoe Warehouse** (DSW). Both national retailers are new to the Visalia market.

Downtown Developments

Easley's Gun Shop relocates to former Surplus City space. The shop relocated to about one third of the former Surplus City space on Main Street in Downtown Visalia. In addition the name has been changed to "The General's' Trading Post" and offers firearms hunting gear, and local furniture.

Sequoia Brewing opened at 124 W Main Street, across Main from Fugazzi's and next door to Akamaru.

Ed Dena's Auto Center comes to Visalia bringing another household name into the local auto dealer market. They have located to the site of the former Si's Quality Automobiles lot located at Ben Maddox and East Main.

Imagine U an interactive children museum opened a new 15,000 sq. ft. building at 210 N Tipton in November 2015. The museum includes exhibits that encourage thinking and teamwork.

Development in the previous Link's building is still on track to open soon. This development will feature 6 residential units and 2 retail spaces on the ground floor that will feature a beauty salon and a wine tasting retail store that will sell local and other wines.

North Visalia

Orchard Walk a new retail development includes Leslie Pool Supply, Don Roberto Jewelers, AT&T store, Nice Nail and Spa, and Visalia Modern Dentistry.

Derrel's Mini Storage has begun construction of their 201,400 square foot mini storage complex off Goshen and Demaree.

Several Conceptual site plans are going through the City approval process such as:

- A large retail shopping center just south of the Riverway Sports Park that includes multiple anchor pads, restaurant spaces, and other smaller retail spaces.
- A new Kaweah Delta Urgent Health Care center near Demaree and Riffin.
- Self Help Enterprises multifamily project at the NWC of Ferguson and Dinuba

Other Openings/Developments:

SeaPort Airlines began offering air service February 2015. During the year, they were able to provide excellent service and maintain passenger activity. For instance, the City of Visalia needs to average a 45% load factor to maintain eligibility under the Federal Essential Air Service (EAS) subsidy cap and in the month of May they had a 56% load factor. Data indicates that more passengers are using the Airport now than in 2014.

Wyndham Hotel has taken over the Holiday Inn by the Visalia Airport. While no change in ownership is occurring, \$6 million in renovations and updates are currently taking place with the conversion. The Holiday Inn flag will still be flown in Visalia with the upcoming **Holiday Inn Express** that will be locating near Adventure Park.

Wienerschnitzel opened at Noble and Ben Maddox. The drive thru location is only the second in the Tulare/Kings region (Hanford).

Visalia is among largest gainers in Best-Performing rankings: Proof that combined efforts are paying off, the City jumped 55 spots on a national ranking of high-performing cities. The improvement ranked fourteenth overall and fifth among all California markets. The Best-Performing Cities Index is published annually by the Milken Institute, and measures which US metropolitan areas are promoting economic vitality based on job creation and retention and quality of new jobs.

Ongoing Capital Projects

The City's Capital Improvement Program has a number of significant projects currently underway that will continue into fiscal year 2016 and beyond.

Fire Station 53

- The new Fire Station is a \$3.5 million project that is funded by Measure T funds. The new station will be located at the southeast corner of Walnut Avenue and Atwood Street. The station will be 6,800 square foot and will be constructed on a 1.25 acre parcel. The project is estimated to be completed February 2016.

Visalia Emergency Communication Center (VECC)

- The \$16 million project will be a new facility for Dispatch, Fire Administration, and Traffic Monitoring. This building will be located at the future Civic Center site at NE Burke and the Future extension of School Avenue. The facility will be 18,800 square foot. The Civic Center site is approximately 10 acres and 3 acres will be designated to the VECC. Construction is anticipated to begin February 2016. The debt issuance for this project will be paid by Measure T, Public Safety Impact fees, and General Fund.

CAD/RMS Replacement for Public Safety

- The Computer Aided Dispatch and Records Management System (CADD/RMS) replacement will cost \$3.5 million and will include all new software and hardware. This system will include a touchscreen Mobile solution with real-time mobile mapping. The system will be installed in conjunction with the VECC building construction. This project will be funded by Measure T, Public Safety Impact fees, and General Fund.

Convention Center Renovation

- The Convention was last renovated in 1999 and needs to replace worn out interior furnishings. This \$5 million renovation will update the looks of the Convention Center inside and outside, along with a complete reroof. This project will also update technology to make the center more marketable. The project is anticipated to be completed January 2016.
- The Convention Center existing debt was refinanced in FY 14/15 in anticipation of a debt issuance for the VECC facility and the Convention Center Remodel. The refinance lowered the existing debt payment due to a lower interest rate and extending the loan 5 years.

Animal Care Services Facility

- The \$6.6 million facility was completed September 2015. The facility is almost 20,000 square feet and more than double the size of our existing facilities. The new facility includes a new animal crematory, kennel systems and cleaning equipment that meets or exceeds all current standards for kennel facilities. In addition, the new facility fully segregates the sick and vicious animals from the rest of the pet population. Those kennels are closest to the intake area to limit employee contact.

Water Conservation Plant

- The approximately \$100 million plus public works project is the largest single project in the City's history. The upgrade will allow the use of recycled water for irrigation of crops, Plaza Park, and Valley Oaks Golf Course. The construction is a three year project and will not be completed until early 2017. As part of this project, the City and the Tulare Irrigation District (TID) executed a water exchange agreement. In exchange for

recycled water delivered for its uses, TID will transfer a proportional amount of surface water to the City to be directed to groundwater recharge facilities to help mitigate declining groundwater levels.

- The project is financed with a State Water Resources Revolving Fund loan, grants, and Waste Water cash balances. No rate increases are necessary to fund this loan.

FINANCIAL CONDITION

Fiscal year 2014-2015 ended with a continued yet steady growth in a number of revenue categories such as Sales Tax, Transient Occupancy Tax, Franchise Fees, and development-related fees and taxes. With strategic financial reform, revenue increases from a stronger economy, and careful management of expenses, the City’s budget continued to stabilize in 2014/15 and provided for limited services enhancements and infrastructure improvements, avoided service cuts, and allowed for increases in employee compensation. As shown in Table 3 – General Fund Statement of Revenues & Expenditures, the General Fund ended the year with a \$2.3 million change in fund balance. The large surplus includes an \$800,000 cost reduction from the PERS prepayment option taken by the City. The City’s PERS cost was more than the prepayment which is an 8% return on our money.

Table 3 – General Fund Statement of Revenues & Expenditures
(in millions)

	<u>FY 14/15</u>
Revenues	\$ 64.8
Expenditures	<u>58.2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6.6
Other Sources & (Uses)	<u>(4.3)</u>
Net Changes	<u>\$ 2.3</u>

Even though this is the second year ending with a surplus, the balance between revenues and expenditures remains fragile in the General Fund. It is important for the City to continue to monitor increasing costs, such as rising pension costs, and to seek new opportunities to increase tax base revenues to maintain fiscal sustainability.

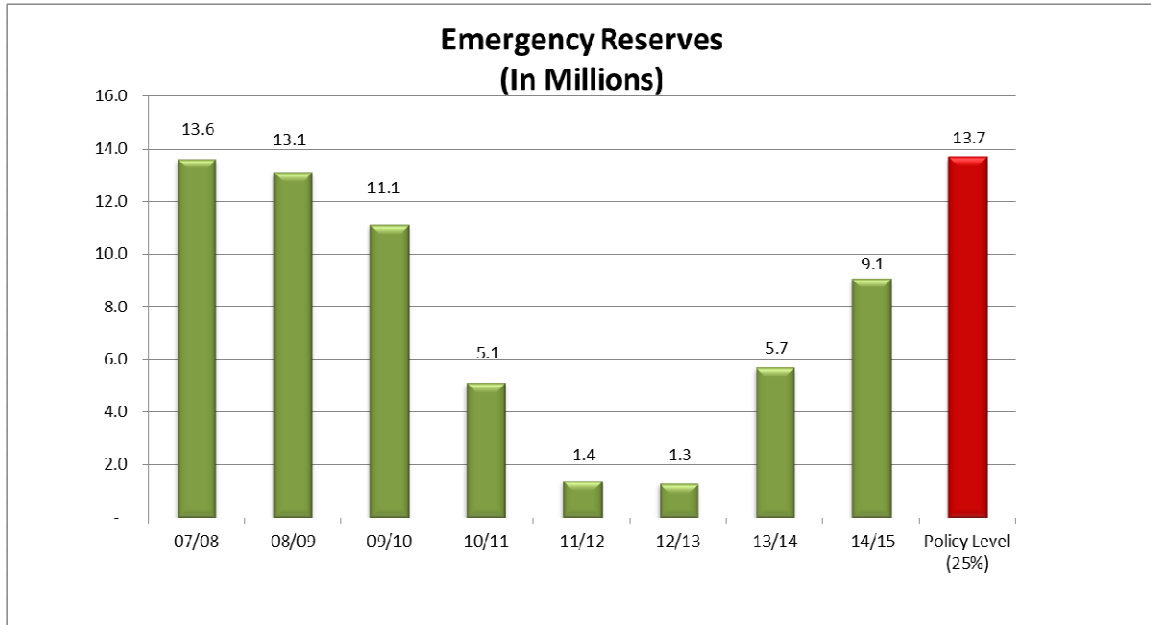
In June 2014, the City Council adopted a balanced biennial budget for fiscal years 2014-2015 and 2015-2016. The biennial budget focused on the following goals:

- 1) Gradually rebuild the City by adding back resources;
- 2) Increase funding levels for Capital Improvement Projects;
- 3) Fund new debt payment for Visalia Emergency Communications Center (VECC);
- 4) Increase resources directed at maintaining City facilities; and
- 5) Replenish General Fund Emergency Reserves.

Both fiscal years budgets transfer a modest surplus to the Emergency Reserve. This transfer is consistent with the City Council's goal of increasing the Emergency Reserve balance to 25% of General Fund operating expenditures. Table 4 - General Fund Emergency Reserves shows the usage of the reserves during the great recession and the efforts to replenish the reserves. The

reserve balance for FY 13/14 had a higher increase than the revenue/expenditure surplus due to receiving capital grant monies that were owed from the prior year.

Table 4 – General Fund Emergency Reserves



In the end, it appears that the General Fund has improved and turned the corner: revenues are increasing. However, significant challenges remain for the General Fund to replenish reserves, rebuild organizational capacity lost in the recession, and handle new pension costs.

BOND RATING

The City’s current general obligation credit ratings are A+ from Standard & Poor's (“S&P”). The ratings continue to reflect the diversity of the local economy anchored by a strong business presence, sound financial management and prudent budgetary practices.

SINGLE AUDIT

As a recipient of federal, state and county funding, the City is responsible for providing assurance that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these award programs. Internal controls are subject to periodic evaluation by management, the Office of the City Auditor, and the City's external independent auditors.

As part of the City's single audit procedures, tests are performed to test the effectiveness of the internal controls over major federal award programs and the City’s compliance with applicable laws and regulations related to these award programs.

AWARDS

The Government Finance Officers Association (“GFOA”) awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2014. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized CAFR, the contents of which conform to program

standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

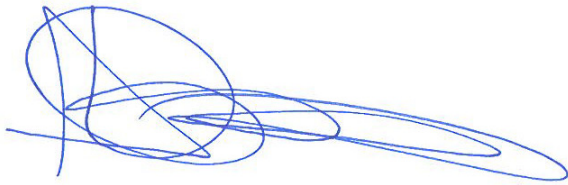
The Certificate of Achievement is valid for only one year. The City believes this CAFR continues to conform to the Certificate of Achievement Program requirements and will be submitting it to GFOA for consideration of the annual award.

ACKNOWLEDGMENTS

The preparation of this CAFR represents a team effort by the entire staff of the Finance Department. Our Finance Director, Renee Nagel, is commended for her strong leadership and excellent financial stewardship. Sincere appreciation goes to Finance Manager Jason Montgomery and Financial Analyst Kari Williams. They demonstrated personal determination and dedicated many long days of focused attention to produce this document. The City also recognizes the contributions and positive working relationship with Maze & Associates.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support for the pursuit of excellence in all realms of professional endeavors, especially their role in guiding the City to a secure financial condition that assures resources are available to provide core services to the community.

Respectfully submitted,

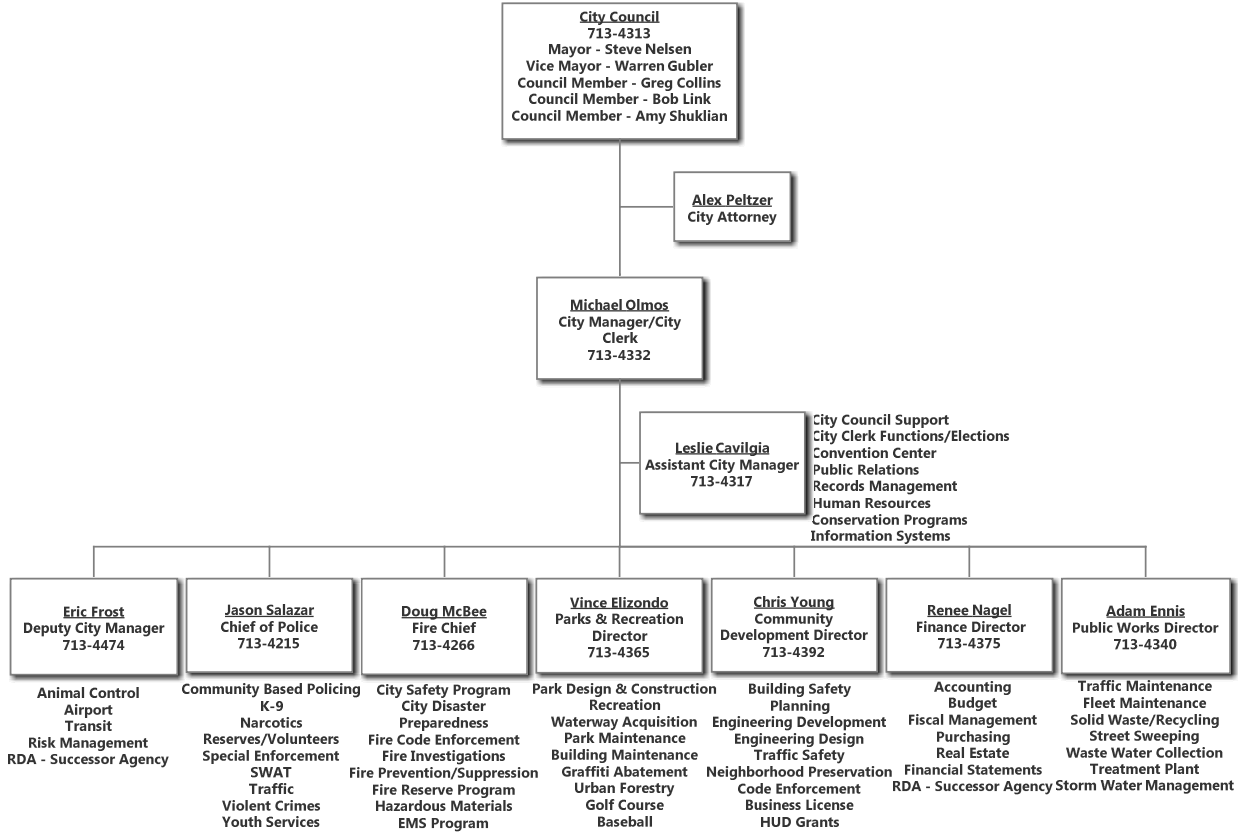
A handwritten signature in blue ink, appearing to be "Michael Olmos", with a long, sweeping horizontal stroke extending to the right.

Michael Olmos
City Manager

A handwritten signature in blue ink, appearing to be "Renee Nagel", written in a cursive style.

Renee Nagel
Finance Director

CITY OF VISALIA



As of June 30, 2015



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Visalia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Visalia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Visalia, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required prior period adjustments as discussed in Note 14 to the financial statements:

Statement No. 68 – *Accounting and Financial Reporting for Pensions*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

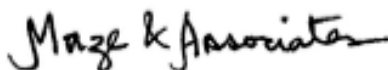
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
January 26, 2016

**CITY OF VISALIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2015**

The Governmental Accounting Standards Board (GASB) Statement No. 34 Government-wide statements present a combined picture of the City of Visalia (the City) on a full accrual basis of accounting, where all debt and assets are included in the presentation. Conversely, the Fund level statements present a picture that is based on a modified accrual basis of accounting, where long-term assets and debt are excluded. Thus, Government-wide and Fund level presentations produce different results based on the type of accounting basis used. Please read this document in conjunction with the accompanying Transmittal Letter and the Basic Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's Basic Financial Statements which have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This Comprehensive Annual Financial Report also contains Supplemental Information which includes combining statements for Non-major Governmental, Internal Service and Fiduciary Funds, Measure T Agreed Upon Procedures Audit, Bond Disclosure Requirements, Single Audit Reports, as well as a Statistical Section.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide a broad overview of all of the City's finances taken as a whole, using a long-term view, in a manner similar to private-sector businesses.

The **Statement of Net Position** presents financial information on all the City's assets, including capital assets and liabilities, and long-term debt, with the difference between the two reported as net position. The full accrual basis of accounting is used, thus the flow of all economic resources are measured.

The **Statement of Activities** presents financial information reporting how the City's net position changed during the fiscal year by listing the revenues and expenses of each of the City's major activities. The full accrual basis of accounting is also used, thereby all changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period.

All of the City's activities are grouped into either Governmental Activities (those functions that are principally supported by taxes or by specific governmental program revenues such as developer fees) or into Business-type Activities (whose services are supported by charges paid by direct users of the service such as Solid Waste collection). All of the amounts in both of the Statement of Net Position and the Statement of Activities are segregated into Governmental Activities and Business-type Activities to provide a summary of these City activities. The City's **Governmental Activities** include general government, community development, police, fire, public works, parks and recreation services. The City's **Business-type Activities** include the convention center, airport, golf course, wastewater, storm sewer maintenance, solid waste, transit, building safety, animal control, and baseball.

The City's Government-wide Financial Statements include not only the City itself (referred to as the primary government) but also the Visalia Public Finance Authority, which is financially accountable to the City and is blended into these financial statements.

Fund Financial Statements

The fund financial statements are designed to report information about related accounts that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Fund Financial Statements provide detailed information about each of the City's most significant funds called Major Funds. Major funds account for the major financial activities of the City and are presented individually, while the activities of the Non-major funds are presented in summary as Other Governmental Funds. Subordinate schedules of the Non-major funds present detailed financial information for the City's smaller funds.

Governmental Funds: Governmental funds are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. This basis focuses on (1) how cash and other financial assets can be readily converted to available resources and (2) the balances left at year-end that are available for spending. Capital assets and other long-lived assets along with long-term liabilities are not presented in the Governmental Fund Financial Statements. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with the similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City follows Governmental Accounting Standards Board (GASB) Statement No. 54. In the Fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned. Each of these components of fund balance is classified based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

1. Nonspendable Fund Balance – amounts that are inherently nonspendable such as long-term receivables.
2. Restricted Fund Balance – amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.
3. Committed Fund Balance – amounts that can only be used for specific purposes determined by resolution of the City's highest level of decision-making authority, the City Council. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through a resolution. The resolution must occur prior to the end of the reporting period; however, the amount can be determined subsequently.
4. Assigned Fund Balance - amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the City Council itself or by an official to which the governing body has delegated the authority.

5. Unassigned Fund Balance - the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

The City Council establishes, modifies or rescinds fund balance commitments by passage of an ordinance or resolution. This is done through the adoption of the budget and subsequent budget amendments that occur throughout the year. Assignments may be established and modified by the City Council, City Manager, or Finance Director.

The accounting policies of the City consider restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This Fund Balance policy was established by the City Council on June 20, 2011.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either citizens (e.g., Enterprise funds) or departments of the City (e.g., Internal Service funds). Proprietary funds provide the same type of information as shown in the government-wide financial statements only in more detail. Proprietary funds are prepared on the full accrual basis of accounting and include all of their assets and liabilities, current and long-term.

- **Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Convention Center, Airport, Valley Oaks Golf, Wastewater, Storm Sewer Maintenance, Solid Waste, Transit, Baseball, Animal Control, and Building Safety all of which are considered to be Major Funds of the City.
- **Internal Service Funds** are used to report activities that provide certain supplies and services only to City programs and activities. The internal service funds are combined into a single, aggregated total presented in the Fund Level proprietary fund financial statements. Subordinate Internal Service fund schedules that provide individual fund financial data in the form of combining statements are also contained in this report. Internal service's revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the activities which created them. Because these services predominantly benefit governmental rather than business-type functions, the residual net position of these funds has been included within governmental activities in the government-wide financial statements. The City uses internal service funds to account for Fleet Services, Vehicle Replacement, Information Services, Risk Management, Health Benefits and Compensated Absences.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's fiduciary activities are reported in the Statement of Fiduciary Net Position included in the Basic Financial Statements. For the City of Visalia, six fiduciary funds are maintained: the Los Rios Assessment District, the Property and Business Improvement District #3, and #4 (for Downtown Visalians & Alliance), the Village West Improvement District, the Orchard Walk Underground Utilities District, the Atwood Assessment District, the Laura Assessment District, and the Visalia Redevelopment Successor Agency.

Notes to the Financial Statements

The notes to the financial statements provide additional financial information that is essential for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

FINANCIAL HIGHLIGHTS

Visalia's population increased to 130,753, an increase of .90% this past fiscal year. The California Consumer Price Index for All Urban Consumers for the same period increased by .12%. The major factors driving the City's financial results this fiscal year are the following:

- Improving Sales Tax Revenues, up 12% from last year.
- Increased construction activity.
- Increase in Charges for Services, up 6% from last year as the economy improved

Government-wide Statements

Table 1, Government-wide City Totals, summarizes the Government-wide financial activity for this past year.

Table 1
Government-wide City Totals
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Assets	\$ 823.7	\$ 735.2	\$ 88.5	12.0%
Deferred Outflows of Resources	10.5	-	10.5	100.0%
Liabilities	191.0	64.3	126.7	197.0%
Deferred Inflows of Resources	19.0	0.0	19.0	100.0%
Net Position	624.2	670.9	(46.7)	-7.0%
Revenues	181.0	168.6	12.4	7.4%
Expenses	141.1	138.3	2.8	2.1%

- The City's Total Assets increased by \$88.5 million (12.0%) during the current fiscal year mainly due to increases in cash of \$1.9 million, accounts receivable of \$1.4 million, taxes receivable of \$1.6 million, notes and loans receivable of \$3.8 million, inventory of \$1.7 million, grants due of \$5.8 million, and capital assets of \$72.4 million. The inventory consists of walnuts and pecans harvested yet not sold. The capital asset additions include \$3.9 million in the Houston widening project, \$2.5 million in vehicles (which include two fire engines, two solid waste trucks, and police vehicles), \$1.8 million in trail ways, \$5.4 million in construction in progress for the Animal Control Facility, \$56.5 million in construction in progress for the Wastewater Plant upgrade project, as well as numerous other improvements throughout the City.
- The City's Deferred Outflows of Resources increased by \$10.5 million (100%) due to the implementation of GASB 68 and the recording of deferred pensions.
- The City's Liabilities increased by \$126.7 million (197%) during the current fiscal year. This was mainly due to the implementation of GASB 68 and the recording of a net pension liability of \$85.9 million. The increase can also be attributed to the addition of \$41.8 million in new debt in the Wastewater fund for the funding of a wastewater treatment plant upgrade.
- The City's Deferred Inflows of Resources increased by \$19.0 million mainly due to the implementation of GASB 68 and the recording of \$19.0 million in deferred pensions.

- The City's Total Net Position (assets exceeding its liabilities and deferred inflows of resources) were \$624.2 million as of June 30, 2015.
- The City's Total Revenues, including program and general revenues, were \$181.0 million for fiscal year 2014-15, an increase of \$12.4 million (7.4%) from last year, while total City expenses were \$141.1 million, an increase of \$2.8 million (2.1%) from last year. The revenue increase is mainly due an increase in sales tax revenue of \$3.4 million, an increase in charges for services of \$6.5 million, an increase in other taxes \$1.2 and an increase in investment earnings \$1.3 million. The increase in expenses is due to increases in maintenance and operations costs in the Business-type activities and increases in salaries and benefits in both Governmental and Business-type activities.
- Revenues can be divided between Program Revenues related to work activities and General or Tax Revenues. For fiscal year 2014-15, Program Revenues were \$106.2 million (revenues derived from specific activities) and General Revenues (e.g., taxes and investment earnings) were \$74.8 million. These same revenues can be classified as either Governmental activity revenues or Business-type activity revenues. For fiscal year 2014-15, Governmental activity revenues and Business-type activity revenues were \$100.0 million (55.2%) and \$81.0 million (44.8%), respectively.
- Expenses for governmental activities and for business-type activities were \$77.2 million (a 1.1% increase from last year) and \$63.9 million (a 3.3% increase from last year), respectively.

Fund Financial Statements

- The General Fund's revenues were \$64.9 million for fiscal year 2014-15 (a \$2.4 million or 3.9% increase from last year), while the General Fund's expenditures and transfers were \$62.6 million (a \$0.7 million or 1.2% increase from last year). The increase in revenues is mainly due to increases in sales tax of \$.6 million, in other taxes of \$.7 million (franchise fees up \$.2 million, transient occupancy taxes up \$.3 million, and business license tax up \$.2 million), in interest earned of \$.9 million (mainly due to a PERS prepayment), and in miscellaneous revenue of \$.2 million. The increase in expenditures and transfers is mainly due to increases in salaries and benefits as a result of wage increases.
- The General Fund's fund balance increased by \$4.8 million as revenues exceeded expenditures by \$2.3 million and due to a prior period adjustment of \$2.5 million (Note 14). Fund balance was \$41.7 million at fiscal year-end, of which \$19.9 million has been reserved nonspendable or assigned fund balance for advances to other funds and prepaids. Some \$17.7 million of fund balance is designated by City Council as committed fund balance for specific purposes while \$4.1 million remains unassigned.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE)

Analysis of Governmental Net Position

The City's governmental assets are shown in Table 2, Governmental Net Position. These assets exceeded its liabilities by \$335.1 million. The largest portion of the net position, \$284.9 million (85.0%), is Net Investment in Capital Assets (net of debt to acquire those assets). The remaining portions of the City's net position are: \$52.4 million (15.6%) represents resources that are subject to restrictions and the remaining -\$2.2 million (-0.6%) being unrestricted.

Table 2
Governmental Net Position
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 86.5	\$ 78.7	\$ 7.8	10%
Current and Other Assets	51.2	45.9	5.3	11%
Adv. To Other Funds & Internal Balances	6.1	6.0	0.1	1%
Capital Assets, Net of Accum. Deprec.	288.2	276.2	12.0	4%
Total Assets	<u>432.0</u>	<u>406.8</u>	<u>25.2</u>	<u>6%</u>
Deferred Outflows of Resources				
Deferred Pensions	8.7	-	8.7	100%
Total Deferred Outflows of Resources	<u>8.7</u>	<u>-</u>	<u>8.7</u>	<u>100%</u>
Liabilities				
Other Liabilities	15.0	16.8	(1.8)	-11%
Long-Term Debt Outstanding	75.5	8.9	66.6	748%
Total Liabilities	<u>90.5</u>	<u>25.7</u>	<u>64.8</u>	<u>252%</u>
Deferred Inflows of Resources				
Deferred Pensions	15.1	-	15.1	100%
Total Deferred Inflows of Resources	<u>15.1</u>	<u>-</u>	<u>15.1</u>	<u>100%</u>
Net Position				
Net Investment in Capital Assets	284.9	271.9	13.0	5%
Restricted	52.4	45.4	7.0	15%
Unrestricted	(2.2)	60.7	(62.9)	-104%
Total Net Position	<u>\$ 335.1</u>	<u>\$ 378.0</u>	<u>\$ (42.9)</u>	<u>-11%</u>

- *Cash and Investments* of \$86.5 million increased \$7.8 million from last year due to an increase in sales tax revenue and receipt of grant and loan funds receivable last fiscal year.
- *Capital Assets, Net of Accumulated Depreciation* totaling \$288.2 million are categorized in [Table 8, Capital Assets, Net of Accumulated Depreciation](#). This amount increased by \$12.0 million over last year as capital projects were constructed or in progress.
- *Long-Term Debt* totaling \$75.5 million is comprised of Net Pension Liability, Certificates of Participation, government loans, and compensated absences. Implementation of GASB 68 resulted in a net pension liability of \$67.4 million. Long-term debt (excluding compensated absences) decreased by \$.9 million due to the debt payments made by the City, a refunding of the 2005 COP, and the acquiring of an energy conservation assistance act loan. Compensated absences increased by \$.2 million. See the accompanying *Notes to Basic Financial Statements, Note 7 – Long-Term Debt* for further detail.
- *Net Position – Net Investment in Capital Assets* of \$284.9 million represents the City's Capital Assets less accumulated depreciation and any debt used to finance its construction or purchase.
- *Restricted Net Position* of \$52.4 million is primarily found in Capital Projects funds which have been restricted for related capital projects.
- *Unrestricted Net Position* of -\$2.2 million is the remaining part of the assets. This negative unrestricted net position is the result of implementing GASB 68 and the recording of the net pension liability on the statement of net position. Of this amount, \$41.7 is the General Fund's net position. All but \$5.2 million is either nonspendable (\$.4 million), committed (\$16.6 million) or assigned as advances and budgeted projects (\$19.5 million). Additional information on the General Fund's Fund Balance can be found in the following Statistical Section.

Analysis of Changes in Governmental Net Position

Governmental activities are summarized on Table 3, Changes in Governmental Net Position, showing that during fiscal year 2014-15 the City's net position decreased by \$42.9 million, mainly due to the implementation of GASB 68 and the recording of the City's net pension liability.

Table 3
Changes in Governmental Net Position
(in millions)

	<u>FY 14-15</u>	<u>FY 13-14</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
REVENUES				
Program Revenues:				
Charges for Services	\$ 19.4	\$ 16.6	\$ 2.8	17%
Operating Grants & Contributions	4.6	3.2	1.4	43%
Capital Grants & Contributions	8.6	12.2	(3.6)	-30%
General Revenues:				
Taxes				
Sales	32.2	28.8	3.4	12%
Property	27.7	27.3	0.4	1%
Other	8.3	6.9	1.4	20%
Investment Earnings	1.9	0.5	1.4	279%
Miscellaneous	1.6	1.3	0.3	22%
Total Revenues	<u>104.3</u>	<u>96.8</u>	<u>7.5</u>	<u>8%</u>
EXPENSES				
General Government	4.3	4.1	0.2	5%
Community Development	6.0	5.3	0.7	13%
Police	30.4	31.7	(1.3)	-4%
Fire	13.8	14.3	(0.5)	-4%
Public Works	13.6	11.9	1.7	14%
Parks & Recreation	9.0	9.0	(0.0)	0%
Interest on Long-Term Debt	0.1	0.2	(0.1)	-28%
Total Expenses	<u>77.2</u>	<u>76.5</u>	<u>0.7</u>	<u>1%</u>
Increase (Decrease) in Net Position Before Transfers	27.1	20.3	6.8	34%
Transfers	(4.3)	(4.3)	0.0	-1%
Total Transfers	<u>(4.3)</u>	<u>(4.3)</u>	<u>0.0</u>	<u>-1%</u>
Increase (Decrease) in Net Position	22.8	16.0	6.8	42%
Net Position at Beg. of Year, as Restated	<u>312.3</u>	<u>362.0</u>	<u>(49.7)</u>	<u>-14%</u>
Net Position at End of Year	<u>\$ 335.1</u>	<u>\$ 378.0</u>	<u>\$ (42.9)</u>	<u>-11%</u>

Total Revenues of \$104.3 million, increased by \$7.5 million (8%) and total governmental expenses of \$77.2 million, increased by \$.7 million (1%) when compared to last year. The most significant revenue changes were the increases in sales taxes of \$3.4 million, charges for services of \$2.8 million, investment earnings of \$1.4 million, other taxes \$1.4million, and \$1.4 million in operating grants accompanied by a decrease capital grants and contributions of -\$3.6 million. The increase in expenditures on the Statement of Activities was minimal due to the implementation of GASB 68 with the recording of the net pension liability on other pension related items resulting in a slight reduction in pension expense this year.

PROGRAM REVENUES

Charges for Services

These charges increased \$2.8 million or 17% as compared to the prior year. The increase was mainly due to increased impact fee revenue and engineering services due to increased building activity.

Grants (Operating & Capital) & Contributions

The combined income from operating and capital grants and contributions decreased this year, down from last year by \$2.2 million, for a total of \$13.2 million for fiscal year 2014-15 mainly due to the completion of major capital projects.

GENERAL REVENUES

- **Sales Tax** - Sales tax increased \$3.4 million from last year mainly due to an improving economy (general and special district tax increase of \$1.1 million), an increase in Measure R Regional sales tax revenues of \$2.0 million, and Measure R Local sales tax revenues of \$.3 million as funding for projects in those funds were received. Measure R is a voter approved sales tax override for regional, local, transit, bike and pedestrian projects. The current year overall sales tax total is \$32.2 million.
- **Property Taxes** - Property tax revenues increased \$.4 million (1%) over last year, currently totaling \$27.7 million.
- **Investment Earnings** - Investment earnings increased from \$.5 to \$1.9 million over the last year mainly due to interest/discount earned on a PERS prepayment for fiscal year 2014-15.

EXPENSES

- **General Government** – There were \$4.3 million in expenses, an increase of \$.2 million (4%) which was mainly due to increases in salaries and benefits as a result of wage increases.
- **Community Development** - There were \$6.0 million in expenses, an increase of \$.7 (13%) due to an increase in FAP (first time assistance program) for home buying assistance.
- **Police** - There were \$30.4 million in expenses, a decrease of \$1.3 million (-4%) as compared to last year which was mainly due to the implementation of GASB 68 with the recording of the net pension liability and pension related items resulting in a reduction in pension expense this year.
- **Fire** - There were \$13.8 million in expenses, a decrease of \$.5 million (-3%) as compared to last year which was mainly due to the implementation of GASB 68 with the recording of the net pension liability and pension related items resulting in a reduction in pension expense this year.
- **Public Works** - There were \$13.6 million in expenses, an increase of \$1.7 million (12%) mainly due an increase in salaries and benefits as a result of wage increases and capital related projects.
- **Parks and Recreation** - There were \$9.0 million in expenses, reflecting no change from the prior year.
- **Interest on Long-Term Debt** - There was \$.1 million in interest expense for fiscal year 2014-15. Principal payments were made on Certificates of Participation and bank notes. The Certificates of Participation were refunded resulting in a lower annual payment and extending out the maturity date to 2025. As the City approaches the maturity, the annual debt service goes towards interest less and more towards the principal.

Analysis of Business-Type Net Position

The City's business-type net position, shown in Table 4, Business-Type Net Position, exceeded liabilities by \$289.1 million. The largest portion of the net position, Net Investment in Capital Assets, is \$212.9

million (73.6%). \$71.1 million (24.6%) represents resources that are subject to restrictions. The remaining balance of \$5.1 million (1.8%) represents unrestricted net position.

Table 4
Business-Type Net Position
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 78.2	\$ 84.1	\$ (5.9)	-7%
Current and Other Assets	36.2	27.4	8.8	32%
Internal Balances	(6.1)	(6.0)	(0.1)	2%
Capital Assets	283.4	223.0	60.4	27%
Total Assets	<u>391.7</u>	<u>328.5</u>	<u>63.2</u>	<u>19%</u>
Deferred Outflows of Resources				
Deferred Pensions	1.8	-	1.8	100%
Total Deferred Outflows of Resources	<u>1.8</u>	<u>-</u>	<u>1.8</u>	<u>100%</u>
Liabilities				
Other Liabilities	11.6	4.0	7.6	190%
Long-Term Debt Outstanding	88.9	31.5	57.4	182%
Total Liabilities	<u>100.5</u>	<u>35.5</u>	<u>65.0</u>	<u>183%</u>
Deferred Inflows of Resources				
Deferred Pensions	3.9	-	3.9	100%
Total Deferred Inflows of Resources	<u>3.9</u>	<u>-</u>	<u>3.9</u>	<u>100%</u>
Net Position				
Net Investment in Capital Assets	212.9	198.3	14.6	7%
Restricted	71.1	121.6	(50.5)	-42%
Unrestricted	5.1	(27.0)	32.1	-119%
Total Net Position	<u>\$ 289.1</u>	<u>\$ 292.9</u>	<u>\$ (3.8)</u>	<u>-1%</u>

- **Cash and Investments** decreased \$5.9 million (-7%), mainly due to the construction of the Animal Control Facility, and the treatment plant upgrade.
- **Capital Assets** totaling \$283.4 million increased by \$60.4 million (27%) mainly due to an increase in construction in progress for the Treatment Plant Upgrade \$56.2 million, Animal Control Facility \$5.7 million, Convention Center renovation \$2.3 million and Solid Waste trucks \$2.1 million; offset by a decrease in Machinery, Equipment and Vehicles in Transit \$2.1 million and \$.3 million in solid waste; an increase in infrastructure \$1.2 million in Wastewater; and an increase in accumulated depreciation 4.8 million. See [Table 8, Capital Assets, Net of Accumulated Depreciation](#) below for additional detail.
- **Long-Term Debt** totaling \$88.9 million is composed of Net Pension Liability, Certificates of Participation, Capital Lease, Clean Water State Revolving Fund Loan, and Compensated absences. Regularly scheduled payments coupled with additions to the clean water state revolving fund loan, and Implementation of GASB 68 & 71 net pension liability resulted increased the long-term debt by \$57.4 million. See the accompanying *Notes to Basic Financial Statements, Note 7- Long-Term Debt* for further detail.
- **Net Position – Net Investment in Capital Assets** totaling \$212.9 million (7% increase) represents capital assets less accumulated depreciation and net of any debt used to finance its construction or purchase.
- **Restricted Net Position** of \$71.1 million is primarily found in Capital Projects funds which have been restricted for related capital projects and debt service reserves.

- **Unrestricted Net Position** of \$5.1 million experienced an increase of \$32.1 million. Unrestricted Net Position is normally the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. The majority of the increase can be traced to the Wastewater fund along with the Convention Center, Animal Control funds, and offset by the results of implementing GASB 68 and the recording of the net pension liability.

Analysis of Changes in Business-Type Net Position

Table 5, Changes in Business-Type Net Position shows the results of the City's businesses for the last two fiscal years. The City's Business-type activities during fiscal year 2014-15 decreased the City's net position by \$3.8 million (-1%). Total Business-type revenues of \$76.7 million increased by \$4.9 million (7%) when compared to last year. Total Business-type expenses of \$63.9 million have increased by \$2.1 million. Net Position at Beginning of Year is restated to \$272.0 million, a decrease of \$20.9 million due to GASB 68 & 71 implementation.

Table 5
Changes in Business-Type Net Position
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
REVENUES				
Program Revenues:				
Charges for Services	\$ 61.1	\$ 57.3	\$ 3.8	7%
Operating Grants & Contributions	9.9	6.6	3.3	50%
Capital Grants & Contributions	2.7	4.1	(1.4)	-34%
Investment Earnings	0.4	0.5	(0.1)	-25%
Miscellaneous	2.6	3.3	(0.7)	-22%
Total Revenues	<u>76.7</u>	<u>71.8</u>	<u>4.9</u>	<u>7%</u>
EXPENSES				
Convention Center	5.7	5.9	(0.2)	-3%
Airport	2.5	2.5	0.0	0%
Golf Course	2.8	2.6	0.2	8%
Wastewater	15.1	13.8	1.3	9%
Storm Sewer	1.7	1.5	0.2	15%
Solid Waste	18.0	18.6	(0.6)	-3%
Transit	14.7	13.7	1.0	8%
Baseball	0.3	0.3	0.0	0%
Animal Control	1.1	1.2	(0.1)	-8%
Building Safety	2.0	1.7	0.3	18%
Total Expenses	<u>63.9</u>	<u>61.8</u>	<u>2.1</u>	<u>3%</u>
Increase in Net Position Before Transfers	12.8	10.0	2.8	28%
Transfers	4.3	4.3	0.0	0%
Increase in Net Position	<u>17.1</u>	<u>14.3</u>	<u>2.8</u>	<u>20%</u>
Net Position at Beg. of Year, as restated	<u>272.0</u>	<u>278.6</u>	<u>(6.6)</u>	<u>-2%</u>
Net Position at End of Year	<u>\$ 289.1</u>	<u>\$ 292.9</u>	<u>\$ (3.8)</u>	<u>-1%</u>

Revenues

- **Charges for Services** – These revenues were up collectively by \$3.8 million mainly as a result of increased activity in Wastewater of \$3.8 million (Utility Services Center Services Provided of \$2.2 million and Residential Services of \$1.4 million), Transit \$.4 million (Seki shuttle 300K, Fare Box \$82K and Facility Rentals \$30K), Building Safety \$.3 million (Construction Permits), Animal

Control \$.1 million (reimbursement from State \$90K for State mandated activities) and decreased activity in the Convention Center of \$.5 million due to refurbishment of the facility leading to less events being held (event ticket service charges of \$.3 million, equipment rental of \$156K, and refreshments of \$ 66K) and Solid Waste \$.3 million (residential services).

- **Operating and Capital Grants and Contributions** – The combined revenue from operating and capital grants and contribution increased this year \$1.9 million out of \$12.6 million mainly due to Transit having increased operating grant activity of \$3.3 million and decreased capital grant activity of \$1.7 million.

Expenses

- **Convention Center** – There were \$5.7 million in expenses, a decrease of \$.2 million (-3%) mainly due to the refurbishment of the facility leading to less events held at the Convention Center as compared to last year.
- **Airport** – There were \$2.5 million in expenses reflecting no change from the prior year.
- **Golf Course** – There were \$2.8 million in expenses, a slight increase of \$.2 million (8%) this year mainly due to interest on debt \$.1 million and equipment expenses \$.1 million.
- **Wastewater** – There were \$15.1 million in expenses, an increase of \$1.3 million (9%) mainly due to increased maintenance and operations costs including professional services (Fathom), landfill dump charges, utilities and an increase in salaries and benefits as a result of wage increases.
- **Storm Sewer Maintenance** – There were \$1.7 million in expenses, an increase of \$.2 million (15%) mainly due to maintenance and operations costs and salaries and benefits as a result of wage increases.
- **Solid Waste** – There were \$18.0 million in expenses, a decrease of \$.6 million (-3%) mainly due to a decrease in services provided, a decrease in salaries and benefits due to vacancies, and a decrease in depreciation.
- **Transit** – There were \$14.7 million in expenses, an increase of \$1.0 million (8%) mainly due to a study to improve operations and grants, loss on the sale of vehicles, and pass through expenses for outside Agencies.
- **Baseball** – There were \$.3 million in expenses reflecting no change from the prior year.
- **Animal Control** – There were \$1.1 million in expenses, a decrease of \$.1 million (-8%) due to a decrease in contracted animal services expense.
- **Building Safety** – There were \$2.0 million in expenses, an increase of \$.3 million (18%) mainly due to an increase in salaries and benefits as a result of wage increases, offset by a decrease in professional services.

FUND FINANCIAL ANALYSIS

Governmental Funds are reported on a modified accrual basis of accounting in the fund statements, essentially eliminating the effects of capital assets and related debt. Table 6, Balance Sheet – Governmental Funds shows the last two fiscal years' results.

Table 6
Balance Sheet - Governmental Funds
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 66.9	\$ 60.7	\$ 6.2	10%
Other Assets	46.6	40.9	5.7	14%
Intergovernmental Balances	12.0	14.5	(2.5)	-17%
Total Assets	<u>125.5</u>	<u>116.1</u>	<u>9.4</u>	<u>8%</u>
Liabilities				
Advances From Grantors and Third Parties	0.6	0.5	0.1	67%
Advances From Other Funds	4.0	6.1	(2.1)	-35%
Other Liabilities	8.8	10.6	(1.8)	-17%
Total Liabilities	<u>13.4</u>	<u>17.2</u>	<u>(3.8)</u>	<u>-22%</u>
Deferred Inflows of Resources				
Unavailable Revenue	18.0	16.6	1.4	8%
Total Deferred Inflows of Resources	<u>18.0</u>	<u>16.6</u>	<u>1.4</u>	<u>8%</u>
Fund Balances				
Nonspendable	0.4	0.6	(0.2)	-28%
Restricted	46.0	44.8	1.2	3%
Committed	25.0	21.6	3.4	16%
Assigned	21.1	20.3	0.8	4%
Unassigned	1.6	(5.0)	6.6	-131%
Total Fund Balances	<u>\$ 94.1</u>	<u>\$ 82.3</u>	<u>\$ 11.8</u>	<u>14%</u>

Assets – The composition of assets changed by \$9.4 million during the year with an increase in cash, an increase in other assets and a decrease in intergovernmental balances. Cash increased \$6.2 million mainly due to an increase in sales tax revenues of \$3.4 million, charges for services of \$.7 million, repayments of prior year advances (advances down \$1.7 million), and receipt of prior years due from other governmental units (down \$.8 million as compared to prior year). Other assets increased \$5.7 million mainly as the result of an increase in notes and loans receivable of \$3.9 million and an increase in accounts receivable of \$1.5 million. Intergovernmental balances decreased \$2.5 million as a result of a reduction in advances of \$1.7 million to other funds and a decrease in amounts due from other governmental agencies of \$.8 million.

Liabilities – Liabilities have decreased \$3.8 million as a result of a decrease in advances from other funds and a decrease in other liabilities. Advances from other funds decreased \$2.1 million as funds were able to repay advances due to a decrease in due from other governmental agencies (grant money). Other liabilities decreased \$1.8 million mainly due to a decrease in accounts payable of \$1 million, a decrease in developer reimbursements of \$1.7 million, and an increase unearned revenue \$0.7 million (nut inventory).

Deferred Inflows of Resources – Deferred Inflows of Resources increased \$1.4 million mainly due to an increase in notes and loans receivable.

Fund Balance - By June 30, 2015, the City's Governmental Funds had a total fund balance of \$94.1 million, an increase of \$11.8 million from the prior fiscal year, which was a combination of increases and decreases in various funds which are discussed below.

Table 7, Statement of Revenues & Expenditures – Governmental Funds shows the results of the last two fiscal years' activities. Notably, revenues were up by \$3.8 million. The increase mainly came from an increase in sales tax of \$3.4 million, an increase in interest earned of \$.9 million with reductions in

property taxes of \$.6 million. Expenditures were up by \$.9 million mainly due to an increase in salaries and benefits as a result of wage increases.

Table 7
Statement of Revenues & Expenditures - Governmental Funds
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Revenues	\$ 99.7	\$ 95.9	\$ 3.8	4%
Expenditures	87.0	86.1	0.9	1%
Excess (Deficiency) of Revenues Over (Under) Expenditures	12.7	9.8	2.9	29%
Other Sources & (Uses)	(3.2)	(4.3)	(1.1)	26%
Net Change	\$ 9.5	\$ 5.5	\$ 4.0	72%

Governmental Funds

By June 30, 2015, the City's Governmental Funds had a total fund balance of \$94.1 million, an increase of \$11.8 million from the prior fiscal year, which was a combination of increases and decreases in various funds and prior period adjustments, all of which are discussed below.

Revenues increased \$3.8 million from the prior year with most of the increase coming from an increase in sales tax of \$3.4 million, an increase in interest earned of \$.9 million, with reductions in property taxes of \$.6 million. Expenditures were up by \$.9 million mainly due to an increase in salaries

Other Financing Sources and Uses in the governmental funds also had a \$1.1 million decrease in uses as proceeds from bond sales totaled \$1.6 million for the year, however, transfers out exceeded transfers in again this fiscal year.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

General Fund - The General Fund saw a change in fund balance with an increase of \$2.3 million.

The General Fund saw an overall increase in revenues of \$2.4 million as compared to last year. The increase mainly was from an increase in sales tax revenue of \$.6 million, other taxes of \$.7 million, charges for services of \$.4 million, interest earned of \$.9 million, miscellaneous revenue of \$.2 million, and subventions and grants of \$.2 million with a reduction in property tax revenue of \$.6 million.

The largest transfer out from the General Fund is to the Animal Control Enterprise Fund totaling \$2 million.

Community Development - This fund accounts for the Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME) and Neighborhood Stabilization Program (NSP) Grant funds. Also included are the Substandard Housing and Vehicle Abatement funds. The fund's assets include \$9.8 million in notes and loans receivable. All loans are fully offset by deferred inflows of resources as the loans are not expected to be repaid within the next year. The notes and loans receivable are for housing assistance through the various grant programs as well as past rental rehabilitation loans. Community Development's revenues exceeded expenditures by \$.4 million for the year, mainly due to an increase in subventions and grants of \$1.3 million as compared to last year. The net change in fund balance in addition to a prior period adjustment of -.1 million resulted in a fund balance increase of \$.3 million from last fiscal year to \$2.2 million.

Housing Successor Agency - The Housing Successor Agency Fund is used to retain the housing assets and functions previously performed by the dissolved Redevelopment Agency of the City of Visalia.

Revenues exceeded expenditures by \$.3 million for the year. For the year, fund balance increased \$0.3 million from last fiscal year to \$2.7 million.

Transportation – The Transportation Fund is used to account for the financing and construction of new streets, roads, and various new transportation infrastructure and facilities. Funding is provided by Transportation Impact Fees. The Transportation Fund's Fund Balance increased \$2.7 million to \$.5 million as a result of increased revenue due to increased building activity as well as less capital projects for the year as compared to last year.

All Other Governmental Funds - These funds (referred to as Non-Major Funds) are not presented separately in the Basic Financial Statements, but are individually presented in Supplementary Information. Combined they received \$27.7 million in revenue and have a combined Fund Balance at year-end of \$47.1 million.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Business-Type Funds

By June 30, 2015, the City's Proprietary Funds combined net position totaled \$290.5 million, a decrease of \$3.6 million from the prior fiscal year, which was a combination of increases and decreases in various funds and a prior period adjustment of \$20.9 million for implementation of GASB 68 & 71.

Enterprise revenues were \$61.1 million this year, an increase of \$3.8 million from last year with most of the increased activity in Wastewater \$3.8 million (increased revenues mainly consisted of utility services center services provided for \$2.2 million and residential services for \$1.4 million, which \$1.0 million is for a true up of Fathom receivables and \$.4 million related to growth), Transit \$.4 million (Seki shuttle \$300K, fare box \$82K and facility rentals \$30K), Building Safety \$.3 million (construction permits), Animal Control \$.1 million (for a reimbursement from the State \$90K for State mandated activities) and decreased activity in the Convention Center \$.5 million due to refurbishment of the facility leading to less events being held (ticket sales \$.3 million, equipment rental \$156K, and refreshments \$66K), and Solid Waste \$.3 million (residential services). Operating expenses were \$58.0 million this year, an increase of \$2.3 million from last year.

Convention Center - Operating revenues decreased \$.5 million due to the refurbishment of the facility leading to less events held at the Convention Center as compared to last year, mainly due to ticket sales of \$.3 million, equipment rental of \$156K, and refreshments of \$66K. Operating expenses were down \$.3 million for the year mainly due to decreased surcharges of \$.4 million due to ticket sales decreasing as a result of fewer events due to the refurbishment of the facility, offset by an increase in contract employees \$.1 million compared to last year.

Airport - Operating revenues decreased slightly by \$25K. Operating expenditures increased by \$158K mainly due to increased maintenance and operational expenses of \$247K for allocations/risk-liability of \$84K, aviation fuel of \$83K, supplies and maintenance of \$40K, and rents & leases of \$23K, offset by a decrease in salaries and benefits of \$57K due to vacancies and a decrease in depreciation of \$32K.

Valley Oaks Golf Course - Operating revenues remained constant as compared to last year and were slightly down decreasing \$8K. Operating expenditures were up slightly due to an increase of \$36K in maintenance and operational expenses.

Wastewater - Operating revenues increased \$3.8 million mainly due to the addition of the Utility Billing Center which resulted in an increase in utility service center services provided of \$2.2 million and residential services of \$1.4 million, which \$1.0 million is for a true up of Fathom receivables and \$.4 million is related to growth. Expenses increased \$2.7 million mainly due to increased maintenance and operational costs including professional services which included the new contracted utility billing center services (Fathom) of \$1.6 million, landfill dump charges, utilities, and salaries and benefits \$.5 million due to wage increases.

Storm Sewer Maintenance - Operating revenues remained constant as compared to last year. Expenses increased \$.3 million mainly due to increases in maintenance and operation expenses of \$.2 million and salaries and benefits of \$.1 million due to wage increases.

Solid Waste - Operating revenues decreased \$.4 million due to a decrease in residential revenue. Operations this year decreased \$.6 million mainly due to a decrease in services provided of \$.3 million, a decrease in salaries and benefits of \$.2 million due to vacancies, and a decrease in depreciation of \$.1 million.

Transit - Operating revenues increased \$.4 million mainly due to an increase in Seki shuttle of \$.3 million and fare box revenues of \$82K. Operating expenses decreased \$.1 million mainly due to a decrease in equipment supplies and maintenance of 158K, a decrease in depreciation of 68K, offset by an increase in salaries and benefits of \$.1 million due to wage increases.

Building Safety – Operating revenues increased by \$.3 million as building activity continued to increase. Operating expenses increased slightly by \$.2 million including an increase in salaries and benefits \$.4 million due to wage increases, offset by a decrease in professional services \$.2 million.

Animal Control – Operating revenues increased \$.1 million mainly due to a reimbursement from the State of \$90K. Operating expenses decreased \$.1 million due to a decrease in animal contracted services.

Baseball – Operating revenues increase \$8,436 and expenses remained constant as compared to last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund - Original and Final Budget Comparison

The City's final General Fund budget differs from the original budget due to carry-forward appropriations for capital projects and supplemental appropriations approved during the Mid-Year and Mid-Cycle budget reviews.

Budgeted total revenues increased by \$.6 million, to a final budgeted amount of \$61.7 million, mainly due to \$.6 million in various additional federal, state and county grant funding secured by the City.

Budgeted total expenditures decreased by \$2.2 million to a final budgeted amount of \$59.6 million, mainly due to an increase in police expenses of \$.7 million and general government of \$.2million with a reduction of \$3.2 million in Capital Outlay (Projects).

General Fund - Final Budget and Actual Comparison

Total revenues were \$3.1 million higher than the final budgeted amount, as detailed below:

Transient Occupancy Tax – was \$.4 million more than budgeted as the economy improved more than anticipated.

Franchise Fees – was \$.3 million more than budgeted due to revenues being up more than anticipated.

Business License – was \$.2 million more than budgeted as the economy continued to improve.

Subventions and Grants – was \$.4 million more than budgeted due to the City securing additional funds.

Interest Earned – was \$1 million more than budgeted mainly due to more interest earned on a PERS prepayment than the City anticipated earning.

Engineering and Subdivision Services – was \$0.4 million more than budgeted as these specialized services were higher than anticipated for the year due to increased building activity.

Recreation Programs – was \$.2 million more than budgeted due to increased participation in the City's recreation programs.

Other Revenue – was \$.5 million more than budgeted mainly due to \$.25 million in walnut and pecan money received from nut orchards not budgeted and \$.2 million in miscellaneous other items.

Total expenditures were \$1.3 million less than budget. This difference was mainly due to police expenditures coming in less than budgeted by \$.8 million for salaries and benefits and parks and recreation expenditures less than budget by \$.8 million for professional services and maintenance items with Public Works expenditures more than budget by \$.3 million due to riparian maintenance not budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its Governmental and Business-Type activities as of June 30, 2015 totaled \$571.6 million (net of accumulated depreciation), as shown in Table 8, Capital Assets, Net of Accumulated Depreciation. For Government-wide Financial Statements, capital asset purchases for governmental activities are capitalized and depreciated. In contrast, in the Fund Financial Statements capital asset purchases for governmental activities are recorded as expenditures. Additional information about the City's capital assets can be found in the *Notes to Financial Statements, Note 6 – Capital Assets*.

Table 8
Capital Assets, Net of Accumulated Depreciation
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Governmental Activities				
Land	\$ 39.0	\$ 38.9	\$ 0.1	0%
Buildings	33.1	34.0	(0.9)	-3%
Improvements	44.1	44.0	0.1	0%
Equipment	12.7	11.9	0.8	6%
Infrastructure	112.2	101.2	11.0	11%
Construction in Progress	47.1	46.2	0.9	2%
Total	<u>288.2</u>	<u>276.2</u>	<u>12.0</u>	<u>4%</u>
Business-Type Activities				
Land	23.0	23.0	0.0	0%
Buildings	25.9	26.7	(0.8)	-3%
Improvements	36.2	38.0	(1.8)	-5%
Equipment	21.0	24.2	(3.2)	-12%
Infrastructure	89.4	89.5	(0.1)	0%
Construction in Progress	87.9	21.6	66.3	307%
Total	<u>\$ 283.4</u>	<u>\$ 223.0</u>	<u>\$ 60.4</u>	<u>27%</u>
Total City-Wide	<u>\$ 571.6</u>	<u>\$ 499.2</u>	<u>\$ 72.4</u>	<u>14%</u>

Major capital asset events during the current fiscal year included the following:

Governmental

- Houston Widening.
- St. Johns Riverwalk Trail way
- Addition of Streets

Business-type

- Wastewater Treatment Plant Upgrade continues.
- Construction of new Animal Control Facility began.

Debt Administration

The City's total long-term debt increased by \$38.2 million (95%) during the fiscal year, as shown in Table 9, Outstanding Debt. This was due to new debt being issued, payment of the City's regularly scheduled debt service payments, a refunding of the 2005 Certificate of Participation, and changes to Compensated Absences. The Wastewater Fund entered into a Clean Water State Revolving Fund Loan last fiscal year for its treatment plant upgrade and increased the loan by \$42 million this fiscal year. See the accompanying *Notes to Basic Financial Statements, Note 7 – Long-Term Debt* for further detail. The following summarizes the City's outstanding debt.

Table 9
Outstanding Debt
(in millions)

	FY 14-15	FY 13-14	Increase (Decrease)	
			\$	%
Governmental Activities				
Certificates of Participation	\$ 1.3	\$ 2.0	\$ (0.7)	-35%
Notes Payable	2.0	2.2	(0.2)	-10%
Compensated Absences	4.8	4.6	0.2	5%
Total	<u>8.1</u>	<u>8.8</u>	<u>(0.7)</u>	<u>-8%</u>
Business-Type Activities				
Certificates of Participation	6.5	9.3	(2.8)	-30%
Lease	5.9	6.3	(0.4)	-6%
Notes Payable	57.0	15.0	42.0	100%
Compensated Absences	1.0	0.9	0.1	9%
Total	<u>\$ 70.4</u>	<u>\$ 31.5</u>	<u>\$ 38.9</u>	<u>124%</u>
Total City-Wide	<u>\$ 78.5</u>	<u>\$ 40.3</u>	<u>\$ 38.2</u>	<u>95%</u>

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors, with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives and expends. If you have questions about this report, or need any additional financial information, contact the City of Visalia's Finance Department at 707 W. Acequia Ave., Visalia, CA 93291.

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**CITY OF VISALIA
FISCAL YEAR ENDED JUNE 30, 2015**

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities are required by Governmental Accounting Standards Board (GASB) Statement No. 34. Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis of accounting as is used by most businesses, which means they include all the City's assets and all its liabilities, deferred inflows and outflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis of accounting – the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents information similar to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis of accounting used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues – revenues which are generated directly by these programs – are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these statements include the financial activities of the City and the Visalia Public Finance Authority, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the activities of this entity.

These financial statements, along with the fund financial statements and footnotes, are called *Basic Financial Statements*; the term General Purpose Financial Statements is no longer used.

CITY OF VISALIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Note 3)	\$ 84,635,739	\$ 76,757,169	\$161,392,908
Restricted Cash and Investments (Note 3)	1,855,123	1,399,056	3,254,179
Accounts Receivable	7,929,948	4,901,402	12,831,350
Interest Receivable	297,416	-	297,416
Taxes Receivable	9,279,442	5,549,255	14,828,697
Notes and Loans Receivable (Note 5)	27,112,101	47,400	27,159,501
Supplies	698,114	79,866	777,980
Inventory (Note 1I)	718,538	1,009,366	1,727,904
Internal Balances	6,063,051	(6,063,051)	-
Due from Other Governmental Units	3,275,171	24,650,265	27,925,436
Land Held for Redevelopment (Note 1G)	815,227	-	815,227
Prepays and Deposits	1,145,778	32,081	1,177,859
Capital Assets, Net of Accumulated Depreciation (Note 6):			
Capital Assets Not Being Depreciated	86,093,371	110,934,890	197,028,261
Capital Assets Being Depreciated	202,100,342	172,434,774	374,535,116
Total Assets	432,019,361	391,732,473	823,751,834
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pensions (Note 10)	8,712,623	1,742,430	10,455,053
Total Deferred Outflows of Resources	8,712,623	1,742,430	10,455,053
LIABILITIES			
Accounts, Interest, and Contracts Payable	6,630,112	8,176,297	14,806,409
Advances from Grantors and Third Parties	640,443	1,772,616	2,413,059
Customer Deposits	697,267	577,771	1,275,038
Unearned Revenue	845,859	1,020,066	1,865,925
Accrued Personnel Costs (Note 10)	538,999	-	538,999
Long-Term Obligations (Note 7):			
Due Within One Year	1,741,079	1,180,667	2,921,746
Due in More Than One Year	6,371,969	69,221,853	75,593,822
Liability for Self-Insurance Claims (Note 11)			
Due Within One Year	529,868	-	529,868
Due in More Than One Year	5,115,640	-	5,115,640
Net Pension Liability (Note 10)	67,394,442	18,531,907	85,926,349
Total Liabilities	90,505,678	100,481,177	190,986,855
DEFERRED INFLOWS OF RESOURCES			
Deferred Pensions (Note 10)	15,154,611	3,866,666	19,021,277
Total Deferred Inflows of Resources	15,154,611	3,866,666	19,021,277
NET POSITION			
Net Investment in Capital Assets	284,900,936	212,853,251	497,754,187
Restricted for:			
Capital Projects	30,591,795	69,435,663	100,027,458
Debt Service	1,696	8,903	10,599
Waterways/Groundwater Projects	1,897,196	-	1,897,196
Landscape & Lighting Districts	2,619,212	-	2,619,212
Public Safety	9,649,657	-	9,649,657
Roadway Projects	7,641,329	-	7,641,329
Other Purposes	-	1,694,370	1,694,370
Total Restricted Net Position	52,400,885	71,138,936	123,539,821
Unrestricted	(2,230,126)	5,134,873	2,904,747
Total Net Position	\$ 335,071,695	\$ 289,127,060	\$624,198,755

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

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**CITY OF VISALIA
FISCAL YEAR ENDED JUNE 30, 2015**

FUND FINANCIAL STATEMENTS

GASB Statement No. 34 revised the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between fund types.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2014-15. Individual non-major funds are presented in the Supplementary Information section.

GENERAL FUND

The General Fund is used to account for all the general revenues of the City not specifically levied or collected for other City funds and their related expenditures. The General Fund accounts for all financial resources of the City which are not accounted for in another fund.

COMMUNITY DEVELOPMENT FUND

The Community Development Fund is used to account for the affordable housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants (CDBG), the Home Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP) and fines charged for substandard housing and abandoned vehicle abatement. Also, within the CDBG, HOME and NSP programs, when money that was previously loaned out is paid back, it again becomes available for use in the rehabilitation and development programs.

HOUSING SUCCESSOR AGENCY FUND

The Housing Successor Agency Fund is used to retain the housing assets and functions previously performed by the dissolved Redevelopment Agency of the City of Visalia.

TRANSPORTATION FUND

The Transportation Fund is used to account for the financing and construction of streets, roads, and various transportation infrastructure and facilities. Funding is provided by Transportation Impact Fees.

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

	General Fund	Community Development	Housing Successor Agency
ASSETS			
Cash and Investments (Note 3)	\$ 15,307,564	\$ 1,202,218	\$ 322,005
Restricted Cash and Investments (Note 3)	-	-	-
Accounts Receivable	3,863,275	116	-
Interest Receivable	297,416	-	-
Taxes Receivable	6,358,203	18,971	-
Notes and Loans Receivable (Note 5)	10,603,001	9,778,943	6,174,049
Supplies	6,208	-	-
Inventory (Note 1I)	365,682	-	-
Advances to Other Funds (Note 4)	8,738,249	-	-
Due from Other Governmental Units	1,329,471	1,302,787	-
Land Held for Redevelopment (Note 1G)	-	-	815,227
Prepays and Deposits	428,594	-	-
Total Assets	\$ 47,297,663	\$ 12,303,035	\$ 7,311,281
LIABILITIES			
Accounts, Interest & Contracts Payable	\$ 1,147,674	\$ 61,443	\$ 490
Advances from Grantors and Third Parties	640,443	-	-
Advances from Other Funds (Note 4)	-	270,959	66,889
Customer Deposits	663,935	-	-
Unearned Revenue	493,003	-	-
Accrued Personnel Costs (Note 10)	532,374	21,350	-
Total Liabilities	3,477,429	353,752	67,379
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	997,286	-	-
Unavailable Revenue - Business Tax	643,855	-	-
Unavailable Revenue - Impact Fees	476,331	-	-
Unavailable Revenue - Misc	19,579	-	-
Unavailable Revenue - Notes	-	9,778,943	4,541,776
Unavailable Revenue - Asset Forfeiture	-	-	-
Total Deferred Inflows of Resources	2,137,051	9,778,943	4,541,776
FUND BALANCES			
Nonspendable	434,802	-	-
Restricted	-	1,215,979	1,069,853
Committed	17,718,785	954,361	-
Assigned	19,486,397	-	1,632,273
Unassigned	4,043,199	-	-
Total Fund Balances	41,683,183	2,170,340	2,702,126
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 47,297,663	\$ 12,303,035	\$ 7,311,281

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

	Transportation	All Other Governmental Funds	Total
ASSETS			
Cash and Investments (Note 3)	\$ 1,274,640	\$ 48,760,199	\$ 66,866,626
Restricted Cash and Investments (Note 3)	-	1,696	1,696
Accounts Receivable	3,026,629	1,036,316	7,926,336
Interest Receivable	-	-	297,416
Taxes Receivable	-	2,902,268	9,279,442
Notes and Loans Receivable (Note 5)	157,655	398,453	27,112,101
Supplies	-	-	6,208
Inventory (Note 1I)	-	352,856	718,538
Advances to Other Funds (Note 4)	-	-	8,738,249
Due from Other Governmental Units	-	642,913	3,275,171
Land Held for Redevelopment (Note 1G)	-	-	815,227
Prepays and Deposits	-	-	428,594
Total Assets	\$ 4,458,924	\$ 54,094,701	\$ 125,465,604
LIABILITIES			
Accounts, Interest & Contracts Payable	\$ 3,459,569	\$ 1,650,204	\$ 6,319,380
Advances from Grantors and Third Parties	-	-	640,443
Advances from Other Funds (Note 4)	-	3,648,027	3,985,875
Customer Deposits	-	33,332	697,267
Unearned Revenue	-	352,856	845,859
Accrued Personnel Costs (Note 10)	-	353,205	906,929
Total Liabilities	3,459,569	6,037,624	13,395,753
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	-	-	997,286
Unavailable Revenue - Business Tax	-	-	643,855
Unavailable Revenue - Impact Fees	540,040	634,134	1,650,505
Unavailable Revenue - Misc	-	-	19,579
Unavailable Revenue - Notes	-	70,400	14,391,119
Unavailable Revenue - Asset Forfeiture	-	287,349	287,349
Total Deferred Inflows of Resources	540,040	991,883	17,989,693
FUND BALANCES			
Nonspendable	-	-	434,802
Restricted	459,315	43,219,309	45,964,456
Committed	-	6,316,902	24,990,048
Assigned	-	-	21,118,670
Unassigned	-	(2,471,017)	1,572,182
Total Fund Balances	459,315	47,065,194	94,080,158
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,458,924	\$ 54,094,701	\$ 125,465,604

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

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CITY OF VISALIA
RECONCILIATION OF GOVERNMENTAL FUNDS - FUND BALANCE
WITH GOVERNMENTAL NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds \$ 94,080,158

CAPITAL ASSET TRANSACTIONS:

Capital Assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital Assets at Historical Cost:	\$400,924,699	
Accumulated Depreciation:	<u>(112,730,986)</u>	288,193,713

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet services, compensated absences, and information services, to individual governmental and proprietary funds. The net current assets and current liabilities of the internal service funds are included in governmental activities in the statement of net position.

16,752,892

LONG-TERM LIABILITIES

Long-term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Certificates of Participation	(1,306,197)	
Notes Payable	(1,981,863)	
Compensated Absences Payable	<u>(4,820,270)</u>	(8,108,330)

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources: In governmental funds, future payments for notes receivable are treated as deferred inflows of resources. In government-wide statements, future payments of notes receivable are recorded as an offset of notes receivable.

17,989,692

GASB 68 Pension Items		<u>(73,836,430)</u>
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Total Net Position - Governmental Activities		<u>\$335,071,695</u>
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The accompanying notes are an integral part of these financial statements.

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

	General Fund	Community Development	Housing Successor Agency
REVENUES			
Sales Taxes	\$ 21,638,374	\$ -	\$ -
Property Taxes	26,711,206	-	-
Other Taxes	7,643,824	-	-
Subventions and Grants	1,612,918	3,239,368	16,562
License and Permits	99,005	-	-
Fees and Fines	1,320,916	177,785	-
Uses of Money and Property	1,576,682	62,987	404,738
Charges for Current Services	2,853,859	-	-
Miscellaneous	1,408,851	2,165	-
Total Revenues	<u>64,865,635</u>	<u>3,482,305</u>	<u>421,300</u>
EXPENDITURES			
Current:			
General Government	2,832,083	-	-
Community Development	4,245,550	2,290,437	142,314
Public Safety:			
Fire	11,998,304	-	-
Police	28,026,916	-	-
Public Works	1,888,514	-	-
Parks & Recreation	5,802,291	-	-
Capital Outlay	3,443,452	257,210	-
Debt Service (Note 7):			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>58,237,110</u>	<u>2,547,647</u>	<u>142,314</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>6,628,525</u>	<u>934,658</u>	<u>278,986</u>
Other Financing Sources (Uses)			
Sale of Land	11,694	-	-
Proceeds From Sale of Capital Assets	5,600	-	-
Proceeds From Sale of Bond	244,863	-	-
Transfers In (Note 4)	252,303	39,619	-
Transfers Out (Note 4)	(4,838,475)	(522,943)	-
Total Other Financing Sources (Uses)	<u>(4,324,016)</u>	<u>(483,324)</u>	<u>-</u>
Net Change in Fund Balances	<u>2,304,509</u>	<u>451,334</u>	<u>278,986</u>
Fund Balances - Beginning of Year	<u>36,925,789</u>	<u>1,837,763</u>	<u>2,423,140</u>
Prior Period Adjustment (Note 14)	<u>2,452,885</u>	<u>(118,757)</u>	<u>-</u>
Fund Balances - Beginning of Year, as Restated	<u>39,378,674</u>	<u>1,719,006</u>	<u>2,423,140</u>
Fund Balances - End of Year	<u>\$ 41,683,183</u>	<u>\$ 2,170,340</u>	<u>\$ 2,702,126</u>

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

	Transportation	All Other Governmental Funds	Total
REVENUES			
Sales Taxes	\$ -	\$ 10,598,519	\$ 32,236,893
Property Taxes	-	-	26,711,206
Other Taxes	-	17,984	7,661,808
Subventions and Grants	500	8,267,383	13,136,731
License and Permits	-	10,560	109,565
Fees and Fines	3,274,562	4,425,351	9,198,614
Uses of Money and Property	1,800	287,533	2,333,740
Charges for Current Services	-	3,403,497	6,257,356
Miscellaneous	-	655,721	2,066,737
Total Revenues	<u>3,276,862</u>	<u>27,666,548</u>	<u>99,712,650</u>
EXPENDITURES			
Current:			
General Government	-	64,277	2,896,360
Community Development	-	5,827	6,684,128
Public Safety:			
Fire	-	1,600,025	13,598,329
Police	-	2,441,981	30,468,897
Public Works	38,743	3,635,345	5,562,602
Parks & Recreation	-	2,301,696	8,103,987
Capital Outlay	526,750	13,150,972	17,378,384
Debt Service (Note 7):			
Principal	-	2,228,800	2,228,800
Interest and Fiscal Charges	-	137,509	137,509
Total Expenditures	<u>565,493</u>	<u>25,566,432</u>	<u>87,058,996</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>2,711,369</u>	<u>2,100,116</u>	<u>12,653,654</u>
Other Financing Sources (Uses)			
Sale of Land	-	-	11,694
Proceeds From Sale of Capital Assets	-	-	5,600
Proceeds From Sale of Bond	-	1,313,109	1,557,972
Transfers In (Note 4)	-	2,190,269	2,482,191
Transfers Out (Note 4)	-	(1,892,808)	(7,254,226)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,610,570</u>	<u>(3,196,770)</u>
Net Change in Fund Balances	<u>2,711,369</u>	<u>3,710,686</u>	<u>9,456,883</u>
Fund Balances - Beginning of Year	<u>(2,252,054)</u>	<u>43,354,508</u>	<u>82,289,146</u>
Prior Period Adjustment (Note 14)	<u>-</u>	<u>-</u>	<u>2,334,128</u>
Fund Balances - Beginning of Year, as Restated	<u>(2,252,054)</u>	<u>43,354,508</u>	<u>84,623,274</u>
Fund Balances - End of Year	<u>\$ 459,315</u>	<u>\$ 47,065,194</u>	<u>\$ 94,080,157</u>

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

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CITY OF VISALIA
RECONCILIATION OF THE NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
WITH THE CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances - Governmental Funds \$ 9,456,884

CAPITAL OUTLAY: In governmental funds, the cost of capital assets are reported as expenditures. In the statement of activities, costs of those assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for Capital Outlay:	\$ 12,109,602	
Depreciation Expense (Net of Internal Service Fund Depreciation Expense):	<u>(6,622,784)</u>	5,486,818

DEBT SERVICE: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reduction of liabilities. Expenditures for repayment of the principal portion of the long-term debt were:

Principal Payment of Long-Term Debt	803,137
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In governmental funds, principal repayments for notes and loans receivable are recognized as revenue. In government-wide statements, principal repayments of notes and loans receivable are recorded as reduction of notes receivable.

Change in unavailable revenue relating to notes and loans receivable	4,384,252
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In governmental funds, report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

104,178

Internal service funds are used by management to charge the cost of certain activities, such as insurance, fleet services, compensated absences, and information services, to individual governmental and proprietary funds. The portion of the net revenue (expense) of these internal allocations to governmental activities was:

898,477

GASB 68 Pension Items

1,640,165

Total Change in Net Position - Governmental Activities

\$ 22,773,911

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

CITY OF VISALIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Taxes				
Sales	\$ 21,774,200	\$ 21,774,200	\$ 21,638,374	\$ (135,826)
Property	26,843,300	26,843,300	26,711,206	(132,094)
Transient Occupancy	2,223,600	2,223,600	2,621,530	397,930
Franchise	2,429,900	2,429,900	2,750,925	321,025
Business License	2,051,400	2,051,400	2,271,368	219,968
Total Taxes	<u>55,322,400</u>	<u>55,322,400</u>	<u>55,993,403</u>	<u>671,003</u>
Subventions and Grants				
Police and Other	661,050	1,213,961	1,559,815	345,854
Motor Vehicle License In-Lieu	-	-	53,104	53,104
Total Subventions and Grants	<u>661,050</u>	<u>1,213,961</u>	<u>1,612,919</u>	<u>398,958</u>
License and Permits				
Other Licenses and Permits	53,800	53,800	99,005	45,205
Total License and Permits	<u>53,800</u>	<u>53,800</u>	<u>99,005</u>	<u>45,205</u>
Fees and Fines				
Vehicle Code and Parking Violation	1,081,500	1,081,500	1,052,035	(29,465)
Local Ordinance Violations	299,200	299,200	268,881	(30,319)
Total Fees and Fines	<u>1,380,700</u>	<u>1,380,700</u>	<u>1,320,916</u>	<u>(59,784)</u>
Use of Money and Property				
Interest Earned	161,500	161,500	1,180,620	1,019,120
Rents and Concessions	429,800	429,800	396,062	(33,738)
Total Use of Money and Property	<u>591,300</u>	<u>591,300</u>	<u>1,576,682</u>	<u>985,382</u>
Charges for Services				
Engineering and Subdivision Fees	331,500	331,500	696,102	364,602
Zoning Fees	136,200	136,200	153,538	17,338
Special Public Safety Services	721,400	721,400	746,530	25,130
Recreation Programs	1,051,500	1,051,500	1,257,689	206,189
Total Charges for Services	<u>2,240,600</u>	<u>2,240,600</u>	<u>2,853,859</u>	<u>613,259</u>
Other Revenue	926,500	926,500	1,408,851	482,351
Total Revenues	<u>61,176,350</u>	<u>61,729,261</u>	<u>64,865,635</u>	<u>3,136,374</u>

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

EXPENDITURES

Current:

General Government	2,622,600	2,780,731	2,832,082	(51,351)
Community Development	4,323,000	4,323,000	4,245,550	77,450
Public Safety:				
Fire	11,943,500	11,966,503	11,998,304	(31,801)
Police	28,104,400	28,840,129	28,026,916	813,213
Public Works	1,529,200	1,541,838	1,888,514	(346,676)
Parks & Recreation	6,685,400	6,685,400	5,802,291	883,109
Capital Outlay	6,609,850	3,433,236	3,443,452	(10,216)
Total EXPENDITURES	<u>61,817,950</u>	<u>59,570,837</u>	<u>58,237,110</u>	<u>1,333,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(641,600)</u>	<u>2,158,424</u>	<u>6,628,525</u>	<u>1,802,646</u>
Other Financing Sources (Uses)				
Sale of Land	-	-	11,694	11,694
Proceeds From Sale of Capital Assets	-	-	5,600	5,600
Proceeds From Sale of Bond	-	-	244,863	244,863
Transfers In	-	-	252,303	252,303
Transfers Out	<u>(4,113,800)</u>	<u>(4,113,800)</u>	<u>(4,838,475)</u>	<u>(724,675)</u>
Total Other Financing Sources (Uses)	<u>(4,113,800)</u>	<u>(4,113,800)</u>	<u>(4,324,016)</u>	<u>(210,216)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures And Other Financing Uses	<u>\$ (4,755,400)</u>	<u>\$ (1,955,376)</u>	<u>2,304,509</u>	<u>\$ 4,259,885</u>
Fund Balance Beginning of Year			<u>36,925,789</u>	
Prior Period Adjustment (Note 14)			<u>2,452,885</u>	
Fund Balances - Beginning of Year, as Restated			<u>39,378,674</u>	
Fund Balance - End of Year			<u>\$ 41,683,183</u>	

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

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**CITY OF VISALIA
FISCAL YEAR ENDED JUNE 30, 2015**

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2014-15.

CONVENTION CENTER

Established to account for operations of the Convention Center. Revenues are provided by fees charged for the Convention Center and by operating transfers from the General Fund.

AIRPORT

Established to account for the operations of the Visalia Municipal Airport. Revenue is provided by the fees charged to the airport users for the aviation fuel, hangar rentals, and leases of land and buildings, as well as from federal grants for capital assets and projects.

VALLEY OAKS GOLF

Established to account for the operations of the Valley Oaks Golf Course. Revenue is provided by fees charged to the golf course users.

WASTEWATER

Established to account for the collection and treatment of wastewater. Revenue is provided by user charges and impact fees as well as limited grant funding.

STORM SEWER MAINTENANCE

Established to account for the operations of the City's storm and sewer drain activity. Revenue is provided by user charges and impact fees as well as limited grant funding.

SOLID WASTE

Established to account for the operations of collecting and disposing of solid waste and street sweeping activities. Revenues are provided by user charges and limited grant funding.

TRANSIT

Established to account for the operations of the City's transit activities. Revenue is provided by state transportation funds, federal grants, and passenger fares.

BUILDING SAFETY

Established to account for the operations of the City's plan checking, permitting, and inspection of buildings. Revenue is provided by permit fees.

ANIMAL CONTROL

Established to account for the operations of the City's animal control and animal adoption facility.

BASEBALL

Established to account for the operations of a professional baseball team that operates in the City.

CITY OF VISALIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 26,636	\$ 337	\$ 228,419	\$ 43,766,079	\$ 937,468	\$ 19,059,501
Accounts Receivable	130,398	245,752	104	2,260,903	106	2,189,487
Taxes Receivable	-	-	-	15,426	-	6,507
Note and Loans Receivable (Note 5)	47,400	-	-	-	-	-
Supplies	-	24,408	55,459	-	-	-
Inventory (Note 1)	-	-	-	958,554	50,811	-
Due from Other Governmental Units	-	-	-	20,331,248	-	28,517
Advance to Other Funds (Note 4)	-	-	-	1,445,396	-	-
Prepaid Expenses	2,324	-	12,250	-	-	-
Total Current Assets	<u>206,758</u>	<u>270,497</u>	<u>296,231</u>	<u>68,777,606</u>	<u>988,385</u>	<u>21,284,012</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	8,903	-	-	-	-	-
Capital Assets (Note 6)						
Land	829,047	3,000,590	914,971	6,220,109	7,652,267	430,549
Construction in Progress	2,351,684	-	-	74,922,678	1,889,280	2,373,929
Buildings	16,931,022	2,163,061	887,419	2,937,862	-	197,130
Improvements Other Than Buildings	5,418,200	11,892,381	5,437,223	60,399,347	1,652,669	981,520
Machinery, Equipment and Vehicles	1,696,181	1,394,106	1,479,940	7,154,183	408,815	15,658,445
Infrastructure	-	-	-	64,554,859	49,398,767	-
Accumulated Depreciation	(14,414,339)	(10,885,067)	(3,255,724)	(58,006,209)	(10,548,645)	(10,579,948)
Total Non-Current Assets	<u>12,820,698</u>	<u>7,565,071</u>	<u>5,463,829</u>	<u>158,182,829</u>	<u>50,453,153</u>	<u>9,061,625</u>
Total Assets	<u>13,027,456</u>	<u>7,835,568</u>	<u>5,760,060</u>	<u>226,960,435</u>	<u>51,441,538</u>	<u>30,345,637</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pensions (Note 10)	221,175	54,684	-	472,271	45,463	632,297
Total Deferred Outflows of Resources	<u>221,175</u>	<u>54,684</u>	<u>-</u>	<u>472,271</u>	<u>45,463</u>	<u>632,297</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	1,008,801	270,255	137,317	5,077,929	29,067	336,174
Advances from Grantors and Third Parties	-	-	-	-	-	-
Advance from Other Funds (Note 4)	1,445,396	-	-	-	-	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	-
Customer Deposits	7,150	600	80,794	431,102	-	-
Current Portion of Long-Term Debt (Note 7)						
Compensated Absences	-	14,047	-	18,588	-	80,187
Certificates of Participation and Loans	595,854	-	-	-	-	-
Notes Payable	8,663	5,984	2,840	-	-	475
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Total Current Liabilities	<u>3,065,864</u>	<u>290,887</u>	<u>220,951</u>	<u>5,527,619</u>	<u>29,067</u>	<u>416,836</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4)	-	590,179	4,112,657	-	-	-
Unearned Revenue	-	-	-	958,554	50,811	-
Non-current Portion of Long-term Debt (Note 7)						
Compensated Absences	160,876	37,332	-	227,196	4,710	281,153
Certificates of Participation and Loans	5,943,258	-	-	56,779,515	-	-
Notes Payable	37,263	25,741	12,214	-	-	2,042
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Net Pension Liability (Note 10)	2,352,344	581,597	-	5,022,914	483,528	6,724,900
Total Non-Current Liabilities	<u>8,493,741</u>	<u>653,253</u>	<u>4,124,872</u>	<u>57,965,265</u>	<u>55,521</u>	<u>283,195</u>
Total Liabilities	<u>11,559,604</u>	<u>1,525,737</u>	<u>4,345,822</u>	<u>68,515,799</u>	<u>568,116</u>	<u>7,424,930</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Pensions (Note 10)	490,814	121,350	-	1,048,027	100,888	1,403,144
Total Deferred Inflows of Resources	<u>490,814</u>	<u>121,350</u>	<u>-</u>	<u>1,048,027</u>	<u>100,888</u>	<u>1,403,144</u>
NET POSITION (DEFICIT) (Note 9)						
Net Investment in Capital Assets	6,226,757	7,533,345	5,448,775	101,403,314	50,453,153	9,059,109
Restricted for:						
Debt Service	8,903	-	-	-	-	-
Capital Projects	2,563,074	43,452	1,591	60,989,291	160,742	782,519
Unrestricted	(7,600,522)	(1,333,632)	(4,036,128)	(4,523,725)	204,103	12,308,232
Total Net Position (Deficit)	<u>\$ 1,198,212</u>	<u>\$ 6,243,165</u>	<u>\$ 1,414,238</u>	<u>\$ 157,868,880</u>	<u>\$ 50,817,998</u>	<u>\$ 22,149,860</u>

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

	Business-Type Activities - Enterprise Funds					Governmental
	Transit	Building Safety	Animal Control	Baseball	Total	Activities Internal Service Funds
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 10,309,117	\$ 2,429,561	\$ 50	\$ -	\$ 76,757,169	\$ 17,769,113
Accounts Receivable	54,438	676	19,538	-	4,901,402	3,612
Taxes Receivable	5,527,322	-	-	-	5,549,255	-
Note and Loans Receivable (Note 5)	-	-	-	-	47,400	-
Supplies	-	-	-	-	79,867	691,906
Inventory (Note 1)	-	-	-	-	1,009,365	-
Due from Other Governmental Units	4,256,480	-	34,020	-	24,650,265	-
Advance to Other Funds (Note 4)	-	-	-	-	1,445,396	-
Prepaid Expenses	8	-	-	17,500	32,081	717,184
Total Current Assets	<u>20,147,365</u>	<u>2,430,238</u>	<u>53,608</u>	<u>17,500</u>	<u>114,472,200</u>	<u>19,181,815</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	-	-	1,390,153	-	1,399,056	1,853,427
Capital Assets (Note 6)						
Land	3,961,902	-	-	-	23,009,436	-
Construction in Progress	279,480	-	6,108,404	-	87,925,454	4,216
Buildings	17,590,544	-	-	-	40,707,038	654,910
Improvements Other Than Buildings	2,602,376	-	-	151,472	88,535,188	207,529
Machinery, Equipment and Vehicles	25,317,254	158,905	1,650	-	53,269,479	24,083,521
Infrastructure	-	-	-	-	113,953,626	-
Accumulated Depreciation	(16,182,653)	(132,152)	(625)	(25,195)	(124,030,558)	(14,303,944)
Total Non-Current Assets	<u>33,568,902</u>	<u>26,754</u>	<u>7,499,581</u>	<u>126,277</u>	<u>284,768,719</u>	<u>12,499,659</u>
Total Assets	<u>53,716,267</u>	<u>2,456,991</u>	<u>7,553,190</u>	<u>143,777</u>	<u>399,240,919</u>	<u>31,681,474</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pensions (Note 10)	114,389	194,102	8,049	-	1,742,430	-
Total Deferred Outflows of Resources	<u>114,389</u>	<u>194,102</u>	<u>8,049</u>	<u>-</u>	<u>1,742,430</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	1,041,929	79,947	151,580	43,298	8,176,297	310,731
Advances from Grantors and Third Parties	1,772,616	-	-	-	1,772,616	-
Advance from Other Funds (Note 4)	-	-	-	-	1,445,395	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	6,623
Customer Deposits	-	58,125	-	-	577,771	-
Current Portion of Long-Term Debt (Note 7)						
Compensated Absences	3,682	63,811	-	-	180,317	1,073,718
Certificates of Participation and Loans	-	-	366,812	-	962,666	-
Notes Payable	15,782	890	-	3,051	37,685	890
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	5,645,508
Total Current Liabilities	<u>2,834,009</u>	<u>202,773</u>	<u>518,392</u>	<u>46,349</u>	<u>13,152,747</u>	<u>7,037,470</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4)	-	-	-	-	4,702,836	49,538
Unearned Revenue	-	10,701	-	-	1,020,066	-
Non-current Portion of Long-term Debt (Note 7)						
Compensated Absences	35,412	51,964	2,178	-	800,820	3,371,999
Certificates of Participation and Loans	-	-	5,536,154	-	68,258,927	-
Notes Payable	67,890	3,828	-	13,126	162,106	3,828
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Net Pension Liability (Note 10)	1,216,608	2,064,409	85,607	-	18,531,907	-
Total Non-Current Liabilities	<u>103,303</u>	<u>66,493</u>	<u>5,538,332</u>	<u>13,126</u>	<u>93,476,662</u>	<u>3,425,365</u>
Total Liabilities	<u>4,153,921</u>	<u>2,333,676</u>	<u>6,142,331</u>	<u>59,475</u>	<u>106,629,408</u>	<u>10,462,835</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Pensions (Note 10)	253,844	430,737	17,862	-	3,866,666	-
Total Deferred Inflows of Resources	<u>253,844</u>	<u>430,737</u>	<u>17,862</u>	<u>-</u>	<u>3,866,666</u>	<u>-</u>
NET POSITION (DEFICIT) (Note 9)						
Net Investment in Capital Assets	33,485,230	22,035	206,462	110,100	213,948,281	10,641,514
Restricted for:						
Debt Service	-	-	-	-	8,903	-
Capital Projects	4,681,989	1,455	211,194	357	69,435,663	293,224
Unrestricted	11,255,673	(136,809)	983,389	(26,155)	7,094,428	10,283,901
Total Net Position (Deficit)	<u>\$ 49,422,892</u>	<u>\$ (113,319)</u>	<u>\$ 1,401,046</u>	<u>\$ 84,302</u>	<u>290,487,275</u>	<u>\$ 21,218,639</u>
Adjustments to Reflect the Consolidation of Internal Service						
Fund Activities Related to Enterprise Funds	-	-	-	-	(1,360,215)	-
Net Position of Business-Type Activities	-	-	-	-	<u>\$ 289,127,060</u>	-

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

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

	Business-Type Activities - Enterprise Funds					
	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
OPERATING REVENUES						
Charges for Services	\$ 3,616,991	\$ 1,708,008	\$ 2,401,269	\$ 25,031,277	\$ 1,180,135	\$ 19,221,570
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	2,194,933	377,957	-	3,054,503	314,141	4,228,715
Maintenance and Operations	2,556,940	1,564,695	2,150,433	8,065,224	810,155	11,605,439
Insurance Premiums and Loss Provisions	-	-	-	-	-	-
Depreciation and Amortization	466,981	491,233	365,417	2,240,085	591,285	1,115,865
Total Operating Expenses	5,218,854	2,433,885	2,515,850	13,359,812	1,715,581	16,950,019
Operating Income (Loss)	(1,601,863)	(725,877)	(114,581)	11,671,465	(535,446)	2,271,551
NONOPERATING REVENUES (EXPENSES)						
Interest Income	13,484	-	108	240,264	4,470	85,117
Interest Expense	(218,016)	-	(1,436)	-	-	-
Grant Income	-	-	-	-	-	68,576
Other Income	150,765	200,033	20,501	755,581	86,743	566,162
Other Expenses	(239,302)	(88,270)	(238,329)	(1,689,180)	(3,218)	(941,488)
Total Nonoperating Revenues (Expenses)	(293,069)	111,763	(219,156)	(693,335)	87,995	(221,633)
Income (Loss) Before Contributions and Transfers	(1,894,932)	(614,114)	(333,737)	10,978,130	(447,451)	2,049,918
Contributions	-	35,819	-	368,023	666,883	1,389,940
Transfers In (Note 4)	1,757,845	-	-	-	375,000	-
Transfers Out (Note 4)	-	-	-	-	-	-
Net Contributions and Transfers	1,757,845	35,819	-	368,023	1,041,883	1,389,940
Change in Net Position	(137,087)	(578,295)	(333,737)	11,346,153	594,432	3,439,858
Net Position (Deficit) - Beginning	3,987,396	7,477,168	1,747,975	152,185,699	50,768,708	26,291,839
Prior Period Adjustment (Note 14)	(2,652,097)	(655,708)	-	(5,662,972)	(545,142)	(7,581,837)
Net Position (Deficit) - Beginning, as restated	1,335,299	6,821,460	1,747,975	146,522,727	50,223,566	18,710,002
Net Position (Deficit) - Ending	\$ 1,198,212	\$ 6,243,165	\$ 1,414,238	\$ 157,868,880	\$ 50,817,998	\$ 22,149,860

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

	Transit	Building Safety	Animal Control	Baseball	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES						
Charges for Services	\$ 4,365,661	\$ 3,274,377	\$ 308,681	\$ 16,535	\$ 61,124,504	\$ 20,856,560
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	725,039	1,263,978	56,425	-	12,215,692	2,544,625
Maintenance and Operations	9,223,943	673,321	833,288	308,620	37,792,058	4,497,359
Insurance Premiums and Loss Provisions	-	-	-	-	-	12,645,609
Depreciation and Amortization	2,671,941	7,384	625	6,147	7,956,962	1,756,694
Total Operating Expenses	12,620,923	1,944,683	890,338	314,767	57,964,712	21,444,287
Operating Income (Loss)	(8,255,262)	1,329,694	(581,656)	(298,232)	3,159,792	(587,727)
NONOPERATING REVENUES (EXPENSES)						
Interest Income	51,121	8,902	36,210	-	439,676	75,007
Interest Expense	-	-	(212,851)	-	(432,303)	(15,968)
Grant Income	9,771,955	-	-	-	9,840,531	-
Other Income	735,170	5,435	4,864	97,228	2,622,481	917,913
Other Expenses	(2,066,869)	(15,626)	(35,958)	(17,464)	(5,335,703)	(536,928)
Total Nonoperating Revenues (Expenses)	8,491,377	(1,289)	(207,735)	79,764	7,134,682	440,025
Income (Loss) Before Contributions and Transfers	236,115	1,328,405	(789,392)	(218,469)	10,294,474	(147,703)
Contributions	-	-	229,896	-	2,690,561	393,322
Transfers In (Note 4)	-	-	1,963,987	168,101	4,264,933	525,000
Transfers Out (Note 4)	-	-	-	-	-	(17,898)
Net Contributions and Transfers	-	-	2,193,883	168,101	6,955,494	900,424
Change in Net Position	236,115	1,328,405	1,404,491	(50,368)	17,249,968	752,722
Net Position (Deficit) - Beginning	50,558,415	885,748	93,070	134,670	294,130,688	20,465,917
Prior Period Adjustment (Note 14)	(1,371,638)	(2,327,472)	(96,515)	-	(20,893,381)	-
Net Position (Deficit) - Beginning, as restated	49,186,777	(1,441,724)	(3,445)	134,670	273,237,307	20,465,917
Net Position (Deficit) - Ending	\$ 49,422,892	\$ (113,319)	\$ 1,401,046	\$ 84,302	\$ 290,487,275	\$ 21,218,639
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(145,755)	
Change in Net Position of Business-Type Activities					\$ 17,104,213	

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

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

	Business-Type Activities - Enterprise Funds					
	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 3,623,103	\$ 1,656,626	\$ 2,429,553	\$ 24,542,520	\$ 1,180,028	\$ 19,697,686
Cash Payments to Employees for Services	(2,212,515)	(403,123)	-	(3,081,507)	(322,131)	(4,279,194)
Cash Payments to Suppliers for Services	(1,427,558)	(1,342,109)	(2,116,638)	(4,514,535)	(807,426)	(11,569,429)
Cash Received from Other Governments	1,447,061	1,035	731	(1,439,464)	-	361
Other Income	150,765	200,033	20,501	755,581	86,743	566,162
Other Expenses	(239,302)	(88,270)	(238,329)	(1,689,180)	(3,218)	(941,488)
Net Cash Provided (Used) by Operating Activities	1,341,554	24,192	95,818	14,573,415	133,996	3,474,098
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant Income	-	29,565	-	-	-	68,576
Advance to Other Funds	-	(53,770)	8,729	(5,330,555)	-	-
Advance from Other Funds	-	-	-	-	-	(3,759)
Transfers In	1,757,845	-	-	-	375,000	-
Transfers (Out)	-	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,757,845	(24,205)	8,729	(5,330,555)	375,000	64,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Expenses	(2,283,335)	-	(48,750)	(56,677,798)	(841,011)	(2,672,417)
Proceeds from sale of capital assets	-	-	-	-	-	-
Contributions	-	-	-	368,023	666,883	1,389,940
Proceeds From Issuance of Long-Term Debt	-	-	-	42,137,005	-	-
Long-Term Debt Payments - Principal	(2,950,777)	-	-	-	-	-
Long-Term Debt Payments - Interest	(218,016)	-	(1,436)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,452,128)	-	(50,186)	(14,172,770)	(174,128)	(1,282,477)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	13,484	-	108	240,264	4,470	85,117
Net Cash Provided by Investing Activities	13,484	-	108	240,264	4,470	85,117
Net Increase (Decrease) in Cash and Cash Investments	(2,339,245)	(13)	54,469	(4,689,646)	339,338	2,341,555
Cash and Cash Investments - Beginning of Year	2,374,784	350	173,950	48,455,725	598,130	16,717,946
Cash and Cash Investments - End of Year	\$ 35,539	\$ 337	\$ 228,419	\$ 43,766,079	\$ 937,468	\$ 19,059,501
Consisting of:						
Unrestricted	\$ 26,636	\$ 337	\$ 228,419	\$ 43,766,079	\$ 937,468	\$ 19,059,501
Restricted	8,903	-	-	-	-	-
	\$ 35,539	\$ 337	\$ 228,419	\$ 43,766,079	\$ 937,468	\$ 19,059,501

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

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
Reconciliation of Operating Income (Loss) to						
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (1,601,863)	\$ (725,877)	\$ (114,581)	\$ 11,671,465	\$ (535,447)	\$ 2,271,551
Other Income	150,765	200,033	20,501	755,581	86,743	566,162
Other Expenses	(239,302)	(88,270)	(238,329)	(1,689,180)	(3,218)	(941,488)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flows from Operating Activities:						
Depreciation and Amortization	466,981	491,233	365,417	2,240,085	591,285	1,115,865
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	6,112	(51,382)	28,284	(488,757)	(106)	456,750
Taxes Receivable	-	-	-	5,932	-	19,365
Supplies	-	(6,071)	(3,112)	(958,554)	(50,811)	-
Due from Other Governments	1,665	1,035	731	-	-	361
Advances to Other Funds	-	-	-	(1,445,396)	-	-
Prepaid Expenses	2,067	2,625	1,037	21,006	-	30,853
Accounts, Interest, and Contracts Payable	891,235	197,307	21,234	3,545,398	2,729	2,641
Deferred Outflows Pensions	(520,928)	(128,795)	-	1,048,027	100,888	1,403,144
Deferred Inflows Pensions	760,453	188,017	-	(536,572)	(51,652)	(718,387)
Net Pension Liability	(269,639)	(66,667)	-	(575,757)	(55,425)	(770,847)
Unearned Revenue	190,154	-	-	966,049	50,811	-
Advances from Other Funds	1,445,396	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	-
Compensated Absences	12,532	(17,721)	-	37,298	(1,801)	35,611
Other Liability	45,926	31,725	15,054	-	-	2,517
Liability for Self-Insurance Claims	-	-	-	-	-	-
Customer Deposits	-	(3,000)	(418)	(23,210)	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,341,554</u>	<u>\$ 24,192</u>	<u>\$ 95,818</u>	<u>\$ 14,573,415</u>	<u>\$ 133,996</u>	<u>\$ 3,474,098</u>

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

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

	Business-Type Activities - Enterprise Funds					Governmental
	Transit	Building Safety	Animal Control	Baseball	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 2,632,053	\$ 3,309,957	\$ 297,381	\$ 16,535	\$ 59,385,442	\$ 20,855,636
Cash Payments to Employees for Services	(740,018)	(1,281,185)	(56,929)	-	141,571,940	(17,413,662)
Cash Payments to Suppliers for Services	(8,614,786)	(659,074)	(908,541)	(279,954)	(32,240,050)	(2,317,913)
Cash Received from Other Governments	63,412	210	(33,230)	373	40,489	-
Other Income	735,170	5,435	4,864	97,228	2,622,482	917,914
Other Expenses	(2,066,869)	(15,626)	(35,958)	(17,464)	(5,335,704)	(552,896)
Net Cash Provided (Used) by Operating Activities	(7,991,038)	1,359,717	(732,413)	(183,282)	12,096,057	1,489,079
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant Income	9,771,955	-	-	-	9,870,096	-
Advance to Other Funds	-	-	-	-	(5,375,596)	-
Advance from Other Funds	-	-	-	-	(3,759)	49,538
Transfers In	-	-	1,963,987	168,101	4,264,933	525,000
Transfers (Out)	-	-	-	-	-	(17,898)
Net Cash Provided (Used) by Noncapital Financing Activities	9,771,955	-	1,963,987	168,101	8,755,674	556,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Expenses	(94,880)	1,473	(5,668,203)	15,182	(68,269,739)	(870,429)
Proceeds from sale of capital assets	-	-	-	-	-	-
Contributions	-	-	229,896	-	2,654,742	378,522
Proceeds From Issuance of Long-Term Debt	-	-	-	-	42,137,005	-
Long-Term Debt Payments - Principal	-	-	(354,477)	-	(3,305,254)	-
Long-Term Debt Payments - Interest	-	-	(212,851)	-	(432,303)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(94,880)	1,473	(6,005,635)	15,182	(27,215,549)	(491,907)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	51,121	8,902	36,210	-	439,676	75,008
Net Cash Provided by Investing Activities	51,121	8,902	36,210	-	439,676	75,008
Net Increase (Decrease) in Cash and Cash Investments	1,737,158	1,370,092	(4,737,851)	-	(5,924,143)	1,628,820
Cash and Cash Investments - Beginning of Year	8,571,959	1,059,469	6,128,054	-	84,080,367	17,993,720
Cash and Cash Investments - End of Year	<u>\$ 10,309,117</u>	<u>\$ 2,429,561</u>	<u>\$ 1,390,203</u>	<u>\$ -</u>	<u>\$ 78,156,224</u>	<u>\$ 19,622,540</u>
Consisting of:						
Unrestricted	\$ 10,309,117	\$ 2,429,561	\$ 50	\$ -	\$ 76,757,168	\$ 17,769,113
Restricted	-	-	1,390,153	-	1,399,056	1,853,427
	<u>\$ 10,309,117</u>	<u>\$ 2,429,561</u>	<u>\$ 1,390,203</u>	<u>\$ -</u>	<u>\$ 78,156,224</u>	<u>\$ 19,622,540</u>

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

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
Reconciliation of Operating Income (Loss) to						
Cash Flow s from Operating Activities:						
Operating Income (Loss)	\$ (8,255,262)	\$ 1,329,694	\$ (581,656)	\$ (298,232)	\$ 3,159,792	\$ (587,727)
Other Income	735,170	5,435	4,864	97,228	2,622,482	917,914
Other Expenses	(2,066,869)	(15,626)	(35,958)	(17,464)	(5,335,704)	(552,896)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flow s from Operating Activities:						
Depreciation and Amortization	2,671,941	7,384	624	6,147	7,956,962	1,756,694
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	196,245	35,580	(11,960)	-	170,766	(923)
Taxes Receivable	(1,929,853)	-	660	-	(1,903,896)	-
Supplies	-	-	-	-	(1,018,548)	(134,906)
Due from Other Governments	(903,136)	210	(33,230)	373	(931,991)	210
Advances to Other Funds	-	-	-	-	(1,445,396)	-
Prepaid Expenses	1,305	44,715	1,189	(17,500)	87,297	20,759
Accounts, Interest, and Contracts Payable	524,180	(2,203)	(76,442)	29,989	5,136,068	93,204
Deferred Outflow s Pensions	253,844	430,737	17,862	-	2,604,779	-
Deferred Inflow s Pensions	(129,964)	(194,102)	(8,049)	-	(690,256)	-
Net Pension Liability	(139,455)	(263,063)	(10,908)	-	(2,151,761)	-
Unearned Revenue	-	(39,483)	-	-	1,167,531	-
Advances from Other Funds	966,548	-	-	-	2,411,944	-
Accrued Personnel Costs	-	-	-	-	-	11,341
Compensated Absences	596	9,221	591	-	76,327	215,161
Other Liability	83,672	4,718	-	16,177	-	-
Liability for Self-Insurance Claims	-	-	-	-	-	(249,752)
Customer Deposits	-	6,500	-	-	(20,128)	-
Net Cash Provided (Used) by Operating Activities	\$ (7,991,038)	\$ 1,359,717	\$ (732,413)	\$ (183,282)	\$ 12,096,057	\$ 1,489,079

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

**CITY OF VISALIA
FISCAL YEAR ENDED JUNE 30, 2015**

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Fiduciary Funds include the following Agency Funds:

Los Rios Assessment District

The City collects the district's assessments on real property in the district to repay Limited Obligation Bonds for construction of certain sewer and storm drainage, street landscaping and other improvements.

Property and Business Improvement Districts #3 and #4

The City collects the districts' assessments on real property in the districts to improve the districts.

Village West Improvement District

The City collects the district's assessments on real property in the district to repay bonds for the repair of a private street.

Orchard Walk Underground Utilities District

The City collects the district's assessments on real property in the district to pay for underground utilities.

Atwood Water Main Assessment District

The City collects the district's assessment on real property in the district to repay bonds for connection to the Cal Water main extension.

Laura Water Main Assessment District

The City collects the district's assessment on real property in the district to repay bonds for connection to the Cal Water main extension.

The Fiduciary Funds also include the following Private Purpose Trust Fund:

Successor Agency

The Successor Agency is responsible for the wind down of the affairs of the dissolved Redevelopment Agency of the City of Visalia (RDA). It is responsible for fulfilling the obligations of the former RDA and is also responsible for revenue collection, maintaining bond reserves, and disposing of excess property. The Successor Agency is overseen by an oversight board which is comprised primarily of representatives of other affected taxing agencies and the City.

CITY OF VISALIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Agency Funds	Private Purpose Trust Fund
ASSETS		
Cash and Investments (Note 3)	\$ 379,029	\$ -
Restricted Cash and Investments (Note 3)	-	330,310
Accounts Receivable	-	1,000
Taxes Receivable	17,473	-
Notes & Loan Receivable	-	275,707
Prepaid Expenses	-	340,604
Land Held For Resale	-	2,824,503
	<u>\$ 396,502</u>	<u>\$ 3,772,124</u>
Total Assets	\$ 396,502	\$ 3,772,124
LIABILITIES		
Accounts, Interest, and Contracts Payable	\$ -	\$ 83,601
Funds Held as Agent for Others	396,502	
Bonds/Notes Payable (Note 7)		
Due Within One Year	-	372,308
Due in More Than One Year	-	15,536,866
	<u>396,502</u>	<u>15,992,775</u>
Total Liabilities	396,502	15,992,775
NET POSITION		
Net Position Held in Trust	<u>\$ -</u>	<u>\$ (12,220,651)</u>

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

CITY OF VISALIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Successor Agency
Additions	
Property Taxes	\$ 597,896
Use of Money and Property	14,586
Intergovernmental Receipts	100,018
Miscellaneous Revenue	23,881
Total Additions	736,381
Deductions	
Obligation Requirements	
Interest on Bonds and Notes Payable	183,245
Total Obligation Requirements	183,245
Administrative Expenses	
Miscellaneous Expense	10,081
Direct Management Expenses	59,290
Total Administrative Expenses	69,371
Total Deductions	252,616
Change in Net Position	483,765
Net Position - Beginning of Year	(10,471,766)
Prior Period Adjustment (Note 14)	(2,232,650)
Net Position - Beginning of Year, as restated	(12,704,416)
Net Position - End of Year	\$ (12,220,651)

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

**CITY OF VISALIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Visalia (“the City”) was founded in 1852 and incorporated in 1874. It became a charter city in 1923. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, wastewater, solid waste, transit, street sweeping, airport facilities, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

The financial statements and accounting policies of the City conform with generally accepted accounting principles in the United States of America applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below.

A. Reporting Entity

As required by generally accepted accounting principles in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City’s operations and so data from these units are combined with data of the primary government. Each component unit has a June 30 year-end. The blended component unit included in the City’s financial statements is identified below with a brief explanation of the reason for its inclusion.

The **Visalia Public Finance Authority** (VPFA) was established pursuant to a joint exercise of powers dated February 1991, by and between the City and the Visalia Community Redevelopment Agency. The VPFA has the power to issue bonds to pay the cost of any public capital improvements. The VPFA is controlled by the City and has the same governing body as the City, which also performs accounting and administrative functions for the VPFA. The financial activities of the VPFA are included in the 2014 Refunding Certificates of Participation, 2005 Refunding Certificates of Participation Debt Service Fund and the Convention Center Enterprise Fund.

Financial statements or financial information for the above component unit may be obtained from the City of Visalia at 707 West Acequia, Visalia, California 93291.

The financial statements exclude the following:

On June 2, 2003, the **Visalia Civic Facilities Authority** (VCFA) joint powers agreement was established by the City and the Visalia Unified School District (VUSD). The VCFA has the authority to issue bonds, incur indebtedness, and enter into agreements to acquire real property. The VCFA is administered by the Board of Directors, which consists of four members, two from the City Council and two from the VUSD. The VCFA is not a component unit of the City.

The **Downtown Improvement District** was incorporated under the Nonprofit Public Benefit Corporation Law of the State of California for the purpose of making improvements in the City’s downtown area. The City collects the district’s assessment revenue on behalf of the district. The district has the sole discretion on how revenues are to be spent. A twenty-one member Board, comprised of mainly downtown land and business owners, governs the district. The City Manager is a sitting member of the Board. The district is accounted for in the Property and Business Improvement District Agency Fund. The district is not a component unit of the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The **Los Rios Assessment District** was established to collect the district's assessments on real property in the district to repay Limited Obligation Bonds for construction of certain sewer and storm drainage, street landscaping and other improvements.

The **Village West Assessment District** was established to collect the district's assessments on real property in the district to repay bonds for the repair of a private street.

The **Orchard Walk Underground Utilities District** was established to collect assessments on real property in the district to repay bonds for underground utilities.

The **Atwood Assessment District** was established to collect assessments on real property in the district to repay bonds for Cal water main extensions.

The **Laura Assessment District** was established to collect assessments on real property in the district to repay bonds for Cal water main extensions.

The **Visalia Redevelopment Successor Agency** (Successor Agency) accounts for assets transferred from the former redevelopment agency (RDA) which was dissolved as of January 31, 2012. The sole purpose of this fund is to retire debt of the former RDA.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The accompanying financial statements are presented on the basis set forth in Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*; No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*; No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus*; and No. 38, *Certain Financial Statement Note Disclosures*.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component unit). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund is used to account for all the general revenues of the City not specifically levied or collected for other City funds and their related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Community Development Fund is used to account for the affordable housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants (CDBG), the Home Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP) and fines charged for substandard housing and abandoned vehicle abatement. Also, within the CDBG, HOME and NSP programs, when money that was previously loaned out is paid back; it again becomes available for use in the rehabilitation and development programs.

Housing Successor Agency Fund accounts for assets transferred from the former low/mod redevelopment housing assets of the former Redevelopment Agency which was dissolved as of January 31, 2012. The use of these assets is for affordable housing as governed by redevelopment law before the dissolution. Revenue earned in this fund is derived from the receipt of payment on notes and loans receivable outstanding in the fund.

Transportation Fund is used to account for the financing and construction of streets, roads, and various transportation infrastructure and facilities. Funding is provided by Transportation Impact Fees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

The City reported all its enterprise funds as major funds in the accompanying financial statements.

Convention Center Fund is used to account for the operations of the Convention Center, revenues provided by fees charged for the Convention Center and by operating transfers from the General Fund.

Airport Fund is used to account for the operations of the Visalia Municipal Airport. Revenue is provided by the fees charged to the airport users for aviation fuel, hangar rentals and leases of land and buildings as well as from federal grants for capital assets and projects.

Valley Oaks Golf Fund is used to account for the operations of the Valley Oaks Golf Course. Revenue is provided by fees charged to the golf course users.

Wastewater Fund is used to account for the collection, treatment and disposal of wastewater. Revenue is provided by user charges and impact fees as well as limited grant funding.

Storm Sewer Maintenance Fund is used to account for the operations of the City's storm and sewer drain activity. Revenue is provided by user charges and impact fees as well as limited grant funding.

Solid Waste Fund is used to account for the operations of collecting and disposing of solid waste and street sweeping activities. Revenues are provided by user charges and limited grant funding.

Transit Fund is used to account for the operations of the City's transit activities. Revenue is provided by state transportation funds, federal grants, and passenger fares.

Building Safety Fund is used to account for the operations of the City's plan checking, permitting, and inspection of buildings. Revenue is provided by permit fees.

Animal Control Fund is used to account for the operations of the City's animal control and animal adoption facility.

Baseball Fund is used to account for the operations of the baseball stadium located at Recreation Park. Revenue is provided by facility rental fees and by operating transfers from the General Fund.

The City also reports the following fund types:

Internal Service Funds The funds account for fleet services, vehicle replacement, information services, risk management, health benefits, compensated absences, and building maintenance; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds Agency and Private Purpose Trust Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Agency Funds maintained by the City are the Los Rios Assessment District Fund, the Property and Business Improvement Districts Funds, Village West Improvement District, and the Orchard Walk Underground Utilities District. A Private Purpose Trust Fund maintained by the City is the Redevelopment Successor Agency.

D. Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. The Agency funds have no measurement focus and are also reported using the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are federal and state grants and subventions, property taxes, sales taxes, franchise taxes, transient occupancy taxes, certain charges for services and interest revenue. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and contributions. On the accrual basis of accounting, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions, activities, and interest.

E. Property Tax

Tulare County (the County) assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the taxes periodically throughout the year, as they are paid, with the largest amounts in December and April of each year. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County. Delinquent property taxes are remitted by the County, to the City, periodically throughout the year as they are paid.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

F. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. An employee retiring with 10 years or more of continuous service with the City will be compensated for unused sick leave at 30% of its value on their retirement date. An employee resigning from the City in good standing with 20 years or more of continuous

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Compensated Absences (Continued)

service with the City will be compensated for unused sick leave at 30% of its value on their resignation date. The City's liability for compensated absences is recorded in Proprietary Funds and Internal Service Funds as appropriate. The liability for compensated absences is determined annually. Compensated absences are liquidated by the fund that has recorded the liability. The governmental activities compensated absences are liquidated by the Compensated Absences Internal Service Fund.

G. Land Held for Redevelopment

Land held for redevelopment is stated at the lower of historical cost or net realizable value, if estimable.

H. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

With the implementation of GASB Statement No. 34 during the 2002-03 fiscal year, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is calculated using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the standard useful lives listed below to capital assets. Several asset categories have ranges for the useful lives to cover a wide range of assets that are listed in each asset class. The useful life will be consistent for each individual type of asset.

Buildings, storage buildings and restrooms	10 - 50 years
Improvements other than buildings including infrastructure	20 - 100 years
Machinery, equipment and vehicles	2 - 25 years

The City of Visalia Fixed Asset Capitalization Policy, which contains more detail concerning the standard useful lives of individual asset types within the categories listed above, may be obtained from the City of Visalia at 707 West Acequia, Visalia, California 93291.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. GASB Statement No. 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inventory

Inventory is comprised of nuts available for sale that the City has harvested and processed from City owned farm lands. This inventory is currently in storage. The method of valuation of the inventory was to take the number of pounds in storage as of June 30, 2015 and to multiply it by the estimated market value per pound. As of June 30, 2015, nut inventory consisted of 1,468,960 pounds of walnuts valued at \$1,322,064 at \$0.90 per pound and 338,200 pounds of Pecans valued at \$405,839 at \$1.20 per pound. The Governmental funds account for \$365,682 in the General Fund and \$352,856 in the Groundwater Recharge fund. The Proprietary funds account for \$958,554 in the Wastewater Fund and \$50,811 in the Storm Sewer Maintenance Fund.

J. Fund Balance

In the Fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned. Each of these components of fund balance is classified based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

1. Nonspendable Fund Balance – amounts that are inherently nonspendable such as long-term receivables.
2. Restricted Fund Balance – amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.
3. Committed Fund Balance – amounts that can only be used for specific purposes determined by resolution of the City's highest level of decision-making authority, the City Council. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through a resolution. The resolution must occur prior to the end of the reporting period; however, the amount can be determined subsequently.
4. Assigned Fund Balance - amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the City Council itself or by an official to which the governing body has delegated the authority.
5. Unassigned Fund Balance - the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through the adoption of the budget and subsequent budget amendments that occur throughout the year. Assignments may be established and modified by the City Council, City Manager, or Finance Director.

The accounting policies of the City consider restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This Fund Balance policy was established by the City Council June 20, 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Implementation of Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (effective for fiscal years beginning after June 15, 2014).

This statement is to improve accounting and financial reporting by state and local governments for pensions. The City has implemented this statement for the June 30, 2015 fiscal year end.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There was no effect on the financial statements as a result of implementing this statement.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

This statement addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City has implemented this statement for the June 30, 2015 fiscal year end.

L. Future GASB Pronouncements

The following GASB Statements will be implemented in future financial statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City has elected not to implement GASB Statement No. 72 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The City has elected not to implement GASB Statement No. 73 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The City has elected not to implement GASB Statement No. 74 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The City has elected not to implement GASB Statement No. 75 early and has not determined its effects on the City's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Future GASB Pronouncements (continued)

- o GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of the statement are effective for reporting periods beginning after June 15, 2015. The City has elected not to implement GASB Statement No. 76 early and has not determined its effects on the City's financial statements.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Information

Annual budgets are legally required to be adopted by the City Council for all funds to provide for operations, debt service, and capital expenditures of the City. Special Revenue Fund revenues are budgeted by entitlements, subventions, and grants; expenditures and transfers are budgeted based upon available fund resources, which include amounts for encumbrances from prior periods. The City adopts an operating budget for the General Fund; all Special Revenue Funds; all Debt Service Funds and all Capital Projects Funds.

Budgetary controls are set by the City Council within State guidelines. The budgetary basis of accounting is consistent with accounting principles generally accepted in the United States of America applicable to the City's financial statements.

The City Council adopts an operating budget at the beginning of the City's fiscal year. The resolution approving the budget authorizes the City Manager to transfer appropriations within fund budgets including salary, capital accounts, and staffing levels provided that total appropriations are not increased. The legally adopted budget requires expenditures not to exceed total appropriations in each fund. Therefore, budget control is at the fund level, and resides with the Department Head responsible for that fund. The City Council is required to intervene to increase or decrease the adopted budget. Also, City Council approval is required to spend reserves from any fund.

The City adopts a two-year budget. The operating and capital expenditures have two mid-year reviews in each January and one mid-cycle review in June.

The City Council is authorized to make appropriation adjustments to the budget during the year as deemed necessary. The City Council can authorize adjustments as long as expenditures do not exceed budgeted revenues and available fund balance.

B. Excess of Expenditures

The expenditures of the funds below exceeded their appropriated expenditures as follows. However, sufficient additional resources were available to fund these expenditures.

Major Funds:		
Community Development	\$	354,903
Non-Major Funds:		
Special Revenue Funds:		
Waterways	\$	143,334
Groundwater Recharge		275,748
Kaweah Lake and Local Stormwater Maintenance		9,127
Measure R - Regional		69,201
CASP Program		5,827
Debt Service Funds:		
VPFA 2014 Refunding of COP	\$	159,408
VPFA 2005 Refunding of COP		1,459,186
Capital Projects Funds:		
Softball Facility Development	\$	891
Storm Sewer Construction		28,866
Public Safety Impact Fee		24,707
Parking District		5,194

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except Cash with Fiscal Agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

The City's cash and cash equivalents for statement of cash flows purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held in a cash management investment pool.

Cash and investments as of June 30, 2015, are classified in the Statement of Net Position as follows:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 161,392,908
Restricted Cash and Investments	3,254,179
Fiduciary Funds Statement of Net Position:	
Cash and Investments	379,029
Restricted Cash and Investments	330,310
Total Cash and Investments	<u>\$ 165,356,426</u>

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

Cash on hand	\$ 14,380
Deposits with financial institutions	12,565,613
Investments	<u>152,776,433</u>
Total Cash and Investments	<u>\$ 165,356,426</u>

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

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio *</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Contracts	30 years	None	None

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Visalia manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City of Visalia monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City of Visalia has no specific limitations with respect to this metric.

Investment Type	Balance at 06/30/2015	Weighted Average Maturity (in Days)
Federal Agency - Coupon	\$ 25,082,194	90.60
Local Agency Investment Fund	69,985,456	-
Medium-Term Notes	42,790,924	94.49
Certificates of Deposit	8,532,863	10.19
Municipal Bonds	5,513,400	17.48
Local Agency Bonds	530,688	12.73
Held by Trustee:		
Money Market Funds	340,908	0.30
Total	\$ 152,776,433	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2015, and during the 2014-2015 fiscal year, the City of Visalia did not hold or purchase investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above), such as interest only treasury strips or mortgage backed securities.

Disclosures Relating to Credit 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City of Visalia’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End					Not Rated
				AAA	AA	AA+	A	A+	
Federal Agency Securities	\$ 25,082,194	N/A	\$ -	\$ -	\$ -	\$ 25,082,194	\$ -	\$ -	\$ -
Corporate Medium-Term Notes	42,790,924	A	-	-	-	7,116,740	27,414,174	8,260,010	-
State Investment Pool	69,985,456	N/A	-	-	-	-	-	-	69,985,456
Certificates of Deposit	8,532,863	N/A	-	-	-	-	-	-	8,532,863
Municipal Bonds	5,513,400	A	-	-	-	-	-	5,513,400	-
Local Agency Bonds	530,688	N/A	-	-	-	-	-	-	530,688
Held by Bond Trustee:									
Money market funds	340,908	A	-	340,908	-	-	-	-	-
Total	\$ 152,776,433		\$ -	\$ 340,908	\$ -	\$ 32,198,934	\$ 27,414,174	\$ 13,773,410	\$ 79,049,007

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City of Visalia contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City of Visalia did not invest in any one issuer that meets the requirement for concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City of Visalia's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: none of the City of Visalia's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2015, none of the City of Visalia investments were held by the broker-dealer (counterparty) that was used by the City of Visalia to buy the securities.

Investment in State Investment Pool

The City of Visalia is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Visalia's investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Visalia's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov.

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Among Funds

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditures on behalf of another fund. Transfers between funds during the fiscal year ended June 30, 2015, were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Compensated Absences - Internal Services	\$ 17,898 (B)
General Fund	Measure R Local - Special Revenue	41,801 (A)
General Fund	VPFA 2005 Refunding COP - Debt Service	192,604 (C)
Debt Service Funds:		
VPFA 2005 Refunding COP	VPFA 2014 Refunding COP	1,283,403 (C)
VPFA 2014 Refunding COP	General Fund	127,485 (C)
Capital Projects Funds:		
Parking District	General Fund	256,438 (B)
Parking District	Community Development	522,943 (C)
Community Development	General Fund	<u>39,619 (B)</u>
GOVERNMENTAL Funds Sub-Total		<u>2,482,191</u>
Enterprise Funds:		
Baseball	General Fund	168,101 (B)
Animal Control	General Fund	1,963,987 (B)
Convention Center	General Fund	1,073,300 (B)
Convention Center	General Fund	684,545 (C)
Storm Sewer Maintenance	Kaweah Lake - Special Revenue	<u>375,000 (A)</u>
ENTERPRISE Funds Sub-Total		<u>4,264,933</u>
Internal Service Funds:		
Information Services	General Fund	25,000 (A)
Buildings Maintenance	General Fund	<u>500,000 (A)</u>
INTERNAL SERVICE Funds Sub-Total		<u>525,000</u>
TOTAL TRANSFERS		<u><u>\$ 7,272,124</u></u>

- (A) To fund capital expenses
- (B) To fund operating expenses
- (C) To fund debt service payments

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

At June 30, 2015, the funds below had made advances which were not expected to be repaid within the next year.

	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General Fund		\$ 8,738,249
Capital Projects Funds:		
Softball Facility Development (c)	7,884	
Government Facilities Impact Fee (b)	238,897	
Public Safety Impact Fee (b)	1,563,779	
Special Revenue Funds:		
Special Service District (a)	822,127	
Measure R - Regional (h)	934,963	
Grant & Loan Funds (e)	78,389	
Transportation Grant (e)	1,988	
Community Development Funds: (j)	270,959	
Enterprise Funds:		
Airport (g)	590,179	
Convention Center (k)	1,445,396	
Wastewater Fund (k)		1,445,396
Valley Oaks Golf (i)	4,112,657	
Internal Service Funds:		
Information Services (d)	49,538	
Housing Successor Agency Funds:		
Downtown Visalia (f)	50,776	
Central Visalia (f)	16,113	
	<u>\$ 10,183,645</u>	<u>\$ 10,183,645</u>
Total Advances	<u>\$ 10,183,645</u>	<u>\$ 10,183,645</u>

The repayment plans for each of the above advances are as follows:

- (a) To be repaid through higher assessment fees.
- (b) To be repaid from future impact fees.
- (c) To be repaid from future softball fees.
- (d) To be repaid from allocations
- (e) To be repaid from grant revenue to be received in fiscal year 2015-16.
- (f) To be repaid from Tax Increment collected in Redevelopment Districts. RDA advances for property purchases will be repaid when the related property is sold.
- (g) To be repaid from Airport fees.
- (h) To be repaid from future Measure R Sales Tax.
- (i) To be repaid through a 15-year repayment plan, agreed to by the golf course management
- (j) To be repaid from grants in FY 15-16
- (k) To be paid from bond proceeds received in FY 15-16

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

C. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 – NOTES AND LOANS RECEIVABLE

A. Current Year Transactions and Balances

	<u>Ref #</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at June 30, 2015</u>
GOVERNMENTAL FUNDS							
<u>General Fund</u>							
Visalia Successor Agency	-	-	-	\$ 7,506,880	\$ 4,082,908	\$ 1,676,709	\$ 9,913,079
Comfort Suites Parking	13010-J13039	May 2015	July 2018	-	5,954	-	5,954
Visalia Investment Associates	13010-J13044	April 2004	June 2034	413,941	-	11,694	402,247
JoAnn Fabrics - Def. Impact Fees	13010-J13055	Dec 2006	Sept 2014	8,469	-	8,469	-
Westcore Ferguson LLC	13010-J13074	Aug 2012	June 2018	25,476	-	25,476	-
Stonebrook Plaza Inc	13010-J13075	Dec 2012	June 2018	4,771	-	1,193	3,578
Cusenza Trust/VBC	13010-J13076	Aug 2012	June 2018	5,921	-	1,480	4,441
Westcore Ferguson LLC	13010-J13078	Jan 2014	June 2019	42,831	-	42,831	-
4 Creeks Investments	13010-J13079	Nov 2013	June 2019	9,602	-	1,920	7,682
Mor Furniture	13010-J13080	Feb 2015	June 2021	-	239,383	-	239,383
Frank Golden	13010-J13081	May 2015	June 2021	-	26,637	-	26,637
Subtotal General Fund				<u>8,017,891</u>	<u>4,354,882</u>	<u>1,769,772</u>	<u>10,603,001</u>
<u>Parking District Fund</u>							
Comfort Suites	13010-J13038	Oct 2002	Oct 2032	190,825	657	8,510	182,972
Subtotal Parking District Fund				<u>190,825</u>	<u>657</u>	<u>8,510</u>	<u>182,972</u>
<u>Impact Fees</u>							
VWR International	13010-J13071	April 2011	April 2016	403,647	-	100,911	302,736
Subtotal Impact Fees				<u>403,647</u>	<u>-</u>	<u>100,911</u>	<u>302,736</u>
<u>Grant & Loan Funds</u>							
Central Valley Christian Housing	13010-J13034	June 2002	April 2026	73,509	-	3,109	70,400
Subtotal Grant & Loan Funds				<u>73,509</u>	<u>-</u>	<u>3,109</u>	<u>70,400</u>
<u>Housing Related Funds</u>							
Visalia Senior Housing III	13010-J13057	Jan 2007	Jan 2062	2,720,193	-	-	2,720,193
NSP	13010-J13418	Various	Various	559,037	-	21,209	537,828
Robinwood	13010-J13503	April 2007	April 2036	-	1,299,975	389,992	909,983
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	-	500,000	-	500,000
CDBG	13411	Various	Various	1,216,546	1,133	23,284	1,194,395
HOME	13412	Various	Various	4,295,058	36,405	414,919	3,916,544
Subtotal Housing Related Funds				<u>8,790,834</u>	<u>1,837,513</u>	<u>849,404</u>	<u>9,778,943</u>
<u>Housing Successor Funds</u>							
Visalia Successor Agency	-	-	-	1,632,273	-	-	1,632,273
Kimball Court (1)	13010-J13020	Aug 1999	Aug 2054	1,055,100	-	150,000	905,100
Downtown Senior Housing (1)	13010-J13035	April 2002	April 2057	900,000	-	-	900,000
Town Meadows (1)	13010-J13030	April 2001	April 2015	114,000	-	-	114,000
East Visalia Redevelopment	13413	Various	Various	32,461	-	-	32,461
Mooney Boulevard Redevelopment	13414	Various	Various	5,873	52,749	8,140	50,482
Kaweah Management (1)	13010-J13019	June 1996	Nov 2025	250,000	-	-	250,000
Tulare County Housing Authority (1)	13010-J13040	Aug 2003	Aug 2058	47,500	-	-	47,500
Encina Triplex	13010-J13066	Aug 2008	Aug 2048	325,093	-	-	325,093
Kaweah Management - East (1)	13010-J13067	Sep 2009	June 2065	240,000	-	-	240,000
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	-	500,000	-	500,000
Habitat for Humanity Assigned Loans	13417/13418	Various	Various	1,171,068	182,617	176,545	1,177,140
Subtotal Housing Successor Funds				<u>5,773,368</u>	<u>735,366</u>	<u>334,685</u>	<u>6,174,049</u>
BUSINESS - TYPE							
<u>Convention Center</u>							
Su Sa's Catering	13010-J13073	-	-	61,937	-	14,537	47,400
Subtotal Convention Center				<u>61,937</u>	<u>-</u>	<u>14,537</u>	<u>47,400</u>
Total				<u>\$ 23,312,011</u>	<u>\$ 6,928,418</u>	<u>\$ 3,080,928</u>	<u>\$ 27,159,501</u>

Note: (1) Repayment is based on residual cash flow from operations. To the extent there is excess revenues, the developer is required to repay all accrued interest and principal annually.

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

B. Notes Receivable

The City loans monies for various purposes in the course of its operations. The General Fund holds notes receivable for deferred impact fees and land sales. The Parking District holds notes relating to payment of downtown parking in-lieu fees. Various housing funds hold notes related to housing development. The Housing Successor Agency loans are mainly for developers who develop housing projects for low income persons which meet affordability requirements. At June 30, 2015, these notes receivable totaled \$27,159,501 in the following funds: \$10,603,001 in the General Fund, \$182,972 in the Parking District Fund, \$302,736 in various Impact Fee Funds, \$70,400 in Grant & Loan Funds, \$9,778,943 in Housing Related Funds, and \$6,174,049 in the Housing Successor Agency Fund. The Convention Center, an Enterprise Fund, had one loan (a converted long-term receivable) totaling \$47,400.

C. Loans Receivable

The City uses several sources of funds to provide financial assistance, mainly in the form of loans to low and moderate income residents. The three funding sources are:

The *Community Development Block Grant* (CDBG) has provided low-interest loans to rehabilitate or purchase affordable housing, as well as to rehabilitate rental properties that house low income residents. The outstanding balance of these loans was \$1,194,395 at June 30, 2015.

The *Home Investment Partnerships Grant* (HOME) has provided low-interest loans to rehabilitate or purchase affordable housing, as well as to rehabilitate rental properties that house low income residents. The outstanding balance of these loans was \$3,916,544 at June 30, 2015.

The *Housing Successor Agency* holds loans made by the former Redevelopment Agency which provided low-interest loans to rehabilitate or purchase affordable housing as well as to rehabilitate rental properties that house low income residents. The outstanding balance of these loans was \$4,541,776 at June 30, 2015.

Since the City does not expect to collect these notes and loans in the near term, they have been offset by entries to deferred inflows of resources (unavailable revenue) in the fund financial statements.

NOTE 6 – CAPITAL ASSETS

A. Capital Assets Additions and Retirements

	Balance June 30, 2014	Additions	Retirements	Transfers	Adjustments	Balance June 30, 2015
GOVERNMENTAL ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 38,848,294	\$ 165,498	\$ -	\$ -	\$ -	\$ 39,013,792
Construction in progress	46,231,886	10,729,010	(1,216,876)	(8,634,366)	(30,075)	47,079,579
	<u>85,080,180</u>	<u>10,894,508</u>	<u>(1,216,876)</u>	<u>(8,634,366)</u>	<u>(30,075)</u>	<u>86,093,371</u>
Capital assets being depreciated						
Buildings	42,589,312	-	-	-	-	42,589,312
Improvements other than buildings	58,270,990	484,941	-	1,147,509	-	59,903,440
Machinery, equipment and vehicles	29,237,713	1,145,523	(1,639,419)	1,895,647	-	30,639,464
Infrastructure - streets, traffic signals & signs	166,767,350	1,921,862	-	5,591,210	7,418,690	181,699,112
	<u>296,865,365</u>	<u>3,552,326</u>	<u>(1,639,419)</u>	<u>8,634,366</u>	<u>7,418,690</u>	<u>314,831,328</u>
Accumulated depreciation						
Buildings	(8,618,235)	(821,773)	-	-	(1)	(9,440,009)
Improvements other than buildings	(14,259,924)	(1,591,120)	-	-	-	(15,851,044)
Machinery, equipment and vehicles	(17,377,830)	(2,056,148)	1,367,938	-	86,860	(17,979,180)
Infrastructure - streets, traffic signals & signs	(65,530,084)	(3,930,670)	-	-	1	(69,460,753)
	<u>(105,786,073)</u>	<u>(8,399,711)</u>	<u>1,367,938</u>	<u>-</u>	<u>86,860</u>	<u>(112,730,986)</u>
Governmental Capital Asset Activity, Net	<u>\$ 276,159,472</u>	<u>\$ 6,047,123</u>	<u>\$ (1,488,357)</u>	<u>\$ -</u>	<u>\$ 7,475,475</u>	<u>\$ 288,193,713</u>
BUSINESS-TYPE ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 23,009,435	\$ -	\$ -	\$ -	\$ 1	\$ 23,009,436
Construction in progress	21,648,303	66,781,324	(534,247)	-	30,074	87,925,454
	<u>44,657,738</u>	<u>66,781,324</u>	<u>(534,247)</u>	<u>-</u>	<u>30,075</u>	<u>110,934,890</u>
Capital assets being depreciated						
Buildings	40,707,037	-	-	-	1	40,707,038
Improvements other than buildings	88,535,189	-	-	-	-	88,535,189
Machinery, equipment and vehicles	55,671,437	1,236,045	(3,638,003)	-	-	53,269,479
Infrastructure - sewer and storm drainage	112,752,361	1,201,265	-	-	-	113,953,626
	<u>297,666,024</u>	<u>2,437,310</u>	<u>(3,638,003)</u>	<u>-</u>	<u>1</u>	<u>296,465,332</u>
Accumulated depreciation						
Buildings	(13,985,755)	(838,544)	-	-	(1)	(14,824,300)
Improvements other than buildings	(50,481,245)	(1,870,566)	-	-	(7,748)	(52,359,559)
Machinery, equipment and vehicles	(31,511,858)	(4,004,543)	3,155,738	-	51,999	(32,308,664)
Infrastructure - sewer and storm drainage	(23,294,272)	(1,277,008)	-	-	33,245	(24,538,035)
	<u>(119,273,130)</u>	<u>(7,990,661)</u>	<u>3,155,738</u>	<u>-</u>	<u>77,495</u>	<u>(124,030,558)</u>
Business-type Capital Asset Activity, Net	<u>\$ 223,050,632</u>	<u>\$61,227,973</u>	<u>\$ (1,016,512)</u>	<u>\$ -</u>	<u>\$ 107,571</u>	<u>\$ 283,369,664</u>

NOTE 6 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The accounts allocated to each function or programs are as follows:

Governmental Activities	
General Government	\$ 973,738
Community Development	4,466
Public Works	3,867,784
Public Safety:	
Police	306,909
Fire	247,185
Community Services	1,156,075
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>1,756,694</u>
Total Governmental Activities	<u>\$ 8,312,851</u>
Business-Type Activities	
Convention Center	\$ 466,983
Airport	491,233
Valley Oaks Golf	348,148
Wastewater	2,213,555
Storm Sewer Maintenance	591,285
Solid Waste	1,115,865
Transit	2,671,941
Building Safety	7,384
Animal Control	625
Baseball	<u>6,147</u>
Total Business-Type Activities	<u>\$ 7,913,166</u>

NOTE 7 – LONG-TERM OBLIGATIONS

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Proprietary Fund long-term debt is accounted for in the proprietary funds which will repay the debt because these funds are accounted for on the full accrual basis of accounting in a similar manner to commercial operations.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2014	Additions	Retirements	Balance at June 30, 2015	Due Within One Year
Governmental Activity Debt						
Certificates of Participation:						
2005 VPFA - Refunding (1)	\$ 3,454,400	\$ 1,709,600	\$ -	\$ (1,709,600)	\$ -	\$ -
Bond Premium	938,325	312,775	-	(312,775)	-	-
2014 VPFA - Refunding (2)	1,180,800	-	1,180,800	(83,200)	1,097,600	80,800
Bond Premium	303,736	-	303,736	(95,139)	208,597	78,484
Notes:						
2008 HUD Sec. 108 Loans - Parking Structure	4,210,000	2,173,000	-	(436,000)	1,737,000	461,000
Energy Conservation Assistance Act Loan (3)	249,581	-	249,581	-	249,581	47,077
Compensated Absences	-	4,613,298	831,051	(624,079)	4,820,270	1,073,718
Total Governmental Activity	\$ 10,336,842	\$ 8,808,673	\$ 2,565,168	\$ (3,260,793)	\$ 8,113,048	\$ 1,741,079
Business-Type Activity Debt						
Certificates of Participation:						
2005 VPFA - Refunding (1)	\$ 18,135,600	\$ 8,975,400	\$ -	\$ (8,975,400)	\$ -	\$ -
Bond Premium	2,170,704	324,336	-	(324,336)	-	-
2014 VPFA - Refunding (2)	6,199,200	-	6,199,200	(436,800)	5,762,400	424,200
Bond Premium	971,504	-	971,504	(194,792)	776,712	171,654
Notes:						
2014 Clean Water State Revolving Fund Loan	Ongoing	14,998,649	41,780,866	-	56,779,515	-
Energy Conservation Assistance Act Loan	199,791	-	199,791	-	199,791	37,685
Lease:						
2012 SPCA	6,600,000	6,257,443	-	(354,477)	5,902,966	366,812
Compensated Absences	-	904,809	165,668	(89,340)	981,137	180,317
Total Business-Type Activity	\$ 34,276,799	\$ 31,460,637	\$ 49,317,029	\$ (10,375,145)	\$ 70,402,521	\$ 1,180,668
Private Purpose Trust Funds						
Redevelopment Agency Tax Allocation Bonds:						
2003 East Visalia District	\$ 5,185,000	\$ 2,790,000	\$ -	\$ (260,000)	\$ 2,530,000	\$ 270,000
Notes:						
2004 RDA - Mooney District	2,707,250	1,931,779	-	(97,957)	1,833,822	102,308
Advances:						
General Fund	-	7,506,880	4,082,908	(1,676,709)	9,913,079	-
Housing Successor Agency	-	1,632,273	-	-	1,632,273	-
Total Private Purpose Trust Funds	\$ 7,892,250	\$ 13,860,932	\$ 4,082,908	\$ (2,034,666)	\$ 15,909,174	\$ 372,308

(1) The 2005 VPFA issues were for refunding of the 1996 VPFA Series, and corresponding debt's proportionate allocation is now 84% to Business-Type Activities (Convention Center - Enterprise Fund) and 16% to Governmental Activities.

(2) The 2014 VPFA issues were for refunding of the 2005 VPFA Issues, and corresponding debt's proportionate allocation remains at 84% to Business-Type Activities (Convention Center - Enterprise Fund) and 16% to Governmental Activities.

(3) \$4,718.40 of this loan has been assigned to the Information Services Fund, an Internal Service Fund.

B. Certificates of Participation

On July 2, 2014, the City issued \$7,380,000 of 2014 Refunding Certificates of Participation (the Certificates) to (a) refund all of the City's outstanding 2005 Refunding Certificates of Participation (the "Prior Certificates"), (b) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (c) to pay the costs related to the execution and delivery of the Certificates, including, but not limited to, the cost of municipal bond insurance. Of this issue, 84% is allocable to the Convention Center and 16% is considered general long-term debt. Principal payments are due annually on June 1 and interest is due semiannually on June 1 and December 1, commencing December 1, 2014, with the final payment due in the year 2025. The refunding was structured to lower the annual certificate payments and was achieved by taking advantage of historically low interest rates and extending out the final

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

B. Certificates of Participation (Continued)

maturity date by 4 years. The City also chose to unencumber the Convention Center, which was the leased asset for the Prior Certificates, and encumber a new asset, which is the City's Riverway Sports Park, with the 2014 Certificates. The lowering of the annual payments and unencumbering of the Convention Center were done to help with a larger future financing issued by the City in September of 2015. Though the primary objective of the refunding was not to generate savings, the net present value of the debt securities savings amounted to \$115,737. The refunding resulted in an overall debt service savings of \$2,403,108. The net present value of the debt securities savings is called an economic gain and amounted to \$2,835,525. The 2005 Certificates were fully retired on July 11, 2014.

C. Note – HUD Section 108 Guaranteed Loan(s) – Parking Structure

On August 29, 2007, the City entered into two identical loans totaling \$4,210,000, guaranteed by the Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. Interest on the notes was at a variable rate until public financing was completed during the calendar year 2008, at which time they were converted to ten separate notes each with its own interest rate with one note maturing in each year beginning with 2009 and ending in 2018. The rates on these notes vary from 2.62% to 4.62% but average 4.173% over the full 10 year term. Security for the loan includes any program income generated from CDBG loan proceeds, any investment earnings on the loan proceeds and a first priority lien on the parking structure.

D. Lease – Animal Control

On December 1, 2012, the City entered into a lease agreement with Municipal Finance Corporation for \$6,600,000 for the acquisition and construction of an animal control facility and shelter. The lease/leaseback involves two police substations and the animal control center site for the construction of the animal shelter. The fifteen year lease financing arrangement begins March 2013 at an interest rate of 3.45%. Principal and interest payments are due each September and March with the first payment beginning September 2013.

E. Compensated Absences

The City accounts for compensated absences (unpaid, vacation, sick leave and compensatory time) in accordance with GASB standards. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the Statement of Net Position. In business-type activities and enterprise funds, the unpaid liability is accrued when the liability occurs.

F. Redevelopment Agency Tax Allocation Bonds

On June 18, 2003, the Community Redevelopment Agency (RDA) issued \$5,185,000 of 2003 Tax Allocation Refunding Bonds (2003 Bonds) to retire outstanding variable rate 1990 Tax Allocation Bonds and to pay for issuance costs

Tax increment revenue is pledged for the repayment of the 2003 Bonds. Interest ranges from 2.0% to 4.1% and is due semiannually each July 1 and January 1. Commencing 2004, principal is payable each July 1 through 2026.

This debt was transferred to the Redevelopment Successor Agency (Private Purpose Trust Fund) on February 1, 2012, as a result of the dissolution of the Visalia Community Redevelopment Agency.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

G. Note – WestAmerica Bank Loan – RDA Mooney & Central District

On September 7, 2004, the City approved the refinancing of the remaining balance of the 1993 Central and Mooney Tax Allocation Revenue Bonds with a Stockmen’s bank loan in the amount of \$4,550,000. The bank loan is a variable rate loan, fixed every five years with a floor of 4.30% and a ceiling of 6.00%. The term of the loan is set at 24 years to match the sunset of the Mooney Redevelopment Area in 2028, five years longer than the current bonds. The Central Area’s sunset is in 2040. This loan is secured by the tax revenues received by the RDA for each project area.

Although the note originated with Stockmen’s Bank in 2004, as of June 30, 2012, the note is held by WestAmerica Bank.

This debt was transferred to the Redevelopment Successor Agency (Private Purpose Trust Fund) on February 1, 2012, as a result of the dissolution of the Visalia Community Redevelopment Agency. The Central District debt was paid off on July 25, 2012.

H. Note – Clean Water State Revolving Fund – Wastewater Conservation Plant Upgrade Project

On March 27, 2014, the City entered into an installment sale agreement with the California State Water Resources Control Board for \$132,490,000 for a major upgrade to the City’s Water Conservation Plant to provide tertiary level treatment to the water being processed. The City’s loan balance will increase as the project progresses and the City is reimbursed by the Clean Water State Revolving Fund for incurred expenses. The term of the loan is 30 years at an interest rate of 2.1%. Principal and interest payments will be repaid in annual installments commencing on September 30, 2017 and shall be fully amortized by September 30, 2046.

I. Note – California Energy Conservation Assistance Act Loan

On May 31, 2013, the City entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the acquisition and installation of various energy savings equipment. The City did not request nor receive funds for this agreement until fiscal year 2014-15. The loan amount totaled \$449,372. The interest rate on the loan is fixed at 1.00% with the term of the loan being 5 years. Principal and interest payments are due in December and June of each year with the first payment beginning December 2015.

J. Debt Service Requirements

Annual debt service requirements to maturity are shown below for all long-term debt (excluding Clean Water State Revolving Fund Loan):

For the Year Ending June 30,	Governmental Activities			Business-Type Activities			Private Purpose Trust Fund	
	Principal	Bond Premium	Interest	Principal	Bond Premium	Interest	Principal	Interest
2016	\$ 588,877	\$ 78,484	\$ 119,126	\$ 828,697	\$ 171,654	\$ 448,357	\$ 372,308	\$ 180,611
2017	622,071	60,997	92,521	856,298	147,522	418,257	386,606	166,863
2018	654,571	42,625	65,870	890,907	122,189	386,757	276,516	151,874
2019	411,276	23,369	43,789	921,779	95,735	354,037	286,431	140,771
2020	145,786	3,122	33,346	957,330	67,985	320,081	301,562	129,179
2021-2025	537,600	-	98,572	5,155,370	171,627	1,021,170	1,697,778	446,128
2026-2030	124,000	-	3,100	2,254,776	-	114,483	1,042,621	82,204
	<u>\$ 3,084,181</u>	<u>\$ 208,597</u>	<u>\$ 456,324</u>	<u>\$ 11,865,157</u>	<u>\$ 776,712</u>	<u>\$ 3,063,142</u>	<u>\$ 4,363,822</u>	<u>\$ 1,297,630</u>

NOTE 8 – DEBT WITHOUT CITY COMMITMENT

The Los Rios/Casablanca Assessment District issued Limited Obligation Improvement Bonds, 2001, to construct certain sewer and storm drainage, street landscaping along with other improvements. As of June 30, 2015, \$239,000 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$72,020 bond designated as the, “Limited Obligation Improvement Bonds, Village West Improvement Project, Series 2007” for the unpaid assessments levied upon the Village West Improvement Project special assessment district. The City then purchased the bonds for the City’s cash portfolio. The bonds yield 6% and mature on September 2, 2022, and were for the construction of street improvements in the Village West Subdivision. As of June 30, 2015, \$35,972 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$675,000 bond designated as the “City of Visalia Orchard Walk East and West Underground Utilities Assessment District, Series 2011”. The City then purchased the bonds for the City’s cash portfolio. The bonds yield 6.75% and mature on September 2, 2026 and were for the construction of underground electrical utilities at the Orchard Walk East and West commercial shopping center. As of June 30, 2015, \$524,661 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

Although the City assisted in the issuance of the above debts, it is not obligated in any way to repay this debt and has not reflected the debt in its financial statements.

NOTE 9 – NET POSITION AND FUND BALANCES

GASB Statement No. 34 incorporates the concept of Net Position, which is measured on the full accrual basis of accounting, to the concept of Fund Balance, as amended by GASB Statement No. 54, which is measured on the modified accrual basis of accounting.

A. Net Position

Net Position is the excess of all the City’s assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the Government-Wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2015 is as follows:

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

**City of Visalia
Governmental Fund Balances
June 30, 2015
(in thousands)**

	General Fund	Community Development	Housing Successor Agency	Transportation	All Other Governmental Funds	Total Governmental Funds
Nonspendable						
CalPERS Prepayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays/Deposits	429	-	-	-	-	429
Supplies	6	-	-	-	-	6
Total Nonspendable Fund Balance	435	-	-	-	-	435
Restricted						
Purpose of Fund	-	1,216	1,070	459	43,218	45,963
Debt Service	-	-	-	-	1	1
Total Restricted Fund Balance	-	1,216	1,070	459	43,219	45,964
Committed						
Civic Center Facilities	6,508	-	-	-	-	6,508
Sports Park	837	-	-	-	-	837
Recreation Park Stadium	9	-	-	-	-	9
Transportation Projects	539	-	-	-	-	539
Animal Control	230	-	-	-	-	230
Conservation	196	-	-	-	-	196
Brownfield Study	130	-	-	-	-	130
General Plan Update	1	-	-	-	-	1
Historic Preservation	1	-	-	1	-	1
Emergency Reserve	9,134	-	-	-	-	9,134
Southwest Fire Station	-	-	-	-	1,285	1,285
Miscellaneous Capital Projects	134	954	-	-	5,032	6,120
Total Committed Fund Balance	17,719	954	-	-	6,317	24,990
Assigned						
Advance - Public Safety Impact Fee	1,564	-	-	-	-	1,564
Advance - Public Facility Impact Fee	239	-	-	-	-	239
Advance - Transportation Impact Fee	-	-	-	-	-	-
Advance - Softball Development	8	-	-	-	-	8
Advance - Measure R - Regional	935	-	-	-	-	935
Advance - Transportation	2	-	-	-	-	2
Advance - Storm Sewer Construction	-	-	-	-	-	-
Advance - Special Service Districts	822	-	-	-	-	822
Advance - CHFA	31	-	-	-	-	31
Advance - Federal COPS	47	-	-	-	-	47
Advance - Housing Successor Agency	67	-	-	-	-	67
Advance - Valley Oaks Golf	4,113	-	-	-	-	4,113
Advance - Airport	590	-	-	-	-	590
Advance - Community Development	271	-	-	-	-	271
Advance - Information Systems	50	-	-	-	-	50
Advance - Atwood District	210	-	-	-	-	210
Advance - Laura District	128	-	-	-	-	128
Miscellaneous Capital Projects	496	-	-	-	-	496
Successor Agency	9,913	-	1,632	9,913	-	11,545
Total Assigned Fund Balance	19,486	-	1,632	-	-	21,118
Unassigned						
Total Unassigned Fund Balance	4,043	-	-	-	(2,471)	1,572
Total Fund Balances	\$ 41,683	\$ 2,170	\$ 2,702	\$ 459	\$ 47,065	\$ 94,079

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

CITY OF VISALIA
SCHEDULE OF FUND BALANCE - GENERAL FUND
(In Thousands)

	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>
Nonspendable Fund Balance:					
CalPERS Prepayment	\$ 1,600	\$ 1,200	\$ 800	\$ 400	\$ -
Prepaid Expenditures	293	247	360	178	429
Supplies	23	24	8	2	6
Long-Term Receivable	-	48	-	-	-
Nonspendable Fund Balance Total	1,916	1,519	1,168	580	435
Committed Fund Balance:					
Civic Center Facilities	8,910	8,985	8,721	7,573	6,508
Sports Park	2,060	2,120	1,765	890	837
General Plan Update	514	216	186	41	1
Brownfield Study	304	236	135	130	130
Recreation Park Stadium	272	242	243	244	9
Transportation Projects	1,197	1,121	903	897	539
Animal Control	690	745	228	229	230
Conservation	-	-	-	169	196
City Light Retrofit	461	201	-	-	-
HVAC Systems Replacement	222	23	-	-	-
Energy Audit Study	124	22	-	-	-
Agenda Management System	100	25	-	-	-
Historic Preservation	5	5	5	-	1
Emergency Reserve	5,108	1,363	1,305	5,729	9,134
Miscellaneous Capital Projects	-	-	-	428	134
Committed Fund Balance Total	19,967	15,304	13,491	16,330	17,719
Assigned Fund Balance:					
Advance - Public Safety Impact Fee	2,471	432	1,886	1,625	1,564
Advance - Public Facility Impact Fee	293	287	277	261	239
Advance - Transportation Impact Fee	-	1,354	1,763	120	-
Advance - Softball Development	10	8	7	7	8
Advance - Measure R - Regional	1,642	303	2,168	2,309	935
Advance - Measure R - Local	-	66	-	-	-
Advance - Groundwater Recharge	-	417	30	-	-
Advance - Waterways	-	43	-	-	-
Advance - Storm Sewer Construction	-	211	384	358	-
Advance - Kaweah Lake	35	-	-	-	-
Advance - Special Service Districts	382	570	646	693	822
Advance - Federal COPS Grant	-	-	-	67	47
Advance - CHFA	50	40	35	34	31
Advance - Transportation	511	2,235	1,220	448	2
Advance - Housing Successor Agency	-	6	1,305	72	67
Advance - Community Development	293	-	162	22	271
Advance - East Visalia Redevelopment District	416	-	-	-	-
Advance - Central Redevelopment District	3,421	-	-	-	-
Advance - Downtown Redevelopment District	12	-	-	-	-
Advance - Valley Oaks Golf	40	70	676	4,104	4,113
Advance - Airport	359	665	1,167	644	590
Advance - Building Safety	4	19	185	-	-
Advance - Information Systems	-	-	-	-	50
Advance - Risk	402	883	-	-	-
Advance - Health Benefits	-	-	90	-	-
Advance - Atwood District	-	-	-	-	210
Advance - Laura District	-	-	-	-	128
Miscellaneous Capital Projects	1,405	989	2,217	358	496
Successor Agency	-	3,167	7,447	7,507	9,913
Assigned Fund Balance Total	11,746	11,765	21,665	18,629	19,486
Unassigned Fund Balance:					
Unassigned	-	-	-	1,387	4,043
Unassigned Fund Balance Total	-	-	-	1,387	4,043
Total Fund Balance	\$ 33,629	\$ 28,588	\$ 36,324	\$ 36,926	\$ 41,683

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

C. Fund Balance and Net Position Deficits

The following funds had deficit fund balances or net position at June 30, 2015. Future revenues or interfund transfers are expected to offset these deficits:

Capital Projects Funds:		
Softball Facility Development	\$	7,884
Public Safety Impact Fee		1,204,264
Debt Service Funds:		
VPFA 2014 Refunding COP	\$	2,214
Enterprise Fund:		
Building Safety	\$	113,319
Private Purpose Trust Fund:		
Successor Agency	\$	12,220,651

NOTE 10 – EMPLOYEE BENEFITS

A. General Information about the Pension Plans

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

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

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

Miscellaneous				
Hire date	Prior to May 9, 2008	On or after May 10, 2008 through May 20, 2011	On or after May 21, 2011 through December 31, 2012	On or after January 1, 2013 through current
Benefit formula	3% @ 60	2.5% @ 55	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8%	8%	7%	6.75%
Required employer contribution rates	19.979%	19.979%	19.979%	13.30%

Safety			
Hire date	Prior to February 26, 2011	On or after February 27, 2011 through December 31, 2012	On or after January 1, 2013 through current
Benefit formula	3% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12.25%
Required employer contribution rates	32.463%	32.463%	24.40%

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	349	197
Inactive employees entitled to but not yet receiving benefits	120	31
Active employees	<u>484</u>	<u>266</u>
Total	<u><u>953</u></u>	<u><u>494</u></u>

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

B. Net Pension Liability

The City of Visalia’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter	
Mortality (3)	Derived using CalPERS Membership Data for all Funds	

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

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

(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

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

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

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

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

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

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

NOTE 10 – EMPLOYEE BENEFITS (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$177,606,096	\$121,542,048	\$56,064,048
Changes in the year:			
Service cost	3,797,356		3,797,356
Interest on the total pension liability	13,175,275		13,175,275
Differences between actual and expected experience	0		0
Changes in assumptions	0		0
Changes in benefit terms	0		0
Contribution - employer		3,947,176	(3,947,176)
Contribution - employee (paid by employer)		1,809,951	(1,809,951)
Contribution - employee		0	0
Net investment income		21,053,194	(21,053,194)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(7,668,885)	(7,668,885)	0
Net changes	9,303,746	19,141,436	(9,837,690)
Balance at June 30, 2014	\$186,909,842	\$140,683,484	\$46,226,358

NOTE 10 – EMPLOYEE BENEFITS (Continued)

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$167,375,211	\$117,418,183	\$49,957,028
Changes in the year:			
Service cost	5,100,652		5,100,652
Interest on the total pension liability	12,494,891		12,494,891
Differences between actual and expected experience	0		0
Changes in assumptions	0		0
Changes in benefit terms	0		0
Contribution - employer		5,703,922	(5,703,922)
Contribution - employee (paid by employer)		1,618,205	(1,618,205)
Contribution - employee			0
Net investment income		20,530,453	(20,530,453)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(6,653,993)	(6,653,993)	0
Net changes	<u>10,941,550</u>	<u>21,198,587</u>	<u>(10,257,037)</u>
Balance at June 30, 2014	<u>\$178,316,761</u>	<u>\$138,616,770</u>	<u>\$39,699,991</u>

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

	Miscellaneous	Safety	Total
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$71,402,764	\$65,324,223	\$136,726,987
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$46,226,358	\$39,699,991	\$85,926,349
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$25,388,359	\$18,744,102	\$44,132,461

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

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

For the year ended June 30, 2015, the City of Visalia recognized pension expense of \$8,577,648. At June 30, 2015, the City of Visalia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$4,346,353	-
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(\$9,645,089)
Total	\$4,346,353	(\$9,645,089)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,108,700	-
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(\$9,376,188)
Total	\$6,108,700	(\$9,376,188)

\$10,455,053 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2016	(\$2,411,272)	2016	(\$2,344,047)
2017	(2,411,272)	2017	(2,344,047)
2018	(2,411,272)	2018	(2,344,047)
2019	(2,411,273)	2019	(2,344,047)
2020	-	2020	-
Thereafter	-	Thereafter	-

E. Payable to the Pension Plan

At June 30, 2015, the City of Visalia reported a payable of \$492,080 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 10 – EMPLOYEE BENEFITS (Continued)

F. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

The City has a contract with International City Managers' Association (ICMA), Benefitscorp (Great West Life), CalPERS and Tucoemas Federal Credit Union to manage and invest the assets of the plan; all pool the assets of the plan with those of other participants and do not make separate investments for employees, except for Tucoemas Federal Credit Union.

G. Accrued Personnel Costs

Accrued personnel costs comprise unpaid vacation, sick leave and certain compensated time off, which are accrued as earned. The City's liability for accrued personnel costs is recorded as a current fund liability as the City's policy only permits employees to accrue one year's vacation time and certain amounts of sick leave.

H. Postemployment Health Care Benefits

The City provides medical and vision benefits to 110 retirees and 55 retiree dependents. All City employees may become eligible for retiree benefits if they reach the normal retirement age while working for the City and retire under CalPERS. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. Retiree health care benefit program costs are offset by premiums collected from retirees. The rates will eventually be set at full cost. However, during a 7 year phase in period, rates still receive some subsidy based upon years of service the retiree had with the City. The rates as of June 30, 2015, were at a rate up to \$836 per retiree per month and up to an additional \$836 a spouse. Family coverage is also available for an additional \$418 a month which makes the family PPO premium up to \$2,090 a month. As an alternative, the City also offers retirees access to the City's high deductible health plan at a premium cost of up to \$681 a month for the retiree and \$681 a month for a dependent. For family coverage, the cost is up to \$1,702 a month.

City policy permits retirees access to the City's health plan but at a cost determined each year by the City. The specific language of policy 301 is "Retirees and their dependents are eligible for medical and vision benefits at a cost determined each year by the City."

I. Defined Contribution for Retiree Health Care

The City's Administrative Policy 301 states:

Retirees and their dependents are eligible for medical and vision benefits at a cost determined each year by the City.

Until 2011, the City had made a substantial contribution towards retirees' health care, about 80% of the premium. In May of 2011, the City Council adopted a retiree health care contribution policy that phases out the City's contribution over 7 years starting in 2012 or longer based upon a retiree's years of service and income. The City estimated that the remaining subsidy for these retirees would be \$3.675 million, to be paid out from 2012 to 2019. Sixteen retirees of lower income have an additional ten years of contribution phase out. Over the phase out period, the premium cost to the retiree will increase to the full health care cost. For fiscal year 2014/15, the City's Retiree Health Care Contributions was approximately \$710,000.

NOTE 11 – RISK MANAGEMENT

A. Coverage

The City self-insures workers' compensation claims. The City retains or self-insures the first \$1 million of claims and purchases insurance above the \$1,000,000 self-retention to \$25,000,000. The program is administered by a third party.

The City has public employee dishonesty insurance with a \$100,000 deductible and coverage up to \$5,000,000 per loss. The City's property and machinery insurance has various deductibles and various coverages based on the kind of machinery. During the past four years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

The City currently provides three medical plan options for employees and retirees: a self-insured Preferred Provider Plan (PPO), a self-insured Exclusive Provider (EPO) and a self-insured High Deductible Plan (HD). The City provides medical benefits through an insurance pool, Excess Insurance Authority – Health (EIA – Health) which in turn participates in a larger pool, Self-Insured

Schools of California (SISC). The insurance pool is responsible for maintaining a reserve for incurred but not reported claims. The City retains an equity share in the assets and liabilities of both pools.

The City provides dental and vision coverage to employees through programs which are administered by a third party service agent. The City is self-insured for the dental and vision coverage. The City's dental and vision liability is calculated based upon the historical lag between when a claim is incurred and the time it takes to be paid. Historically, 2 months of claims remain in the system at any given time. Thus, the City estimates incurred but not reported (IBNR) claims by multiplying the prior year's average monthly claim cost by 1.7.

The City is a member of the Authority for California Cities Excess Liability (ACCEL), a joint powers authority, which provides general liability coverage up to \$35,000,000 ultimate net loss per occurrence. The City retains the risk for the first \$1,000,000 in losses for each occurrence under this policy.

ACCEL was established for the purpose of creating a risk management pool for California municipalities. ACCEL is governed by a Board of Directors consisting of representatives of its member cities. The board controls the operations of ACCEL, including selection of management and approval of the annual budget.

The City's deposits with ACCEL are calculated based on the ratio of the City's payroll to the total payrolls of all entities, the losses of all members and the City's experience rate. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

During the fiscal year ended June 30, 2015, the City contributed \$292,818 to ACCEL for current year coverage. ACCEL audited financial statements are available from Alliant Insurance Services at 100 Pine Street, Eleventh Floor, San Francisco, California 94111.

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments in the Risk Management Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims is limited to general liability claims, as discussed above, and was estimated by management based on the fact that claims must be filed with the City within 6 months of the

NOTE 11 – RISK MANAGEMENT (Continued)

claim's occurrence. Incurred but not reported (IBNR) claims are estimated by taking the previous 5 year's average claim experience for a year and multiplying by .5 (6 month/12 months).

Change in the balances of claim liabilities during the past three years are as follows:

	Beginning of Year Liability	Current Year Claims & Changes in Estimates	Claim Payments	End of Year Liability
2012-13	\$ 4,012,729	\$(2,455,050)	\$2,777,871	\$ 4,335,550
2013-14	4,335,550	3,762,797	(2,203,086)	5,895,261
2014-15	5,895,261	1,955,395	(2,205,148)	5,645,508

NOTE 12 – CONTINGENT LIABILITIES AND COMMITMENTS

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City enters into various agreements to reimburse developers for street construction necessary for the City's circulation element. These improvements are paid for from transportation impact fees. As of June 30, 2015, the City had entered into \$1,253,475 in agreements for projects that had not been started and would only be paid for from future impact fees.

At June 30, 2015, the City had made commitments of approximately \$70.7 million for outstanding construction projects and open purchase orders.

The City participates in Federal and State grant programs. These programs are subject to audit by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 and applicable State requirements. No material cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 26, 2016, which is the date the basic financial statements were available to be issued, noting the following event.

A. Visalia Emergency Communications Center/Convention Center Debt

On September 10, 2015 (FY15-16), the City issued \$17,910,000 of 2015 Certificates of Participation to (a) construct and equip the Visalia Emergency Communications Center (the VECC), (b) to replace the City's Computer Aided Dispatch and Records Management System (the CAD/RMS), (c) to make certain improvements to the Visalia Convention Center, (d) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (e) to pay the costs related to the execution and delivery of the Certificates. Of this issue, 28% is allocable to the Convention Center and 72% is considered general long-term debt. Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2015, with the final payment due in the year 2029.

NOTE 13 – SUBSEQUENT EVENTS (Continued)

B. Wastewater Grant Awarded

On November 17th, 2015, the City of Visalia received an executed Proposition 1 grant for \$15,000,000. This grant was an amendment to our Clean Water State Revolving Fund (CWSRF) loan for the Wastewater Conservation Plant upgrade project to provide tertiary level treatment to the water being processed. The award will offset the loan amount by the amount granted. These funds do not have to be repaid to CWSRF and will be disbursed to the City as expenses occur on a reimbursement basis. The project is estimated to be completed in FY17-18.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

The following Beginning Balance of Net Position/Fund Balance had been restated:

Governmental Funds:

General Fund

Beginning Balance as Previously Reported	\$ 36,925,789
Adjustment to correct fund balance as prior year expenses were not recognized.	(209,373)
Adjustment to correct fund balance for prior year receivable. Receivable previously booked in Community Development.	118,756
Adjustment as approved and instructed by the California Department of Finance for advances to the Successor Agency.	2,543,502
Beginning Balance as Restated	<u>\$ 39,378,674</u>

Community Development

Beginning Balance as Previously Reported	\$ 1,837,763
Adjustment to correct fund balance for prior year receivable. Receivable previously booked in General Fund.	(118,757)
Beginning Balance as Restated	<u>\$ 1,719,006</u>

Governmental Activities Net Position

Beginning Balance as Previously Reported	\$ 378,021,561
Adjustment to the General Fund	2,452,885
Adjustment to the Community Development Fund	(118,757)
Adjustment to Capital Outlay Items	7,418,690
Adjustment due to implementation of GASB Statements No. 68 & 71	(75,476,595)
Beginning Balance as Restated	<u>\$ 312,297,784</u>

Proprietary Funds:

Convention Center

Beginning Balance as Previously Reported	\$ 3,987,396
Adjustment due to implementation of GASB Statements No. 68 & 71	(2,652,097)
Beginning Balance as Restated	<u>\$ 1,335,299</u>

Airport

Beginning Balance as Previously Reported	\$ 7,477,168
Adjustment due to implementation of GASB Statements No. 68 & 71	(655,708)
Beginning Balance as Restated	<u>\$ 6,821,460</u>

Wastewater

Beginning Balance as Previously Reported	\$ 152,185,699
Adjustment due to implementation of GASB Statements No. 68 & 71	(5,662,972)
Beginning Balance as Restated	<u>\$ 146,522,727</u>

NOTE 14 – PRIOR PERIOD ADJUSTMENTS (Continued)

The following Beginning Balance of Net Position/Fund Balance had been restated:

Storm Sewer Maintenance	
Beginning Balance as Previously Reported	\$ 50,768,708
Adjustment due to implementation of GASB Statements No. 68 & 71	(545,142)
Beginning Balance as Restated	<u>\$ 50,223,566</u>
Solid Waste	
Beginning Balance as Previously Reported	\$ 26,291,839
Adjustment due to implementation of GASB Statements No. 68 & 71	(7,581,837)
Beginning Balance as Restated	<u>\$ 18,710,002</u>
Transit	
Beginning Balance as Previously Reported	\$ 50,558,415
Adjustment due to implementation of GASB Statements No. 68 & 71	(1,371,638)
Beginning Balance as Restated	<u>\$ 49,186,777</u>
Building Safety	
Beginning Balance as Previously Reported	\$ 885,748
Adjustment due to implementation of GASB Statements No. 68 & 71	(2,327,472)
Beginning Balance as Restated	<u>\$ (1,441,724)</u>
Animal Control	
Beginning Balance as Previously Reported	\$ 93,070
Adjustment due to implementation of GASB Statements No. 68 & 71	(96,515)
Beginning Balance as Restated	<u>\$ (3,445)</u>
Business-Type Activities Net Position	
Beginning Balance as Previously Reported	\$ 292,916,228
Adjustment due to implementation of GASB Statements No. 68 & 71	(20,893,381)
Beginning Balance as Restated	<u>\$ 272,022,847</u>
Private Purpose Trust Fund:	
Successor Agency	
Beginning Balance as Previously Reported	\$ (10,471,766)
Adjustment as approved and instructed by the California Department of Finance for advances to the Successor Agency.	(2,543,502)
Adjustment to reconcile land held for resale.	38,864
Adjustment to correct deferred revenue received in prior year.	271,988
Beginning Balance as Restated	<u>\$ (12,704,416)</u>

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**CITY OF VISALIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED:**

Miscellaneous Plan

Measurement Period	<u>2013-14¹</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 3,797,356
Interest	13,175,275
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(7,668,885)
Net Change in Total Pension Liability	<u>9,303,746</u>
Total Pension Liability - Beginning	<u>177,606,096</u>
Total Pension Liability - Ending (a)	<u><u>\$ 186,909,842</u></u>

PLAN FIDUCIARY NET POSITION

Contributions - Employer	\$ 3,947,176
Contributions - Employee	1,809,951
Net Investment Income ²	21,053,194
Benefit Payments, Including Refunds of Employee Contributions	(7,668,885)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	<u>19,141,436</u>
Plan Fiduciary Net Position - Beginning	<u>121,542,048</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 140,683,484</u></u>

PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b) **\$ 46,226,358**

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability **75.27%**

Covered-Employee Payroll **\$ 20,653,520**

Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll **223.82%**

¹ Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

**CITY OF VISALIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED:**

Safety Plan

Measurement Period	2013-14¹
TOTAL PENSION LIABILITY	
Service Cost	\$ 5,100,652
Interest	12,494,891
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(6,653,993)
Net Change in Total Pension Liability	10,941,550
Total Pension Liability - Beginning	167,375,211
Total Pension Liability - Ending (a)	\$ 178,316,761
 PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 5,703,922
Contributions - Employee	1,618,205
Net Investment Income ²	20,530,453
Benefit Payments, Including Refunds of Employee Contributions	(6,653,993)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	21,198,587
Plan Fiduciary Net Position - Beginning	117,418,183
Plan Fiduciary Net Position - Ending (b)	\$ 138,616,770
 PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)	\$ 39,699,991
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.74%
 Covered-Employee Payroll	\$ 17,363,328
 Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	228.64%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be presented as they become available.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

**CITY OF VISALIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED:**

Miscellaneous Plan

	2014-15
Actuarially Determined Contribution	\$ 4,346,353
Contributions in Relation to the Actuarially Determined Contribution	(4,346,353)
Contribution Deficiency (Excess)	\$ -
 Covered-Employee Payroll	 \$ 21,833,945
 Contributions as a Percentage of Covered-Employee Payroll	 19.91%

Safety Plan

	2014-15
Actuarially Determined Contribution	\$ 6,108,700
Contributions in Relation to the Actuarially Determined Contribution	(6,108,700)
Contribution Deficiency (Excess)	\$ -
 Covered-Employee Payroll	 \$ 18,862,345
 Contributions as a Percentage of Covered-Employee Payroll	 32.39%

Note: Fiscal year 2015 was the 1st year of implementation, therefore, only one year is shown.

**CITY OF VISALIA
MAJOR GOVERNMENTAL FUNDS,
OTHER THAN GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

COMMUNITY DEVELOPMENT (CAPITAL PROJECTS FUND)

Established to account for the affordable housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants (CDBG), the Home Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP) and fines charged for substandard housing and abandoned vehicle abatement. Also, within the CDBG, HOME and NSP programs, when money that was previously loaned out is paid back, it again becomes available for use in the rehabilitation and development programs.

HOUSING SUCCESSOR AGENCY (CAPITAL PROJECTS FUND)

Established to account for assets transferred from the former low/moderate redevelopment housing assets of the former Redevelopment Agency which was dissolved as of January 31, 2012. The use of these assets is for affordable housing as governed by redevelopment law before the dissolution.

TRANSPORTATION (CAPITAL PROJECTS FUND)

The Transportation fund is used to account for the financing and construction of streets, roads, and various transportation infrastructure and facilities. Funding is provided by Transportation Impact Fees.

**CITY OF VISALIA
COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 2,073,700	\$ 3,239,368	\$ 1,165,668
Fees and Fines	154,800	177,785	22,985
Uses of Money and Property	-	62,987	62,987
Miscellaneous	-	2,165	2,165
	<hr/>	<hr/>	<hr/>
Total Revenues	2,228,500	3,482,305	1,253,805
Expenditures			
Current:			
Community Development	1,945,743	2,290,437	(344,694)
Capital Outlay	247,001	257,210	(10,209)
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,192,744	2,547,647	(354,903)
Excess (Deficiency) of Revenue Over (Under) Expenditures	<hr/>	<hr/>	<hr/>
	35,756	934,658	1,608,708
Other Financing Sources (Uses)			
Transfers In	-	39,619	39,619
Transfers Out	(522,900)	(522,943)	43
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(522,900)	(483,324)	39,662
Net Changes in Fund Balance	<hr/>	<hr/>	<hr/>
	\$ (487,144)	451,334	\$ 1,648,370
Fund Balance - Beginning of Year		1,837,763	
Prior Period Adjustment		<hr/>	
		(118,757)	
Fund Balances - Beginning of Year, as Restated		<hr/>	
		1,719,006	
Fund Balance - End of Year		<hr/>	
		\$ 2,170,340	

**CITY OF VISALIA
HOUSING SUCCESSOR AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 16,000	\$ 16,562	\$ 562
Uses of Money and Property	-	404,738	404,738
Total Revenues	16,000	421,300	405,300
Expenditures			
Current:			
Community Development	171,300	142,314	28,986
Total Expenditures	171,300	142,314	28,986
Excess (Deficiency) of Revenue Over (Under) Expenditures	(155,300)	278,986	376,314
Total Other Financing Sources	-	-	-
Net Changes in Fund Balance	\$ (155,300)	278,986	\$ 376,314
Fund Balance - Beginning of Year		2,423,140	
Fund Balance - End of Year		\$ 2,702,126	

**CITY OF VISALIA
TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ -	\$ 500	\$ 500
Fees and Fines	1,853,000	3,274,562	1,421,562
Uses of Money and Property	-	1,800	1,800
Total Revenues	1,853,000	3,276,862	1,423,862
Expenditures			
Current:			
Public Works	56,800	38,743	18,057
Capital Outlay	665,199	526,750	138,449
Total Expenditures	721,999	565,493	156,506
Excess (Deficiency) of Revenue Over (Under) Expenditures	1,131,001	2,711,369	1,267,356
Other Financing Sources (Uses)			
Proceeds From Sale of Capital	13,900	-	(13,900)
Total Other Financing Sources	13,900	-	(13,900)
Net Changes in Fund Balance	\$ 1,144,901	2,711,369	\$ 1,253,456
Fund Balance - Beginning of Year		(2,252,054)	
Fund Balance - End of Year		\$ 459,315	

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

SPECIAL REVENUE FUNDS

WATERWAYS

This fund was established to account for the acquisition and landscaping of development buffers along designated waterways. This is funded by monthly rates and development impact fees.

GROUNDWATER RECHARGE

This fund was established to account for the costs of recharging the City's underground water system. The funding is provided by monthly rates and development fees.

KAWEAH LAKE AND LOCAL STORMWATER MAINTENANCE

This fund was established to account for the costs of adding to the water holding capacity of Lake Kaweah (a source of the City's water) and was expanded to include the maintenance of local storm channels by a successful ballot election that concluded on March 18, 2013. The funding is provided by monthly rates and development fees.

SPECIAL SERVICE DISTRICTS

Established to account for the maintenance of landscape districts throughout the City. Revenue is collected from fees charged to property owners in the districts.

NORTHEAST AREA

Funded by fees collected on Northeast properties at the time of building permit issuance; monies can only be used for improvements specified in the Northeast Area Master Plan.

GRANT & LOAN FUNDS

Established to account for various funds receiving federal funding. Also established to account for the loans given to the City for low and moderate income housing assistance by the California Housing Finance Agency. Federal funding received provides for such activities as community policing, bicycle and foot patrol in business districts in the City of Visalia.

NARCOTICS FORFEITURE

Established to account for revenues received from narcotics seizures of cash and property as authorized by the Health and Safety Code. Monies deposited in this fund are invested until a court determines whether the City must forfeit the money or the City may recover narcotics law enforcement costs from the seized funds.

MEASURE T – POLICE

Established to account for increased Police operational and capital expenditures. Financing is provided by 60% of the ¼ cent sales tax ballot measure (T) approved by voters during the March 2, 2004, primary election. No sales tax funds can replace General Fund dollars budgeted for normal operations at the previous year's service level unless the City Council declares an economic emergency by a 4/5th vote.

MEASURE T – FIRE

Established to account for increased Fire operational and capital expenditures. Financing is provided by 40% of the ¼ cent sales tax ballot measure (T) approved by voters during the March 2, 2004, primary election. No sales tax funds can replace General Fund dollars budgeted for normal operations at the previous year's service level unless the City Council declares an economic emergency by a 4/5th vote.

MEASURE R – LOCAL

Established to account for the costs of specific local transportation projects and for its funding from a ¼ cent sales tax ballot measure (R) approved by the voters.

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

MEASURE R – REGIONAL

The Measure R Regional Fund is used to account for the costs of specific transportation projects and for its funding from a ¼ cent sales tax ballot measure (R) approved by the voters for regional, transit, bike and pedestrian projects.

TRANSPORTATION GRANTS

Established to account for the financing and construction of streets, roads, and various transportation infrastructure and facilities. Funding is provided by ¼ cent of the 7 ¼ cent retail sales tax collected statewide and by Proposition 1B funds for streets and transit.

CASP PROGRAM

Established to account for the additional \$1 assessed to all business licenses as required by the State of California Senate Bill (SB) 1186. SB 1186 adds new rules and protections for business owners related to access compliance requirements set forth under the ADA, the California Building Code, and SB 1608.

DEBT SERVICE FUND

VPFA 2014 REFUNDING CERTIFICATES OF PARTICIPATION

Established to account for the payment of the VPFA 2014 Refunding Certificates of Participation

VPFA 2005 REFUNDING CERTIFICATES OF PARTICIPATION

Established to account for the payment of the VPFA 2005 Refunding Certificates of Participation.

CAPITAL PROJECTS FUNDS

SOFTBALL FACILITY DEVELOPMENT

Established to account for the financing and improvement and/or development of a community softball facility. Financing is provided from fees charged to existing softball facility users specifically for future development or improvement.

HIGHWAY USERS

Established to account for the construction and improvement of streets and roads. Financing is provided by grant funds received from state sales taxes on gasoline.

RECREATIONAL FACILITIES

Established to account for the acquisition and development of park and open space. Financing is provided by fees paid by developers in lieu of providing parks and open space.

STORM SEWER CONSTRUCTION

Established to account for the acquisition and installation of storm drain systems. Financing is provided by a specific storm sewer fee charged to new developments.

PUBLIC SAFETY IMPACT FEE

Established to defray the costs of public safety facilities needed as a result of new development projects. Funding is provided by fees charged to new developments.

GOVERNMENT FACILITIES IMPACT FEE

Established to defray the cost of public facilities (i.e., Civic Center, Corporation Yard, and Library) needed as a result of new development projects. Funding is provided by fees charged to new developments.

PARKING DISTRICT FUND

The Parking District Fund is used to account for acquisition and development of downtown parking facilities. Funding is provided by a specific fee charged on new development and expanded uses within the central business district. Therefore, it is not governed by a formal budget and its financial presentation reflects changes in assets and liabilities as well as the flow of resources.

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

SPECIAL REVENUE FUNDS

	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture
ASSETS							
Cash and Investments	\$ 966,199	\$ 457,412	\$ 455,788	\$ 3,287,806	\$ 194,736	\$ 128,217	\$ 320,776
Restricted Cash and Investments	-	-	-	-	-	-	-
Accounts Receivable	957	73,475	-	2,566	-	24,188	10,813
Taxes Receivable	-	148	-	345,288	-	18,748	-
Notes and Loans Receivable	17,328	20,110	-	-	-	70,400	-
Inventory	-	352,856	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-
Total Assets	\$ 984,484	\$ 904,001	\$ 455,788	\$ 3,635,660	\$ 194,736	\$ 241,553	\$ 331,589
LIABILITIES							
Accounts, Interest and Contracts Payable	\$ 13,328	\$ 69,666	\$ -	\$ 389,057	\$ -	\$ 28,992	\$ 2,941
Advance from Other Funds	-	-	-	822,127	-	78,389	-
Customer Deposits	-	-	-	-	-	-	33,332
Unearned Revenue	-	352,856	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	22,383	-
Total Liabilities	13,328	422,522	-	1,211,184	-	129,764	36,273
DEFERRED INFLOWS OF RESOURCES							
Asset Forfeiture	-	-	-	-	-	-	287,349
Impact Fees	-	11,227	-	-	-	-	-
Notes	-	-	-	-	-	70,400	-
Total Deferred Inflows of Resources	-	11,227	-	-	-	70,400	287,349
FUND BALANCES							
Restricted	958,602	194,860	455,788	2,424,476	194,736	41,389	7,967
Committed	12,554	275,392	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	971,156	470,252	455,788	2,424,476	194,736	41,389	7,967
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 984,484	\$ 904,001	\$ 455,788	\$ 3,635,660	\$ 194,736	\$ 241,553	\$ 331,589

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2015

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
	Measure T Police	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	CASP Program	VPFA 2014 Refunding Certificates of Participation	VPFA 2005 Refunding Certificates of Participation
ASSETS								
Cash and Investments	\$ 1,431,625	\$ 7,639,260	\$ 5,443,338	\$ 459,455	\$ 1,299,952	\$ 30,372	\$ -	\$ -
Restricted Cash and Investments	-	-	-	-	-	-	1,696	-
Accounts Receivable	-	-	2,750	-	-	20	-	-
Taxes Receivable	636,090	424,060	305,175	971,724	200,000	-	-	-
Notes and Loans Receivable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	642,913	-	-	-
Total Assets	\$ 2,067,715	\$ 8,063,320	\$ 5,751,263	\$ 1,431,179	\$ 2,142,865	\$ 30,392	\$ 1,696	\$ -
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ -	\$ 228,329	\$ 444,054	\$ 191,445	\$ 111,528	\$ 1,975	\$ 3,910	\$ -
Advance from Other Funds	-	-	-	934,963	1,988	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Accrued Personnel Costs	132,145	198,677	-	-	-	-	-	-
Total Liabilities	132,145	427,006	444,054	1,126,408	113,516	1,975	3,910	-
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	1,935,570	6,351,747	4,183,475	72,604	534,121	28,417	1,696	-
Committed	-	1,284,567	1,123,734	1,191,036	1,495,228	-	-	-
Unassigned	-	-	-	(958,869)	-	-	(3,910)	-
Total Fund Balances	1,935,570	7,636,314	5,307,209	304,771	2,029,349	28,417	(2,214)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,067,715	\$ 8,063,320	\$ 5,751,263	\$ 1,431,179	\$ 2,142,865	\$ 30,392	\$ 1,696	\$ -

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2015

CAPITAL PROJECT FUNDS								Total
	Softball Facility Development	Highway Users	Recreational Facilities	Storm Sewer Construction	Public Safety Impact Fee	Government Facilities Impact Fee	Parking District	Non-major Governmental Funds
ASSETS								
Cash and Investments	\$ -	\$ 10,445,557	\$ 8,274,586	\$ 208,418	\$ 350,361	\$ 4,382,392	\$ 2,983,949	\$ 48,760,199
Restricted Cash and Investments	-	-	-	-	-	-	-	1,696
Accounts Receivable	-	542	83,213	315,636	152,243	51,525	318,388	1,036,316
Taxes Receivable	-	-	-	1,035	-	-	-	2,902,268
Notes and Loans Receivable	-	-	-	22,169	33,429	52,045	182,972	398,453
Inventory	-	-	-	-	-	-	-	352,856
Due from Other Governmental Units	-	-	-	-	-	-	-	642,913
Total Assets	\$ -	\$ 10,446,099	\$ 8,357,799	\$ 547,258	\$ 536,033	\$ 4,485,962	\$ 3,485,309	\$ 54,094,701
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ -	\$ 134,908	\$ 5,574	\$ -	\$ 24,275	\$ 7	\$ 215	\$ 1,650,204
Advance from Other Funds	7,884	-	-	-	1,563,779	238,897	-	3,648,027
Customer Deposits	-	-	-	-	-	-	-	33,332
Unearned Revenue	-	-	-	-	-	-	-	352,856
Accrued Personnel Costs	-	-	-	-	-	-	-	353,205
Total Liabilities	7,884	134,908	5,574	-	1,588,054	238,904	215	6,037,624
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	-	287,349
Impact Fees	-	-	83,213	19,297	152,243	51,525	316,629	634,134
Notes	-	-	-	-	-	-	-	70,400
Total Deferred Inflows of Resources	-	-	83,213	19,297	152,243	51,525	316,629	991,883
FUND BALANCES								
Restricted	-	9,784,527	8,061,462	464,429	354,305	4,195,533	3,168,465	43,414,169
Committed	-	526,664	207,550	63,532	136,645	-	-	6,316,902
Unassigned	(7,884)	-	-	-	(1,695,214)	-	-	(2,665,877)
Total Fund Balances	(7,884)	10,311,191	8,269,012	527,961	(1,204,264)	4,195,533	3,168,465	47,065,194
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 10,446,099	\$ 8,357,799	\$ 547,258	\$ 536,033	\$ 4,485,962	\$ 3,485,309	\$ 54,094,701

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CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

SPECIAL REVENUE FUNDS							
	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture
REVENUES							
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	399,162	-
License and Permits	-	-	-	-	-	-	-
Fees and Fines	289,632	888,683	254,975	-	3,590	-	-
Uses of Money and Property	3,992	9,491	2,555	60,830	907	761	-
Charges for Current Services	254,975	-	-	3,051,947	-	96,575	-
Miscellaneous	580	273,894	20,392	18,692	-	67	83,334
Total Revenues	549,179	1,172,068	277,922	3,131,469	4,497	496,565	83,334
EXPENDITURES							
General Government	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Public Works	206,033	432,348	25,827	-	530	-	-
Fire	-	-	-	-	-	-	-
Police	-	-	-	-	-	526,603	19,449
Parks & Recreation	-	-	-	2,301,696	-	-	-
Capital Outlay	35,306	217,212	-	609,176	-	108,407	63,662
Debt Service:							
Principal Repayment	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	241,339	649,560	25,827	2,910,872	530	635,010	83,111
Excess (Deficiency) of Revenues Over (Under) Expenditures	307,840	522,508	252,095	220,597	3,967	(138,445)	223
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	(375,000)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(375,000)	-	-	-	-
Net Changes in Fund Balance	307,840	522,508	(122,905)	220,597	3,967	(138,445)	223
Fund Balance - Beginning of Year (Deficits)	663,316	(52,256)	578,693	2,203,879	190,769	179,834	7,744
Fund Balance - End of Year (Deficits)	\$ 971,156	\$ 470,252	\$ 455,788	\$ 2,424,476	\$ 194,736	\$ 41,389	\$ 7,967

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
	Measure T Police	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	CASP Program	VPFA 2014 Refunding Certificates of Participation	VPFA 2005 Refunding Certificates of Participation
REVENUES								
Sales Taxes	\$ 3,458,867	\$ 2,305,910	\$ 2,388,208	\$ 2,445,534	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	17,984	-	-
Subventions and Grants	16,834	-	-	821,220	2,330,512	-	-	-
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-	-	-
Uses of Money and Property	5,513	39,620	21,444	50	5,029	113	2	2,432
Charges for Current Services	-	-	-	-	-	-	-	-
Miscellaneous	9,219	50	184,076	31	21,255	47	-	-
Total Revenues	3,490,433	2,345,580	2,593,728	3,266,835	2,356,796	18,144	2	2,432
EXPENDITURES								
General Government	-	98	-	-	-	-	28,013	19,215
Community Development	-	-	-	-	-	5,827	-	-
Public Works	-	-	50,407	2	2,157	-	-	-
Fire	-	2,441,981	-	-	-	-	-	-
Police	3,089,293	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	-	1,211,324	1,111,247	1,495,456	1,812,842	-	-	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	83,200	1,709,600
Interest and Fiscal Charges	-	-	-	-	-	-	48,195	2,371
Total Expenditures	3,089,293	3,653,403	1,161,654	1,495,458	1,814,999	5,827	159,408	1,731,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	401,140	(1,307,823)	1,432,074	1,771,377	541,797	12,317	(159,406)	(1,728,754)
OTHER FINANCING SOURCES (USES)								
Bond Proceeds	-	-	-	-	-	-	1,313,110	-
Transfers In	-	-	-	-	-	-	127,485	1,283,403
Transfers Out	-	-	(41,801)	-	-	-	(1,283,403)	(192,604)
Total Other Financing Sources (Uses)	-	-	(41,801)	-	-	-	157,192	1,090,799
Net Changes in Fund Balance	401,140	(1,307,823)	1,390,273	1,771,377	541,797	12,317	(2,214)	(637,956)
Fund Balance - Beginning of Year (Deficits)	1,534,430	8,944,137	3,916,936	(1,466,606)	1,487,552	16,100	-	637,956
Fund Balance - End of Year (Deficits)	\$ 1,935,570	\$ 7,636,314	\$ 5,307,209	\$ 304,771	\$ 2,029,349	\$ 28,417	\$ (2,214)	\$ -

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2015**

CAPITAL PROJECTS FUNDS								
	Softball Facility Development	Highway Users	Recreational Facilities	Storm Sewer Construction	Public Safety Impact Fee	Government Facilities Impact Fee	Parking District	Total Non-major Governmental Funds
REVENUES								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,598,519
Other Taxes	-	-	-	-	-	-	-	17,984
Subventions and Grants	-	4,670,202	-	-	-	-	29,453	8,267,383
License and Permits	-	-	-	-	-	-	10,560	10,560
Fees and Fines	-	-	1,420,420	752,196	469,408	346,447	-	4,425,351
Uses of Money and Property	-	48,271	39,950	49	1,040	19,636	25,848	287,533
Charges for Current Services	-	-	-	-	-	-	-	3,403,497
Miscellaneous	-	43,069	-	987	-	-	28	655,721
Total Revenues	-	4,761,542	1,460,370	753,232	470,448	366,083	65,889	27,666,548
EXPENDITURES								
General Government	-	-	-	-	-	-	16,951	64,277
Community Development	-	-	-	-	-	-	-	5,827
Public Works	991	751,605	30,680	55,449	31,307	12,689	-	1,600,025
Fire	-	-	-	-	-	-	-	2,441,981
Police	-	-	-	-	-	-	-	3,635,345
Parks & Recreation	-	-	-	-	-	-	-	2,301,696
Capital Outlay	-	5,923,677	226,125	179,453	143,389	5,396	8,300	13,150,972
Debt Service:								
Principal Repayment	-	-	-	-	-	-	436,000	2,228,800
Interest and Fiscal Charges	-	-	-	-	-	-	86,943	137,509
Total Expenditures	991	6,675,282	256,805	234,902	174,696	18,085	548,194	25,566,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(991)	(1,913,740)	1,203,565	518,330	295,752	347,998	(482,305)	\$ 2,100,116
OTHER FINANCING SOURCES (USES)								
Bond Proceeds	-	-	-	-	-	-	-	1,313,109
Transfers In	-	-	-	-	-	-	779,381	2,190,269
Transfers Out	-	-	-	-	-	-	-	(1,892,808)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	779,381	1,610,570
Net Changes in Fund Balance	(991)	(1,913,740)	1,203,565	518,330	295,752	347,998	297,076	3,710,686
Fund Balance - Beginning of Year (Deficits)	(6,893)	12,224,931	7,065,447	9,631	(1,500,016)	3,847,535	2,871,389	43,354,508
Fund Balance - End of Year (Deficits)	\$ (7,884)	\$ 10,311,191	\$ 8,269,012	\$ 527,961	\$ (1,204,264)	\$ 4,195,533	\$ 3,168,465	\$ 47,065,194

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CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Waterways			Groundwater Recharge		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	151,400	289,632	138,232	827,200	888,683	61,483
Uses of Money and Property	-	3,992	3,992	-	9,491	9,491
Charges for Current Services	-	254,975	254,975	-	-	-
Miscellaneous	-	580	580	88,000	273,894	185,894
Total Revenues	151,400	549,179	397,779	915,200	1,172,068	256,868
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	39,200	206,033	(166,833)	-	432,348	(432,348)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	58,805	35,306	23,499	373,812	217,212	156,600
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	98,005	241,339	(143,334)	373,812	649,560	(275,748)
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,395	307,840	541,113	541,388	522,508	532,616
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 53,395	307,840	\$ 541,113	\$ 541,388	522,508	\$ 532,616
Fund Balance - Beginning of Year (Deficits)		663,316			(52,256)	
Fund Balance - End of Year (Deficits)		\$ 971,156			\$ 470,252	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Kaweah Lake and Local Storm Water Maintenance			Special Service Districts		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	254,975	254,975	-	-	-
Uses of Money and Property	-	2,555	2,555	-	60,830	60,830
Charges for Current Services	-	-	-	2,863,800	3,051,947	188,147
Miscellaneous	-	20,392	20,392	-	18,692	18,692
Total Revenues	-	277,922	277,922	2,863,800	3,131,469	267,669
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	25,827	(25,827)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	3,229,594	2,301,696	927,898
Capital Outlay	16,700	-	16,700	-	609,176	(609,176)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	16,700	25,827	(9,127)	3,229,594	2,910,872	318,722
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,700)	252,095	287,049	(365,794)	220,597	(51,053)
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	250,000	(375,000)	(625,000)	-	-	-
Total Other Financing Sources (Uses)	250,000	(375,000)	(625,000)	-	-	-
Net Changes in Fund Balance	\$ 233,300	(122,905)	\$ (337,951)	\$ (365,794)	220,597	\$ (51,053)
Fund Balance - Beginning of Year (Deficits)		578,693			2,203,879	
Fund Balance - End of Year (Deficits)		\$ 455,788			\$ 2,424,476	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Northeast Area			Grant & Loan Funds		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	404,637	399,162	(5,475)
License and Permits	-	-	-	-	-	-
Fees and Fines	-	3,590	3,590	-	-	-
Uses of Money and Property	-	907	907	-	761	761
Charges for Current Services	-	-	-	95,600	96,575	975
Miscellaneous	-	-	-	-	67	67
Total Revenues	-	4,497	4,497	500,237	496,565	(3,672)
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	530	(530)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	654,950	526,603	128,347
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	700	-	700	-	108,407	(108,407)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	700	530	170	654,950	635,010	19,940
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700)	3,967	4,327	(154,713)	(138,445)	(23,612)
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	42,600	-	(42,600)
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	42,600	-	(42,600)
Net Changes in Fund Balance	\$ (700)	3,967	\$ 4,327	\$ (112,113)	(138,445)	\$ (66,212)
Fund Balance - Beginning of Year (Deficits)		190,769			179,834	
Fund Balance - End of Year (Deficits)		<u>\$ 194,736</u>			<u>\$ 41,389</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Narcotics Forfeiture			Measure T - Police		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ 3,292,800	\$ 3,458,867	\$ 166,067
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	16,834	16,834
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	-	-	-	5,513	5,513
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	211,000	83,334	(127,666)	-	9,219	9,219
Total Revenues	211,000	83,334	(127,666)	3,292,800	3,490,433	197,633
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	156,000	19,449	136,551	3,267,200	3,089,293	177,907
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	63,662	(63,662)	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	156,000	83,111	72,889	3,267,200	3,089,293	177,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,000	223	(200,555)	25,600	401,140	19,726
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 55,000	223	\$ (200,555)	\$ 25,600	401,140	\$ 19,726
Fund Balance - Beginning of Year (Deficits)		7,744			1,534,430	
Fund Balance - End of Year (Deficits)		\$ 7,967			\$ 1,935,570	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Measure T - Fire			Measure R - Local		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 2,195,100	\$ 2,305,910	\$ 110,810	\$ 2,018,800	\$ 2,388,208	\$ 369,408
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	95,000	39,620	(55,380)	-	21,444	21,444
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	50	50	-	184,076	184,076
Total Revenues	2,290,100	2,345,580	55,480	2,018,800	2,593,728	574,928
EXPENDITURES						
General Government	100	98	2	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	50,407	(50,407)
Fire	3,676,781	2,441,981	1,234,800	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	1,211,324	(1,211,324)	1,205,869	1,111,247	94,622
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	3,676,881	3,653,403	23,478	1,205,869	1,161,654	44,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,386,781)	(1,307,823)	32,002	812,931	1,432,074	530,713
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(41,801)	(41,801)
Total Other Financing Sources (Uses)	-	-	-	-	(41,801)	(41,801)
Net Changes in Fund Balance	\$ (1,386,781)	(1,307,823)	\$ 32,002	\$ 812,931	1,390,273	\$ 488,912
Fund Balance - Beginning of Year (Deficits)		8,944,137			3,916,936	
Fund Balance - End of Year (Deficits)		<u>\$ 7,636,314</u>			<u>\$ 5,307,209</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Measure R - Regional			Transportation Grants		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 8,756,200	\$ 2,445,534	\$ (6,310,666)	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	821,220	821,220	210,000	2,330,512	2,120,512
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	50	50	-	5,029	5,029
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	31	31	300	21,255	20,955
Total Revenues	8,756,200	3,266,835	(5,489,365)	210,300	2,356,796	2,146,496
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	2	(2)	-	2,157	(2,157)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	1,426,257	1,495,456	(69,199)	3,492,477	1,812,842	1,679,635
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	1,426,257	1,495,458	(69,201)	3,492,477	1,814,999	1,677,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,329,943	1,771,377	(5,420,164)	(3,282,177)	541,797	469,018
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 7,329,943	1,771,377	\$ (5,420,164)	\$ (3,282,177)	541,797	\$ 469,018
Fund Balance - Beginning of Year (Deficits)		(1,466,606)			1,487,552	
Fund Balance - End of Year (Deficits)		\$ 304,771			\$ 2,029,349	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	CASP Program			VPFA 2014 Refunding Certificates of Participation		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	17,984	17,984	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	113	113	-	2	2
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	47	47	-	-	-
Total Revenues	-	18,144	18,144	-	2	2
EXPENDITURES						
General Government	-	-	-	-	28,013	(28,013)
Community Development	-	5,827	(5,827)	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	83,200	(83,200)
Interest and Fiscal Charges	-	-	-	-	48,195	(48,195)
Total Expenditures	-	5,827	(5,827)	-	159,408	(159,408)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	12,317	23,971	-	(159,406)	159,410
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	1,313,110	1,313,110
Transfers In	-	-	-	-	127,485	127,485
Transfers Out	-	-	-	-	(1,283,403)	(1,283,403)
Total Other Financing Sources (Uses)	-	-	-	-	157,192	157,192
Net Changes in Fund Balance	\$ -	12,317	\$ 23,971	\$ -	(2,214)	\$ 316,602
Fund Balance - Beginning of Year (Deficits)		16,100			-	
Fund Balance - End of Year (Deficits)		\$ 28,417			\$ (2,214)	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	VPFA 2005 Refunding Certificates of Participation			Softball Facility Development		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	2,432	2,432	-	-	-
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	2,432	2,432	-	-	-
EXPENDITURES						
General Government	-	19,215	(19,215)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	991	(991)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	100	-	100
Debt Service:						
Principal Repayment	272,000	1,709,600	(1,437,600)	-	-	-
Interest and Fiscal Charges	-	2,371	(2,371)	-	-	-
Total Expenditures	272,000	1,731,186	(1,459,186)	100	991	(891)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(272,000)</u>	<u>(1,728,754)</u>	<u>1,461,618</u>	<u>(100)</u>	<u>(991)</u>	<u>891</u>
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	272,000	1,283,403	1,011,403	-	-	-
Transfers Out	-	(192,604)	(192,604)	-	-	-
Total Other Financing Sources (Uses)	272,000	1,090,799	818,799	-	-	-
Net Changes in Fund Balance	\$ -	(637,956)	\$ 2,280,417	\$ (100)	(991)	\$ 891
Fund Balance - Beginning of Year (Deficits)		<u>637,956</u>			<u>(6,893)</u>	
Fund Balance - End of Year (Deficits)		<u>\$ -</u>			<u>\$ (7,884)</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Highway Users			Recreational Facilities		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	6,109,600	4,670,202	(1,439,398)	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	844,000	1,420,420	576,420
Uses of Money and Property	19,800	48,271	28,471	55,100	39,950	(15,150)
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	27,000	43,069	16,069	-	-	-
Total Revenues	6,156,400	4,761,542	(1,394,858)	899,100	1,460,370	561,270
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	751,605	(751,605)	-	30,680	(30,680)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	6,978,651	5,923,677	1,054,974	263,025	226,125	36,900
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	6,978,651	6,675,282	303,369	263,025	256,805	6,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(822,251)</u>	<u>(1,913,740)</u>	<u>(1,698,227)</u>	<u>636,075</u>	<u>1,203,565</u>	<u>555,050</u>
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (822,251)	(1,913,740)	\$ (1,698,227)	\$ 636,075	1,203,565	\$ 555,050
Fund Balance - Beginning of Year (Deficits)		<u>12,224,931</u>			<u>7,065,447</u>	
Fund Balance - End of Year (Deficits)		<u>\$ 10,311,191</u>			<u>\$ 8,269,012</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Storm Sewer Construction			Public Safety Impact Fee		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	677,400	752,196	74,796	-	469,408	469,408
Uses of Money and Property	-	49	49	-	1,040	1,040
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	987	987	-	-	-
Total Revenues	677,400	753,232	75,832	-	470,448	470,448
EXPENDITURES						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	55,449	(55,449)	-	31,307	(31,307)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	206,036	179,453	26,583	149,989	143,389	6,600
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	206,036	234,902	(28,866)	149,989	174,696	(24,707)
Excess (Deficiency) of Revenues Over (Under) Expenditures	471,364	518,330	104,698	(149,989)	295,752	495,155
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 471,364	518,330	\$ 104,698	\$ (149,989)	295,752	\$ 495,155
Fund Balance - Beginning of Year (Deficits)		9,631			(1,500,016)	
Fund Balance - End of Year (Deficits)		<u>\$ 527,961</u>			<u>\$ (1,204,264)</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OR REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Government Facilities Impact Fee			Parking District			Total		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES									
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,262,900	\$ 10,598,519	\$ (5,664,381)
Other Taxes	-	-	-	-	-	-	-	17,984	17,984
Subventions and Grants	-	-	-	28,400	29,453	1,053	6,752,637	8,267,383	1,514,746
License and Permits	-	-	-	7,500	10,560	3,060	7,500	10,560	3,060
Fees and Fines	25,600	346,447	320,847	-	-	-	2,525,600	4,425,351	1,899,751
Uses of Money and Property	-	19,636	19,636	44,900	25,848	(19,052)	214,800	287,533	72,733
Charges for Current Services	-	-	-	-	-	-	2,959,400	3,403,497	444,097
Miscellaneous	-	-	-	-	28	28	326,300	655,721	329,421
Total Revenues	25,600	366,083	340,483	80,800	65,889	(14,911)	29,049,137	27,666,548	(1,382,589)
EXPENDITURES									
General Government	-	-	-	107,000	16,951	90,049	107,100	64,277	42,823
Community Development	-	-	-	-	-	-	-	5,827	(5,827)
Public Works	-	12,689	(12,689)	-	-	-	39,200	1,600,025	(1,560,825)
Fire	-	-	-	-	-	-	3,676,781	2,441,981	1,234,800
Police	-	-	-	-	-	-	4,078,150	3,635,345	442,805
Parks & Recreation	-	-	-	-	-	-	3,229,594	2,301,696	927,898
Capital Outlay	76,987	5,396	71,591	-	8,300	(8,300)	14,249,408	13,150,972	1,098,436
Debt Service:									
Principal Repayment	-	-	-	436,000	436,000	-	708,000	2,228,800	(1,520,800)
Interest and Fiscal Charges	-	-	-	-	86,943	(86,943)	-	137,509	(137,509)
Total Expenditures	76,987	18,085	58,902	543,000	548,194	(5,194)	26,088,233	25,566,432	521,801
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,387)	347,998	281,581	(462,200)	(482,305)	(9,717)	\$ 2,960,904	\$ 2,100,116	\$ (1,904,390)
OTHER FINANCING SOURCES (USES)									
Bond Proceeds	-	-	-	-	-	-	-	1,313,109	1,313,109
Transfers In	-	-	-	740,900	779,381	38,481	1,055,500	2,190,269	1,134,769
Transfers Out	-	-	-	-	-	-	250,000	(1,892,808)	(2,142,808)
Total Other Financing Sources (Uses)	-	-	-	740,900	779,381	38,481	1,305,500	1,610,570	305,070
Net Changes in Fund Balance	\$ (51,387)	347,998	\$ 281,581	\$ 278,700	297,076	\$ 28,764	\$ 4,266,404	3,710,686	\$ (1,599,320)
Fund Balance - Beginning of Year (Deficits)		3,847,535			2,871,389			43,354,508	
Fund Balance - End of Year (Deficits)		<u>\$ 4,195,533</u>			<u>\$ 3,168,465</u>			<u>\$ 47,065,194</u>	

**CITY OF VISALIA
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Internal Service Funds are used to finance and account for activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement No. 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement No. 34 requires that for the Statement of Activities, the net revenue or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, which includes the funds listed below.

FLEET SERVICES

Established to account for the maintenance and fueling of vehicles and related equipment in use by the City.

VEHICLE REPLACEMENT

Established to account for the acquisition of City vehicles. Replacement vehicles are purchased through this fund. New vehicles added to this fleet (not replacing an existing one) are considered Contributed Capital to the Vehicle Replacement fund.

INFORMATION SERVICES

Established to account for the acquisition, maintenance and upgrade of the City's computer operations.

RISK MANAGEMENT

Established to account for the self-insured and purchased insurance for the City's various types of insurance including liability, workers' compensation, unemployment, property, and employee bonds.

HEALTH BENEFITS

Established to account for the self-insured and purchased insurance for the City's various types of employee health insurance.

COMPENSATED ABSENCES

Established to account for the long-term portion of the compensated absences liability in the governmental funds.

BUILDING MAINTENANCE

Established to account for the operations of the City's plan checking, permitting, and inspection of buildings. Revenue is provided by permit fees.

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
ASSETS				
Current Assets				
Cash and Investments	\$ 1,202,357	\$ 5,233,276	\$ -	\$ 6,625,196
Restricted Cash and Investments	-	-	-	1,094,499
Accounts and Interest Receivables	2,646	259	90	10
Supplies	691,906	-	-	-
Prepaid Expenses	250	-	24,684	-
Capital Assets				
Building	654,910	-	-	-
Improvements Other Than Buildings	200,289	-	7,240	-
Machinery, Equipment and Vehicles	387,965	16,605,050	7,090,506	-
Construction in Progress	4,216	-	-	-
Accumulated Depreciation	(987,062)	(8,626,478)	(4,690,404)	-
Total Assets	2,157,477	13,212,107	2,432,116	7,719,705
LIABILITIES				
Accounts, Interest, and Contracts Payable	205,213	294	48,370	4,705
Compensated Absences	80,185	-	184,154	62,998
Advance from Other Funds	-	-	49,538	-
Accrued Personnel Costs	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	5,538,508
Notes Payable	-	-	4,718	-
Total Liabilities	285,398	294	286,780	5,606,211
NET POSITIONS				
Net Investments in Capital Assets	260,318	7,978,572	2,402,624	-
Restricted	31,799	131,777	129,648	-
Unrestricted	1,579,962	5,101,464	(386,936)	2,113,494
Total Net Positions	\$ 1,872,079	\$ 13,211,813	\$ 2,145,336	\$ 2,113,494

	Health Benefits	Compensated Absences	Building Maintenance	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 93,424	\$ 4,118,380	\$ 496,480	\$ 17,769,113
Restricted Cash and Investments	758,928	-	-	1,853,427
Accounts and Interest Receivables	607	-	-	3,612
Supplies	-	-	-	691,906
Prepaid Expenses	692,250	-	-	717,184
Capital Assets				
Building	-	-	-	654,910
Improvements Other Than Buildings	-	-	-	207,529
Machinery, Equipment and Vehicles	-	-	-	24,083,521
Construction in Progress	-	-	-	4,216
Accumulated Depreciation	-	-	-	(14,303,944)
Total Assets	1,545,209	4,118,380	496,480	31,681,474
LIABILITIES				
Accounts, Interest, and Contracts Payable	52,149	-	-	310,732
Compensated Absences	-	4,118,380	-	4,445,717
Advance from Other Funds	-	-	-	49,538
Accrued Personnel Costs	6,623	-	-	6,623
Liability for Self-Insurance Claims	107,000	-	-	5,645,508
Notes Payable	-	-	-	4,718
Total Liabilities	165,772	4,118,380	-	10,462,835
NET POSITIONS				
Net Investments in Capital Assets	-	-	-	10,641,514
Restricted	-	-	-	293,224
Unrestricted	1,379,437	-	496,480	10,283,901
Total Net Positions	\$ 1,379,437	\$ -	\$ 496,480	\$ 21,218,639

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
OPERATING REVENUES				
Service Charges and Fees	\$ 4,675,231	\$ 1,142,481	\$ 1,478,651	\$ 3,215,055
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	1,079,904	-	1,167,916	296,805
Maintenance and Operations	3,507,263	32,863	470,943	270,166
Insurance Premiums and Loss Provisions	-	-	-	2,598,091
Depreciation	49,392	1,122,372	584,930	-
Total Operating Expenses	4,636,559	1,155,235	2,223,789	3,165,062
Operating Income (Loss)	38,672	(12,754)	(745,138)	49,993
NONOPERATING REVENUES (EXPENSES)				
Interest Income	6,707	20,701	-	28,630
Interest (Expense)	-	-	-	(15,217)
Other Income	57,067	30,522	502,641	323,086
Other (Expenses)	(228,765)	(69,128)	(235,401)	(114)
Total Nonoperating Revenues (Expenses)	(164,991)	(17,905)	267,240	336,385
Income (Loss) Before Contributions and Transfers	(126,319)	(30,659)	(477,898)	386,378
CONTRIBUTIONS AND TRANSFERS				
Contributions	14,800	85,514	293,008	-
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Contributions and Transfers	14,800	85,514	318,008	-
Change in Net Position	(111,519)	54,855	(159,890)	386,378
Net Position - Beginning of Year	1,983,598	13,156,958	2,305,226	1,727,116
Net Position - End of Year	\$ 1,872,079	\$ 13,211,813	\$ 2,145,336	\$ 2,113,494

	Health Benefits	Compensated Absences	Building Maintenance	Totals
OPERATING REVENUES				
Service Charges and Fees	\$ 10,345,142	\$ -	\$ -	\$ 20,856,560
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	-	-	-	2,544,625
Maintenance and Operations	215,501	623	-	4,497,359
Insurance Premiums and Loss Provisions	10,047,518	-	-	12,645,609
Depreciation	-	-	-	1,756,694
Total Operating Expenses	10,263,019	623	-	21,444,287
Operating Income (Loss)	82,123	(623)	-	(587,727)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	449	18,520	-	75,007
Interest (Expense)	(751)	-	-	(15,968)
Other Income	4,598	-	-	917,913
Other (Expenses)	-	-	(3,520)	(536,928)
Total Nonoperating Revenues (Expenses)	4,296	18,520	(3,520)	440,025
Income (Loss) Before Contributions and Transfers	86,419	17,898	(3,520)	(147,703)
CONTRIBUTIONS AND TRANSFERS				
Contributions	-	-	-	393,322
Transfers In	-	-	500,000	525,000
Transfers Out	-	(17,898)	-	(17,898)
Net Contributions and Transfers	-	(17,898)	500,000	900,424
Change in Net Position	86,419	-	496,480	752,722
Net Position - Beginning of Year	1,293,019	-	-	20,465,917
Net Position - End of Year	\$ 1,379,438	\$ -	\$ 496,480	\$ 21,218,639

CITY OF VISALIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 4,675,058	\$ 1,142,222	\$ 1,478,561	\$ 3,215,044
Cash Payments to Suppliers for Services	(3,554,951)	(32,863)	(415,040)	(3,127,878)
Cash Payments to Employees for Services	(1,069,062)	-	(1,135,514)	(295,075)
Other Income	57,067	30,522	502,641	323,086
Other Expenses	(228,765)	(69,128)	(235,401)	(15,331)
Net Cash Provided (Used) by Operating Activities	(120,653)	1,070,753	195,247	99,846
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance from Other Funds	-	364,446	(314,908)	155,448
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	364,446	(289,908)	155,448
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Expenses	(15,950)	(656,132)	(198,347)	-
Contributions	-	85,514	293,008	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,950)	(570,618)	94,661	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	6,707	20,701	-	28,630
Cash Flows from Investing Activities	6,707	20,701	-	28,630
Net Increase (Decrease) in Cash and Cash Investments	(129,896)	885,282	-	283,924
Cash and Cash Investments at Beginning of Year	1,332,253	4,347,994	-	7,435,771
Cash and Cash Investments at End of Year	\$ 1,202,357	\$ 5,233,276	\$ -	\$ 7,719,695
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 38,672	\$ (12,754)	\$ (745,138)	\$ 49,993
Other Income	57,067	30,522	502,641	323,086
Other Expenses	(228,765)	(69,128)	(235,401)	(15,331)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	49,392	1,122,372	584,930	-
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	(173)	(259)	(90)	(10)
Supplies	(134,906)	-	-	-
Due from Other Governments	-	-	210	-
Prepaid Expenses	8,534	-	36,761	657
Accounts Payable	78,684	-	19,142	(6,527)
Accrued Personnel Costs	-	-	4,718	-
Compensated Absences	10,842	-	27,474	1,730
Liability for Self-Insurance Claims	-	-	-	(253,752)
Cash Flows from Operating Activities	\$ (120,653)	\$ 1,070,753	\$ 195,247	\$ 99,846

	Health Benefits	Compensated Absences	Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 10,344,751	\$ -	\$ -	\$ 20,855,636
Cash Payments to Suppliers for Services	(10,282,307)	(623)	-	(17,413,662)
Cash Payments to Employees for Services	6,623	175,115	-	(2,317,913)
Other Income	4,598	-	-	917,914
Other Expenses	(751)	-	(3,520)	(552,896)
Net Cash Provided (Used) by Operating Activities	72,914	174,492	(3,520)	1,489,079
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance from (to) Other Funds	(155,448)	-	-	49,538
Transfers In	-	-	500,000	525,000
Transfers Out	-	(17,898)	-	(17,898)
Net Cash Provided (Used) by Noncapital Financing Activities	(155,448)	(17,898)	500,000	556,640
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Expenses, Net	-	-	-	(870,429)
Contributions	-	-	-	378,522
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(491,907)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	449	18,521	-	75,008
Cash Flows from Investing Activities	449	18,521	-	75,008
Net Increase (Decrease) in Cash and Cash Investments	(82,085)	175,115	496,480	1,628,820
Cash and Cash Investments at Beginning of Year	934,437	3,943,265	-	17,993,720
Cash and Cash Investments at End of Year	\$ 852,352	\$ 4,118,380	\$ 496,480	\$ 19,622,540
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 82,123	\$ (623)	\$ -	\$ (587,727)
Other Income	4,598	-	-	917,914
Other Expenses	(751)	-	(3,520)	(552,896)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	-	-	1,756,694
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	(391)	-	-	(923)
Supplies	-	-	-	(134,906)
Due from Other Governments	-	-	-	210
Prepaid Expenses	(25,193)	-	-	20,759
Accounts Payable	1,905	-	-	93,204
Accrued Personnel Costs	6,623	-	-	11,341
Compensated Absences	-	175,115	-	215,161
Liability for Self-Insurance Claims	4,000	-	-	(249,752)
Cash Flows from Operating Activities	\$ 72,914	\$ 174,492	\$ (3,520)	\$ 1,489,079

**CITY OF VISALIA
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2015**

GASB Statement No. 34 requires that Agency Funds be presented separately from the government-wide and Fund financial statements.

Agency funds account for assets held by the governmental unit in the capacity of an agent for individuals, other governmental units and non-public organizations.

Los Rios Assessment District

The City collects the district's assessments on real property in the district to repay Limited Obligation Bonds for construction of certain sewer and storm drainage, street landscaping and other improvements.

Property and Business Improvement Districts #3 and #4

The City collects the districts' assessments on real property in the districts to improve the districts.

Village West Improvement District

The City collects the district's assessments on real property in the district to repay bonds for the repair of a private street.

Orchard Walk Underground Utilities District

The City collects the district's assessments on real property in the district to pay for underground utilities.

Atwood Water Main Assessment District

The City collects the district's assessment on real property in the district to repay bonds for connection to the Cal Water main extension.

Laura Water Main Assessment District

The City collects the district's assessment on real property in the district to repay bonds for connection to the Cal Water main extension.

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Los Rios Assessment District				
Assets				
Cash and Investments	\$ 144,675	\$ 70,023	\$ 59,142	\$ 155,556
Accounts Receivable	3,926	72,429	74,057	2,298
Total Assets	\$ 148,601	\$ 142,452	\$ 133,200	\$ 157,853
Liabilities				
Due to Others	148,601	142,452	133,200	157,853
Total Liabilities	\$ 148,601	\$ 142,452	\$ 133,200	\$ 157,853
Property and Business Improvement District #3				
Assets				
Cash and Investments	8,007	83	8,090	-
Accounts Receivable	4,758	-	4,758	-
Total Assets	\$ 12,765	\$ 83	\$ 12,848	\$ -
Liabilities				
Due to Others	12,765	83	12,848	-
Total Liabilities	\$ 12,765	\$ 83	\$ 12,848	\$ -
Property and Business Improvement District #4				
Assets				
Cash and Investments	111,330	414,794	374,878	151,247
Accounts Receivable	57,004	313,106	354,935	15,175
Total Assets	\$ 168,334	\$ 727,901	\$ 729,813	\$ 166,422
Liabilities				
Due to Others	168,334	727,901	729,813	166,422
Total Liabilities	\$ 168,334	\$ 727,901	\$ 729,813	\$ 166,422
Village West Improvement District				
Assets				
Cash and Investments	3,068	7,019	7,094	2,993
Accounts Receivable	106	7,195	7,301	-
Total Assets	\$ 3,174	\$ 14,214	\$ 14,395	\$ 2,993
Liabilities				
Due to Others	3,174	14,214	14,395	2,993
Total Liabilities	\$ 3,174	\$ 14,214	\$ 14,395	\$ 2,993

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Orchard Walk Underground Utilities District				
Assets				
Cash and Investments	69,149	84,443	84,358	69,234
Accounts Receivable	-	83,669	83,669	-
Total Assets	\$ 69,149	\$ 168,112	\$ 168,027	\$ 69,234
Liabilities				
Due to Others	69,149	168,112	168,027	69,234
Total Liabilities	\$ 69,149	\$ 168,112	\$ 168,027	\$ 69,234
Atwood Water Main Assessment District				
Assets				
Cash and Investments	-	364,900	364,900	-
Accounts Receivable	-	-	-	-
Total Assets	\$ -	\$ 364,900	\$ 364,900	\$ -
Liabilities				
Due to Others	-	364,900	364,900	-
Total Liabilities	\$ -	\$ 364,900	\$ 364,900	\$ -
Laura Water Main Assessment District				
Assets				
Cash and Investments	-	151,718	151,718	-
Accounts Receivable	-	-	-	-
Total Assets	\$ -	\$ 151,718	\$ 151,718	\$ -
Liabilities				
Due to Others	-	151,718	151,718	-
Total Liabilities	\$ -	\$ 151,718	\$ 151,718	\$ -
TOTAL Agency Funds				
Assets				
Cash and Investments	336,229	1,092,980	1,050,180	379,029
Accounts Receivable	65,794	476,399	524,720	17,473
Total Assets	\$ 402,023	\$ 1,569,379	\$ 1,574,900	\$ 396,502
Liabilities				
Due to Others	402,023	1,052,761	1,058,282	396,502
Total Liabilities	\$ 402,023	\$ 1,052,761	\$ 1,058,282	\$ 396,502

Statistical Section

This part of the City of Visalia's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City of Visalia's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City of Visalia's significant revenue source, property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City of Visalia's current levels of outstanding debt and the City of Visalia's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Visalia's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City of Visalia's financial report relates to the services the City of Visalia provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VISALIA
NET POSITION BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST FIVE FISCAL YEARS
(In Thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 216,751	\$ 244,070	\$ 259,744	\$ 271,964	\$ 284,901
Restricted	46,343	34,283	39,249	45,363	52,401
Unrestricted	61,970	55,851	61,930	60,694	(2,230)
Total Governmental Activities Net Position	<u>\$ 325,064</u>	<u>\$ 334,204</u>	<u>\$ 360,923</u>	<u>\$ 378,021</u>	<u>\$ 335,072</u>
Business-type Activities:					
Net Investment in Capital Assets	\$ 195,198	\$ 206,947	\$ 203,346	\$ 198,310	\$ 212,853
Restricted	4,992	4,993	4,890	121,630	71,139
Unrestricted	33,935	49,791	70,743	(27,024)	5,135
Total Business-type Activities Net Position	<u>\$ 234,125</u>	<u>\$ 261,731</u>	<u>\$ 278,979</u>	<u>\$ 292,916</u>	<u>\$ 289,127</u>
Primary Government:					
Net Investment in Capital Assets	\$ 411,949	\$ 451,017	\$ 463,090	\$ 470,274	\$ 497,754
Restricted	51,334	39,276	44,139	166,993	123,540
Unrestricted	95,906	105,642	132,673	33,670	2,905
Total Primary Government Net Position	<u>\$ 559,189</u>	<u>\$ 595,935</u>	<u>\$ 639,902</u>	<u>\$ 670,937</u>	<u>\$ 624,199</u>

The City of Visalia has elected to show only five years of data for this schedule.

CITY OF VISALIA
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST FIVE FISCAL YEARS
(In Thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental Activities:					
General Government	\$ 9,349	\$ 7,188	\$ 1,396	\$ 4,070	\$ 4,299
Community Development	5,905	6,154	6,133	5,266	5,985
Housing & Economic Development	827	822	608	-	-
Public Safety					
Police	29,705	29,475	30,407	31,714	30,378
Fire	12,581	12,508	13,548	14,308	13,858
Public Works	22,405	18,886	15,519	11,906	13,596
Parks & Recreation	7,101	6,866	6,455	9,000	8,999
Interest on Long-Term Debt	1,314	736	304	191	145
Total Governmental Activities Expenses	89,187	82,635	74,370	76,455	77,260
Business-type Activities:					
Convention Center	5,342	5,353	5,404	5,943	5,688
Airport	2,529	2,342	2,389	2,505	2,530
Valley Oaks Golf	2,319	2,403	2,350	2,574	2,756
Wastewater and Storm					
Sewer Maintenance	13,157	12,492	13,004	15,281	16,791
Solid Waste	14,880	15,059	15,348	18,589	17,969
Transit	10,880	10,979	11,929	13,670	14,702
Baseball	294	244	285	295	332
Animal Control	-	-	1,103	1,184	1,141
Building Safety	1,669	1,562	1,570	1,768	1,969
Total Business-Type Activities Expenses	51,070	50,434	53,382	61,809	63,878
Total Primary Government Expenses	140,257	133,069	127,752	138,264	141,138
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	140	183	152	265	1,952
Community Development	1,796	873	778	1,503	1,633
Housing & Economic Development	156	270	199	-	-
Public Safety					
Police	2,492	2,808	2,135	2,516	2,690
Fire	538	657	667	626	802
Public Works	7,063	7,641	7,643	8,773	9,279
Parks & Recreation	1,716	1,550	1,875	2,974	3,068
Operating Grants and Contributions	5,774	3,222	3,983	3,184	4,581
Capital Grants and Contributions	11,269	10,038	22,621	12,152	8,556
Total Governmental Activities Program Revenues	30,944	27,242	40,053	31,993	32,561

The City of Visalia has elected to show only five years of data for this schedule.

CITY OF VISALIA
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST FIVE FISCAL YEARS
(In Thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Business-Type Activities:					
Charges for Services:					
Convention Center	\$ 3,507	\$ 3,339	\$ 3,446	\$ 4,099	\$ 3,617
Airport	1,439	1,611	1,647	1,734	1,708
Valley Oaks Golf	2,311	2,323	2,389	2,409	2,401
Wastewater and Storm					
Sewer Maintenance	17,365	19,150	21,465	22,365	26,210
Solid Waste	16,660	17,931	17,945	19,570	19,222
Transit	3,262	2,964	4,051	3,974	4,366
Baseball	117	119	102	8	17
Animal Control	-	-	104	219	309
Building Safety	1,523	1,429	2,102	2,948	3,274
Operating Grants and Contributions	4,803	7,189	6,433	6,588	9,841
Capital Grants and Contributions	5,860	16,296	5,370	4,045	2,691
Total Business-Type Activities					
Program Revenues	56,847	72,351	65,054	67,959	73,656
Total Primary Government					
Program Revenues	87,791	99,593	105,107	99,952	106,217
Net Revenues (Expenses):					
Governmental Activities	(58,243)	(55,393)	(34,317)	(44,462)	(44,699)
Business-Type Activities	5,777	21,917	11,672	6,150	9,778
Total Net Revenues (Expenses)	(52,466)	(33,476)	(22,645)	(38,312)	(34,921)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Sales Taxes	24,457	25,488	30,342	28,791	32,237
Property Taxes	22,730	17,649	23,886	27,306	27,708
Incremental Property Taxes	7,919	7,929	-	-	-
Other Taxes	5,692	6,133	6,276	6,921	8,306
Investment Earnings	1,597	1,390	993	513	1,894
Gain from Sale of Capital Assets	-	-	-	-	5
Miscellaneous	676	679	2,892	1,317	1,587
Transfers and Extraordinary Items	(3,070)	4,138	(3,355)	(4,322)	(4,265)
Total Governmental Activities	60,001	63,406	61,034	60,526	67,472
Business-Type Activities:					
Investment Earnings	470	439	457	454	440
Miscellaneous	5,139	2,663	1,764	3,349	2,622
Transfers	3,070	2,598	3,355	4,322	4,265
Total Business-Type Activities	8,679	5,700	5,576	8,125	7,327
Total Primary Government	68,680	69,106	66,610	68,651	74,799
Changes in Net Position:					
Governmental Activities	1,758	8,013	26,717	16,064	22,773
Business-Type Activities	14,456	27,617	17,248	14,275	17,105
Total Primary Government	\$ 16,214	\$ 35,630	\$ 43,965	\$ 30,339	\$ 39,878

The City of Visalia has elected to show only five years of data for this schedule.

CITY OF VISALIA
FUND BALANCES OF GOVERNMENTAL FUNDS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ 19,395	\$ 30,775	\$ 16,898	\$ 12,121
Unreserved	37,977	24,881	39,412	34,440
Total General Fund	\$ 57,372	\$ 55,656	\$ 56,310	\$ 46,561
All Other Governmental Funds:				
Reserved	\$ 12,126	\$ 16,525	\$ 11,025	\$ 15,816
Unreserved, Reported in:				
Special Revenue Funds	6,391	7,880	13,480	9,191
Capital Projects Funds	28,870	13,748	31,698	27,245
Total All Other Governmental Funds	\$ 47,387	\$ 38,153	\$ 56,203	\$ 52,252

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
General Fund:						
Nonspendable	\$ 2,228	\$ 1,916	\$ 1,519	\$ 1,168	\$ 580	\$ 435
Committed	17,999	16,264	14,930	12,186	16,330	17,719
Assigned	10,412	10,341	10,776	21,665	18,629	19,486
Unassigned	11,056	5,108	1,363	1,305	1,387	4,043
Total General Fund	41,695	33,629	28,588	36,324	36,926	41,683
All Other Governmental Funds:						
Nonspendable	-	44	41	7	15	-
Restricted	47,244	49,260	55,905	44,392	44,817	45,965
Committed	9,932	5,717	347	-	5,318	7,271
Assigned	-	-	1,960	1,632	1,632	1,632
Unassigned	(9,229)	(8,679)	(23,970)	(6,782)	(6,419)	(2,471)
Total All Other Governmental Funds	47,947	46,342	34,283	39,249	45,363	52,397
Total Governmental Fund Balance	\$ 89,642	\$ 79,971	\$ 62,871	\$ 75,573	\$ 82,289	\$ 94,080

(1) In FY 2010-11, the City implemented GASB Statement No.54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons.

CITY OF VISALIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
LAST FIVE FISCAL YEARS
(In Thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Sales Tax	\$ 24,457	\$ 25,488	\$ 30,342	\$ 28,791	\$ 32,237
Property Tax	30,649	25,578	23,886	27,306	26,711
Other Taxes	5,692	6,134	6,276	6,920	7,662
Subventions and Grants	17,043	13,260	26,604	15,336	13,137
Licenses and Permits	73	93	109	61	109
Fees and Fines	6,446	6,007	6,433	8,751	9,199
Use of Money and Property	1,597	1,389	1,087	907	2,334
Charges for Current Services	4,982	5,584	5,042	5,589	6,257
Miscellaneous	2,382	1,875	4,256	2,253	2,067
Total Revenues	93,321	85,408	104,035	95,914	99,713
Expenditures					
Current:					
General Government	3,736	5,099	270	2,477	2,896
Community Development	8,428	4,586	5,384	5,209	6,684
Housing & Economic Development	820	822	598	-	-
Public Safety:					
Police	28,919	29,138	29,412	13,708	13,598
Fire	12,157	12,123	13,130	30,228	30,469
Public Works	6,774	8,174	7,875	3,239	5,563
Parks and Recreation	5,196	5,630	5,777	7,956	8,104
Capital Outlay	30,033	25,218	24,708	22,429	17,378
Debt Service:					
Principal Retirement	1,504	938	615	649	2,229
Interest and Fiscal Charges	1,304	723	294	189	138
Total Expenditures	98,871	92,451	88,063	86,084	87,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,550)	(7,044)	15,972	9,830	12,654
Other Financing Sources (Uses):					
Sales of Real Property	37	33	96	11	12
Proceeds from Sale of Capital	-	-	-	-	5
Proceeds from Sale of Bond	-	-	-	-	1,558
Transfers In	1,515	5,867	1,424	970	2,482
Transfers Out	(4,535)	(8,464)	(4,760)	(5,300)	(7,254)
Total Other Financing Sources (Uses)	(2,983)	(2,564)	(3,240)	(4,319)	(3,197)
Extraordinary Items	-	(7,296)	-	-	-
Net Change in Fund Balances	\$ (8,533)	\$ (16,904)	\$ 12,732	\$ 5,511	\$ 9,457

Debt Service as a Percentage of

Noncapital Expenditures ¹	3.3%	2.2%	1.3%	1.2%	3.2%
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The City of Visalia has elected to show only five years of data for this schedule.

¹ The calculation of debt service as a percentage of noncapital expenditures excludes capital outlays.

CITY OF VISALIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate ¹
	Secured	Unsecured			
2006	\$ 5,618,839	\$ 220,227	\$	5,839,066	0.115%
2007	6,622,294	265,904		6,888,198	0.115%
2008	7,745,837	305,751		8,051,588	0.116%
2009	8,111,663	366,379		8,478,042	0.116%
2010	7,587,665	386,405		7,974,070	0.116%
2011	7,613,423	382,545		7,995,968	0.115%
2012	7,516,654	389,762		7,906,416	0.115%
2013	7,291,841	409,092		7,700,933	0.115%
2014	7,669,621	409,634		8,079,255	0.115%
2015	8,186,023	442,930		8,628,953	0.115%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ The City's total direct tax rate varies by tax rate area. The rate provided comes from tax rate area 006-008 and is representative of other tax rate areas within the City.

Source: Tulare County Auditor Controller's Office

CITY OF VISALIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST FIVE FISCAL YEARS
(Rate per \$100 of Assessed Value)

	2011	2012	2013	2014	2015
City Direct Rate:					
City Basic Rate	\$ 0.1154	\$ 0.1154	\$ 0.1152	\$ 0.1152	\$ 0.1150
Total City Direct Rate	0.1154	0.1154	0.1152	0.1152	0.1150
Overlapping Rates:					
Visalia Unified School District	0.3068	0.3068	0.3068	0.3068	0.3068
College of The Sequoias	0.0537	0.0537	0.0537	0.0537	0.0537
County of Tulare	0.1846	0.1846	0.1840	0.1832	0.1832
Tulare County Schools	0.0248	0.0248	0.0248	0.0248	0.0248
Tulare County Flood Control District	0.0022	0.0022	0.0022	0.0021	0.0021
Air Pollution Control District	0.0004	0.0004	0.0004	0.0004	0.0004
Library Fund	0.0156	0.0156	0.0156	0.0156	0.0156
Memorial District	0.0016	0.0016	0.0016	0.0016	0.0016
Cemetery District	0.0011	0.0011	0.0011	0.0011	0.0011
Delta Vector Control District	0.0143	0.0142	0.0142	0.0142	0.0142
Kaweah Delta Hospital	0.0096	0.0096	0.0096	0.0096	0.0096
Kaweah Delta Water District	0.0289	0.0289	0.0289	0.0289	0.0289
Education Revenue Augmentation	0.2412	0.2412	0.2420	0.2429	0.2430
Visalia Unified School District Bonds	0.0300	0.0300	0.0300	0.0300	0.0300
Kaweah Delta Hospital Bonds	0.0292	0.0272	0.0253	0.0282	0.0209
Kaweah Delta Water Assessment	0.0005	0.0005	0.0001	0.0004	0.0005
Land and Improvements	0.0005	-	-	-	-
Total Direct Rate ¹	\$ 1.0604	\$ 1.0578	\$ 1.0554	\$ 1.0587	\$ 1.0514

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ The City's total direct tax rate varies by tax rate area. The rate provided comes from tax rate area 006-008 and is representative of other tax rate areas within the City.

Source: Tulare County Auditor Controller's Office

**CITY OF VISALIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(In Thousands)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Percent Of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percent Of Total City Taxable Assessed Value	Rank
California Dairies Inc.	\$ 200,005	2.32%	1	-	-	-
Imperial Bondware Corp.	61,574	0.71%	2	-	-	-
VF Outdoor	42,737	0.50%	9	-	-	-
Visalia Mall LP	42,211	0.49%	3	-	-	-
VWR International LLC	37,075	0.43%	4	-	-	-
J Beast LP	35,002	0.41%	5	-	-	-
Cottonwood Fresno Holdings LLC	35,000	0.41%	6	-	-	-
Calif Water Service Co	33,718	0.39%	7	-	-	-
Blam-Jade LP	30,684	0.36%	8	-	-	-
Duke Realty LTD Partnership	28,127	0.33%	10	-	-	-
Visalia Mall LP	-	-	-	44,506	0.76%	1
JoAnn Stores Supply	-	-	-	39,514	0.68%	2
California Dairies Inc.	-	-	-	33,407	0.57%	3
Kraft Foods Inc.	-	-	-	29,567	0.51%	4
King Mineral LLC	-	-	-	29,058	0.50%	5
Imperial Bondware Corp.	-	-	-	27,945	0.48%	6
Moore Business Forms Inc.	-	-	-	26,280	0.45%	7
Northern Calif Laborers PTF LLC	-	-	-	20,580	0.35%	8
Midstate 99 Distribution Center LLC	-	-	-	19,447	0.33%	9
Mary's Vineyard	-	-	-	18,178	0.31%	10
Total Ten Largest Tax Payers	\$ 546,133	6.33%		\$ 288,482	4.94%	
All Other Tax Payers	\$8,082,820	93.67%		\$5,550,584	95.06%	
Total Assessed Valuation - All Tax Payers	\$8,628,953	100.00%		\$5,839,066	100.00%	

The amounts shown above include assessed value data for both the City and the Successor Agency.

CITY OF VISALIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 15,373	\$ 15,373	100.00%	\$ -	\$ 15,373	100.00%
2007	17,538	17,538	100.00%	-	17,538	100.00%
2008	20,197	20,197	100.00%	-	20,197	100.00%
2009	21,468	21,468	100.00%	-	21,468	100.00%
2010	21,518	21,518	100.00%	-	21,518	100.00%
2011	19,970	19,970	100.00%	-	19,970	100.00%
2012	19,198	19,198	100.00%	-	19,198	100.00%
2013	16,106	16,106	100.00%	-	16,106	100.00%
2014	17,167	17,167	100.00%	-	17,167	100.00%
2015	18,239	18,239	100.00%	-	18,239	100.00%

NOTE:

The amounts presented include secured City property taxes and Successor Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Tulare County Auditor Controller's Office

**CITY OF VISALIA
HISTORICAL SALES AND USE TAX RATES**

Effective Date	End Date	State Mandated Purpose		City Rate	(1)	County Rate	Combined Rate
		State Jurisdiction	Local Transportation Fund				
08/01/1933	06/30/1935 (2)	2.50%					2.50%
07/01/1935	06/30/1943	3.00%					3.00%
07/01/1943	06/30/1949	2.50%					2.50%
07/01/1949	12/31/1961	3.00%		1.00%			4.00%
01/01/1962	07/31/1967	3.00%		1.00%			4.00%
08/01/1967	06/30/1972	4.00%	0.25%	1.00%			5.25%
07/01/1972	06/30/1973	3.75%	0.25%	1.00%			5.00%
07/01/1973	09/30/1973	4.75%	0.25%	1.00%			6.00%
10/01/1973	03/31/1974	3.75%	0.25%	1.00%			5.00%
04/01/1974	11/30/1989	0.05%	0.25%	1.00%			1.30%
12/01/1989	12/31/1990	5.00%	0.25%	1.00%			6.25%
01/01/1991	07/14/1991	4.75%	0.25%	1.00%			6.00%
07/15/1991	12/31/2000	6.00%	0.25%	1.00%			7.25%
01/01/2001	12/31/2001	5.75%	0.25%	1.00%			7.00%
01/01/2002	06/30/2004	6.00%	0.25%	1.00%			7.25%
07/01/2004	03/31/2007	6.25% (3)	0.25%	1.00% (4)			7.50%
04/01/2007	03/31/2009	6.25%	0.25%	1.00%		0.50% (5)	8.00%
04/01/2009	06/30/2011	7.25%	0.25%	1.00%		0.50%	9.00%
07/01/2011	12/31/2012	6.25%	0.25%	1.00%		0.50%	8.00%
01/01/2013	current	6.50%	0.25%	1.00%		0.50%	8.25%

NOTES:

- (1) The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of Equalization to collect the local tax.
- (2) Sales Tax only. The use tax was enacted effective July 1, 1935.
- (3) In March 2004, a State ballot measure was passed issuing deficit reduction bonds for State purposes. Funding was provided effective July 1, 2004, by repealing 25% of the local 1% sales tax and then adopting a new 1/4 cent sales tax dedicated to the repayment of the deficit reduction bonds. Cities and counties would then be "made whole" by the State from increased property tax allocations via reduced contributions to ERAF. This "triple flip" is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
- (4) In March 2004, the voters of the City of Visalia passed a sales tax override (Measure T) to increase public safety in the community increasing the City rate by 1/4% ,effective July 1, 2004. The measure requires the City Manager to annually recertify the Measure T plan to the City Council. Additionally, the plan must be reaffirmed every 8 years by a 4 out of 5 City Council approval.
- (5) In November 2006, voters in the County of Tulare approved a countywide sales tax measure (Measure R) giving the County a 1/2% rate increase which became effective April 1, 2007. The sales tax measure has a sunset period of 30 years. The revenue is earmarked for transportation projects with allocations as follows: 50% for regional projects, 35% goes to cities for their street programs, 14% for transportation enhancement programs, and 1% for administration.

Source: State Board of Equalization, State of California

CITY OF VISALIA
TAXABLE SALES TRANSACTIONS BY TYPE
2010-2014 CALENDAR YEARS
(Dollars in Thousands)

	<u>2010⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2012⁽²⁾</u>	<u>2013⁽²⁾</u>	<u>2014⁽²⁾</u>
Retail Stores					
Apparel Stores	\$ 96,401	\$ 103,275	\$ 106,654	\$ 117,386	\$ 123,465
General Merchandise Stores	334,371	344,630	360,708	372,736	382,040
Food Stores	71,574	76,380	101,802	100,028	109,234
Eating and Drinking Places	175,507	186,877	201,736	212,084	227,906
Home Furnishings and Appliances	74,021	78,303	62,602	61,870	65,265
Bldg. Material and Farm Implements	101,306	106,110	166,037	177,376	180,519
Auto Dealers and Auto Supplies	170,946	205,609	218,065	308,334	320,499
Service Stations	110,561	126,341	259,272	212,292	210,790
Other Retail Stores	143,239	166,099	170,604	234,172	266,053
Retail Stores Totals	<u>1,277,926</u>	<u>1,393,624</u>	<u>1,647,480</u>	<u>1,796,277</u>	<u>1,885,770</u>
All Other Outlets	<u>524,815</u>	<u>626,829</u>	<u>581,045</u>	<u>648,625</u>	<u>642,282</u>
Totals All Outlets	<u><u>1,802,741</u></u>	<u><u>2,020,453</u></u>	<u><u>2,228,525</u></u>	<u><u>2,444,902</u></u>	<u><u>2,528,051</u></u>

Source:

(1) California Department of Finance

(2) MuniServices

Note: 2014 is latest available year.

CITY OF VISALIA
TOP 25 SALES TAX CONTRIBUTORS
2014 CALENDAR YEAR
(in alphabetical order)

Animal Health International	MWI Veterinary Supply
Best Buy Stores	Nissan of Visalia
Bluescope Buildings	Ross Stores
Butler Animal Health Supply	Save Mart Supermarkets
COSTCO Wholesale	Target Stores
Don Rose Propane and Oil Company	Tri-Animal Health Services
Giant Chevrolet GEO	Union 76 Service Stations
HILTI	Valley Pacific Petroleum
Home Depot	Visalia Honda
J C Penney Company	Visalia Toyota
Lampe Chrysler Dodge Jeep Ram	VWR International
Lowe's Home Improvement	Wal Mart Stores
Macy's	

Source: MuniServices

Note: 2014 is latest available year.

CITY OF VISALIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, except Debt per Capita)

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Certificates of Participation	Tax Allocation Bonds	Notes Payable	Capital Lease Obligations		
2006	\$ 3,346	\$ 4,680	\$ 7,217	\$ -	\$	15,243
2007	3,169	4,420	12,732	-		20,321
2008	2,986	4,205	16,001	-		23,192
2009	2,798	3,985	15,798	-		22,581
2010	2,600	3,760	15,261	-		21,621
2011	2,393	4,030	14,194	-		20,617
2012	2,175	-	2,972	-		5,147
2013	2,323	-	2,584	-		4,907
2014	2,022	-	2,173	-		4,195
2015	1,306	-	1,987	-		3,293

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

NOTES:

¹US Department of Commerce Bureau of Economic Analysis

2007-2014 Personal Income Data is currently not available by the Bureau of Economic Analysis.

Business-type Activities								
Revenue Bonds	Certificates of Participation	Notes	Capital Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita	
\$ 11,575	\$ 17,564	\$ 2,252	\$ 37	\$ 31,428	\$ 46,671	0.43%	\$ 422	
9,365	16,636	1,602	13	27,616	47,937	0.40%	409	
7,040	15,679	919	-	23,638	46,830	0.38%	387	
6,450	14,687	214	-	21,351	43,932	0.37%	355	
5,840	13,650	194	-	19,684	41,305	0.32%	333	
-	13,292	173	-	13,465	34,082	0.24%	271	
-	11,998	-	-	11,998	17,145	0.12%	135	
-	17,270	-	-	17,270	22,177	0.15%	173	
-	15,557	14,999	-	30,556	34,751	0.00%	268	
-	12,442	56,979	-	69,421	72,714	0.00%	556	

CITY OF VISALIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands, except Debt per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value ¹	Debt Per Capita
	Certificates of Participation	Notes Payable	Capital Lease Obligations	Total		
2006	\$ 3,346	\$ 104	\$ -	\$ 3,450	0.06%	\$ 31
2007	3,169	-	-	3,169	0.05%	27
2008	2,986	-	-	2,986	0.04%	25
2009	2,798	-	-	2,798	0.03%	23
2010	2,600	-	-	2,600	0.03%	21
2011	2,393	-	-	2,393	0.03%	19
2012	2,175	-	-	2,175	0.03%	17
2013	2,323	-	-	2,323	0.03%	18
2014	2,022	-	-	2,022	0.03%	16
2015	1,306	-	-	1,306	0.02%	10

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF VISALIA
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015
(In Thousands)

2014-15 City Assessed Valuation		\$ 9,385,645	
Successor Agency Incremental Valuation		<u>(756,692)</u>	
Total Assessed Valuation		<u>\$ 8,628,953</u>	
			Estimated Share of Overlapping Debt
	Percentage Applicable ¹	Outstanding Debt 6/30/15	Debt
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	0.608%	\$ 36,193	\$ 220
College of the Sequoias Visalia School Facilities Improvement District	66.559%	26,398	17,570
Visalia Unified School District	85.846%	62,315	53,495
Tulare Joint Union High School District	0.786%	32,128	253
Liberty School District	25.726%	831	214
Kaweah Delta Hospital District	84.716%	47,300	40,071
City of Visalia 1915 Act Bonds	100.000%	<u>239</u>	<u>239</u>
Total Overlapping Tax and Assessment Debt		<u>205,404</u>	<u>112,061</u>
 Direct and Overlapping General Fund Debt:			
Tulare County Certificates of Participation	32.240%	42,920	13,837
Tulare County Board of Education Certificates of Participation	32.240%	36,865	11,885
College of The Sequoias Certificates of Participation	35.005%	8,045	2,816
Visalia Unified School District Certificates of Participation	85.846%	23,255	19,964
Liberty School District Certificates of Participation	25.726%	2,490	641
City of Visalia General Fund Obligations	100.000%	<u>3,293</u>	<u>3,293</u>
Total Direct and Overlapping General Fund Debt		<u>116,868</u>	<u>52,436</u>
Overlapping Tax Increment Debt (Successor Agency)	100.000%	<u>2,530</u>	<u>2,530</u>
Total Direct Debt		<u>3,293</u>	<u>3,293</u>
Total Overlapping Debt		<u>321,509</u>	<u>163,734</u>
Combined Total Debt		<u>\$ 324,802</u>	<u>\$ 167,027</u>

Notes:

¹Percentage of overlapping agency's assessed valuation located within boundaries of the City

Source: California Municipal Statistics, Inc.

**CITY OF VISALIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	Fiscal Year			
	2006	2007	2008	2009
Assessed valuation	\$ 5,839,066	\$ 6,888,198	\$ 8,051,588	\$ 8,478,042
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,459,767	1,722,049	2,012,897	2,119,510
Debt limit percentage	15%	15%	15%	15%
Debt limit	218,965	258,307	301,935	317,927
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 218,965</u>	<u>\$ 258,307</u>	<u>\$ 301,935</u>	<u>\$ 317,927</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department
Tulare County Tax Assessor's Office

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	7,974,070	\$ 7,995,968	\$ 7,906,416	\$ 7,700,933	\$ 8,079,201	\$ 8,628,953
	25%	25%	25%	25%	25%	25%
	1,993,518	1,998,992	1,976,604	1,925,233	2,019,800	2,157,238
	15%	15%	15%	15%	15%	15%
	299,028	299,849	296,491	288,785	302,970	323,586
	-	-	-	-	-	-
\$	<u>299,028</u>	<u>\$ 299,849</u>	<u>\$ 296,491</u>	<u>\$ 288,785</u>	<u>\$ 302,970</u>	<u>\$ 323,586</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF VISALIA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (In Thousands)**

Fiscal Year Ended June 30	Wastewater & Storm Sewer Maintenance Fund Wastewater Revenue Bonds					
	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest	
2006	\$ 15,983	\$ 8,971	\$ 7,012	\$ 2,100	\$ 547	2.65
2007	17,399	6,153	11,246	2,210	452	4.22
2008	13,981	9,234	4,747	2,325	371	1.76
2009	15,609	8,768	6,841	590 (1)	218	8.47
2010	16,607	9,197	7,410	610	185	9.32
2011	17,365	10,172	7,193	5,840 (2)	74	1.22
2012	19,150	9,387	9,763	-	-	-
2013	21,465	10,163	11,302	-	-	-
2014	22,365	9,180	13,185	-	-	-
2015	25,031	11,184	13,847	-	-	-

(1) 1992 Revenue Bonds were fully repaid during Fiscal Year 2008.

(2) 2002 Wastewater System Revenue Bonds were fully called in December 2010.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements
 Operating expenses do not include interest or depreciation expenses.

**CITY OF VISALIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Calendar Year	Population (1)	Assessed Value (in thousands) (2)	Per Capita Assessed Value	Personal Income (in thousands) (4)	Per Capita Personal Income (4)	Unemployment Rate (3)
2006	110,488	\$ 5,839,066	\$ 52,848	\$ 10,833,398	\$ 26,110	8.5% *
2007	117,138	6,888,198	58,804	12,103,404	28,672	9.4% *
2008	120,958	8,051,588	66,565	12,219,203	28,464	10.4% *
2009	123,670	8,478,042	68,554	11,976,812	27,408	17.1% *
2010	124,184	7,974,070	64,212	12,842,808	28,968	16.9% *
2011	125,770	7,995,968	63,576	13,989,198	31,246	17.1% *
2012	126,864	7,906,416	62,322	14,343,425	31,801	16.5% *
2013	128,443	7,700,933	59,956	14,782,359	32,550	14.5% *
2014	129,582	8,079,201	62,348	NA	NA	13.2% *
2015	130,753	8,628,953	65,994	NA	NA	11.8% *

Sources: (1) State Department of Finance
(2) Tulare County Auditor-Controller
(3) US Department of Labor Bureau of Labor Statistics*
(4) US Department of Commerce Bureau of Economic Analysis

* Rate for Tulare County as of June 30

Note:
2014-2015 Personal Income & Per Capita Personal Income Data is currently not available by the Bureau of Economic Analysis

**CITY OF VISALIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TWO YEARS AGO**

Employer	2015			2013		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Tulare (1)	4,820	1	2.77%	4,814	1	2.79%
Visalia Unified School District (4)	2,962	2	1.70%	2,500	2	1.45%
Kaweah Delta Healthcare (3)	2,132	3	1.22%	2,000	3	1.16%
College of the Sequoias (3)	1,160	4	0.67%	745	4	0.43%
VF Outdoor Inc (3)	600	5	0.34%	400	8	0.23%
City of Visalia (2)	589	6	0.34%	558	7	0.32%
International Paper (3)	350	7	0.20%	300	9	0.17%
Jostens (3)	320	8	0.18%	720	5	0.42%
CIGNA Health Care (3)	300	9	0.17%	700	6	0.41%
California Pretzel Co. Inc. (4)	225	10	0.13%	225	10	0.13%
Number of Employed	174,069			172,426		

Source: (1) Tulare County Budget
(2) City of Visalia Budget
(3) Visalia Economic Development Corporation
(3) Sequoia Valley-Tulare County EDC
(4) Visalia Unified School District

The City of Visalia has elected to compare the current year of data with the data from two years ago for this schedule.

**CITY OF VISALIA
FULL-TIME CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	37	39	41	40	41	41	41	46	44	46
Administrative Services	NA	39	37	37	32	32	32	31	NA	NA
Community Development	47	50	35	35	49	49	49	55	61	64
Finance	NA	NA	NA	NA	NA	NA	NA	NA	16	16
Fire	66	69	70	70	70	70	70	81	81	82
Housing & Economic Development	NA	NA	8	8	11	11	11	NA	NA	NA
Parks & Recreation	40	42	43	44	34	34	34	32	32	34
Police	176	183	196	202	198	198	198	198	206	208
Public Works	130	141	142	142	115	115	115	115	118	121
Transportation & General Services	NA	NA	NA	NA	NA	NA	NA	NA	18	18
Total	496	563	572	578	550	550	550	558	576	589

(NA) - Function was not active in this year

Source: City Budget

**CITY OF VISALIA
OPERATING INDICATORS
BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Calls for service - Calendar Year	104,957	111,661	112,984	121,997	120,452
Fire:					
Calls for service - Calendar Year	8,867	9,625	10,959	10,443	10,339
Refuse:					
Number of Residential Accounts	30,010	32,359	33,107	33,713	34,878
Number of Commercial Accounts	3,732	3,397	3,395	2,789	2,913
Total Refuse Accounts	33,742	35,756	36,502	36,502	37,791
Sewer:					
Number of Accounts Billed	32,722	32,147	34,638	34,638	35,965
Business Licenses:					
New licenses issued during the year	1,381	1,206	1,304	988	1,110
Total business licenses	9,429	9,863	10,257	10,338	10,554
Building Permits:					
Residential	3,899	3,326	2,374	1,399	1,438
Commercial	535	525	555	418	392
Miscellaneous	1,532	1,803	1,786	1,348	1,311
Total Building Permits	5,966	5,654	4,715	3,165	3,141

Source: City of Visalia

Fiscal Year				
2011	2012	2013	2014	2015
123,883	130,980	126,767	129,828	134,287
10,606	11,241	12,140	12,482	12,518
34,944	35,541	35,797	36,144	37,538
2,895	2,944	3,020	3,731	3,747
37,839	38,485	38,817	39,875	41,285
36,475	36,635	37,180	36,962	38,801
1,532	2,160	1,194	1,261	1,098
11,065	11,450	11,533	11,784	11,920
1,241	1,507	1,602	2,019	2,478
331	375	367	353	381
1,271	1,187	1,242	1,474	1,673
2,843	3,069	3,211	3,846	4,532

**CITY OF VISALIA
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Stations	1	3	3	3	3
Fire:					
Fire stations	4	5	5	5	5
Public Works:					
City Area in Square Miles	35	35	36	36	36
Streets (miles)	372	384	408	483	520
Traffic Signalized Intersections	100	104	105	107	112
Parks and Recreation:					
Developed City Park Acreage	NA	NA	294	296	265
City Owned Open Space Acreage	NA	NA	164	164	182
Public Libraries	NA	NA	1	1	1
Recreation Centers	6	6	6	6	3
Swimming Pools	NA	NA	4	4	4
Parks	36	36	37	37	40
Acres of Parks	293	293	NA	NA	NA
Wastewater:					
Sanitary sewers (miles)	394	471	472	472	468
Storm sewers (miles)	191	236	272	272	240
Golf Course:					
Municipal golf courses	1	1	1	1	1

Source: Various City Departments

Fiscal Year				
2011	2012	2013	2014	2015
3	3	3	3	3
5	5	5	5	5
37	37	37	37	37
524	492	493	493	512
115	115	118	118	120
270	291	291	288	281
180	180	205	231	282
1	1	1	1	1
3	3	5	5	5
4	4	0	0	0
42	42	50	50	52
NA	NA	493	493	290
468	468	468	468	468
240	240	240	240	240
1	1	1	1	1

**CITY OF VISALIA
INSURANCE IN FORCE
FISCAL YEAR ENDED JUNE 30, 2015**

Coverage	Underwriter	Limits of Coverage	Deductibles	Policy Number	Period of Policy
PRIMARY POLICIES					
General liability over \$1,000,000 per occurrence (covers bodily injury, personal injury, property damage and errors/omissions, auto liability, or any combination thereof) ACCEL coverage effective 6/1/86	Authority for California Cities Excess Liability (ACCEL)	SIR \$1,000,000; ACCEL pooled layer \$4,000,000; Pool purchase \$30,000,000; total limits \$35,000,000	\$1,000,000 SIR		07/01/14 to 06/30/15
Commercial Property Policy	American Insurance	Bldg limits \$172 mil, deduct \$50k; Bus Pers Prop, Deduct \$5k; Extra Exp \$10m	\$50,000 bldg; \$5k contents;	MX80949729	07/01/14 to 06/30/15
Pollution Liability (Underground Storage Tank)	Crum & Forester	\$1 mil liability; \$1 mil aggregate	\$5k deductible	STP-104642	10/12/14 to 10/12/16
Excess Workers Compensation	Keenan & Associates/Safety National	XS work comp, loss control fees; admin fees; broker fees. \$25 million limits	\$1 mil SIR	SP4049003	07/01/14 to 06/30/15
Excess Health & Medical Coverage	CSAC EIA	Potential pool assessments when total pool claims exceed excess ins.	None		1/1/15 to 12/31/15
SPECIAL COVERAGES					
Aviation Liability	Caitlin Insurance Group	A) Single limit bodily injury and property damage liability combined \$25Mil; B) Hangarkeepers Liability \$25 mil; limits included in A; C) No errors & omissions; Endorsements - Personal Inj \$5 mil; Premises med \$1k person/\$10k occurrent; Non owned physical damage legal liab \$50k	None	NAL4025691	7/14/14 to 7/14/15
Contractors Equipment/Mobile Equipment/Fine Arts/Valuable Papers & Records	AGCS Marine Insurance Company	Contractors equip/mobile equip \$9,133,263 all covered property, including rented and leased; limit \$500 ee tool/\$5k per occurrence; Fine arts/Valuable papers & records \$500k blanket all locations; Commercial Fine Arts Floater, \$85k limit,	\$500 deductible	MX93042476	7/1/14 to 7/1/15
Crime Policy/ Bond - General	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	CCP004781612	4/27/15 to 4/27/16
Crime Policy/Bond - Police	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	CCP612789113	4/27/15 to 4/27/16
Special Events Insurance	Diversified Risk	Liability policy available to citizens holding events in city facilities/parks			
EAP	Kaweah Delta Assistance Program				1/1/14 to 12/31/15
Long Term Disability (LTD)	Sun Life	66% of pre-disability earnings up to \$5,000 monthly benefit		234707-001	1/1/14 to 12/31/16
Life Insurance	Sun Life	City Manager 2X Annual Salary; Department Head Group \$75,000; All Other Employees \$30,000			1/1/14 to 12/31/16
Dental	Preferred Benefits/Delta Dental	\$1,000 maximum annual benefit paid per insured (retirees and their dependents are not eligible for dental)		8244	1/1/14 to 12/31/15
Vision	Vision Service Plan	Annual benefits with VSP provider			1/1/15 to 12/31/17



M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Consultant

*Dinuba
Hanford
Tulare
Visalia*

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council
City of Visalia and Citizens Advisory Committee
707 W. Acequia
Visalia, CA 93291-6100

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Citizens Advisory Committee (CAC), with respect to the administration, financial management and accounting of the City's Measure T funds for the fiscal year ended June 30, 2015. The City's management is responsible for the City's administration, financial management and accounting for Measure T. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures applied and findings, as pertinent, are as follows:

- (1) We obtained and reviewed the City's Measure T commitments as expressed in the Measure T ballot measure from the March 2, 2004 election, the Enabling Ordinance adopted by the City Council, the Board of Equalization Agreements for implementation and administration of additional sales tax, the City Council approved Program Guidelines and expenditure plans for the current fiscal year and the Annual Recertification Plan for June 30, 2015, as approved by the City Council.

Finding:

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2014-15, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2013-14, unless the council declares an economic emergency by a 4/5^{ths} vote.

General Fund support for police and fire services during the fiscal year 2014-15, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2014-15; therefore, the City has met the maintenance of effort calculations.

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 25% of the annually budgeted revenues. The Fire and Police Measure T Economic Uncertainty Fund balances as of June 30, 2015, were \$620,698 and \$824,014, respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$30,248 and \$814, respectively.

- (2) We updated our documentation of the following Measure T compliance provisions, as interpreted by the City Council adopted enabling ordinance and program guidelines, into an interim progress report and reported to City staff:

- a. Administrative procedures
- b. Accounting control (including budgetary) procedures

Findings: None

- (3) We updated our understanding of the City's implementation of the material administrative compliance procedures.

Findings: None

- (4) We updated our understanding of the City's implementation of the material accounting control procedures and determined if the following were implemented or maintained:

- a. Establishment of a separate Measure T fund or fund group;
- b. Establishment within the Measure T fund(s) of an accountability structure that allows for accountability of the Measure T sales tax proceeds mandated allocations - police (60%) and fire (40%);
- c. That reasonable interest allocation methodologies were applied to Measure T fund(s) regarding interest revenue for unexpended net proceeds and interest charged for other City fund advances;
- d. That General Fund support for police and fire services during the fiscal year 2014-15, without regard to Measure T funds based upon budgeted expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2013-14, unless the Council declared an economic emergency by a 4/5^{ths} vote;
- e. Establishment of a separate "Economic Uncertainty" fund within the Measure T fund(s) of 25% of the budgeted Measure T tax revenues.

Findings: None

- (5) We traced all Measure T monies remitted by the State Board of Equalization to determine whether they were properly deposited into the appropriate Measure T fund.

Findings: None

- (6) We performed procedures to verify the summaries of Measure T receipts, disbursements and unexpended funds pertaining to the fiscal year 2014-15, prepared by the City.

Finding:

Our review indicated that twenty-three police officers and fifteen firemen were hired as of June 30, 2015 in accordance with plan objectives. Due to the struggling economy, reduced sales tax revenue and the Measure T sales tax revenue recovery at a slow rate, the number of police officers hired was reduced from the original twenty-eight planned. During the reduction three officers were transferred to the General Fund and will be transferred back once sales tax revenues improve. The remaining two positions were left vacant by attrition and will be filled when sales tax receipts increase sufficiently to fund these positions. The number of firemen hired was reduced from the original eighteen planned to fifteen until sales tax revenues improve.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure T Plan. The Southwest Fire Station construction had been delayed due to land acquisition challenges in previous fiscal years. However, the land was purchased and the design phase was completed during the last fiscal year and construction began during the current fiscal year. Management anticipates the project to be completed in January of 2016.

The Capital Improvement Program expenditures for construction of a Visalia Emergency Communication Center had been put on hold due to the declared economic emergency that the City faced in previous fiscal years but the City has been working on the design phase of the project since the last fiscal year and anticipates the construction of the project to begin in the next fiscal year. Management anticipates the project to be completed in fiscal year 2016-17. The expenditures made towards the project were not charged to Fire and Police Measure T Funds, as the project is going to be funded with Bond proceeds. Therefore, expenditures related to the construction of the Visalia Emergency Communication Center, were recorded in another fund where all project expenditures and bond proceeds will be accounted for. Fire and Police Measure T Funds are budgeted to pay for their percentage of the project through 12 years of debt service payments beginning in fiscal year 2015-16.

- (7) We determined if the Measure T allocations were made in accordance with the following required funding priorities:
- a. Funding of the current year's budgeted expenditures;
 - b. Funding of the "Economic Uncertainty" Fund including annual revision;
 - c. Funding expenditures budgeted for subsequent plan years.

Findings: None

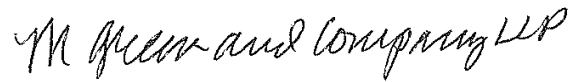
- (8) We conducted an exit interview with City staff representatives.

Findings: None

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on administration, financial management and accounting. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council, City management and the CAC and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

A handwritten signature in cursive script that reads "M. Green and Company LLP".

M. GREEN AND COMPANY LLP
Certified Public Accountants

November 2, 2015
Visalia, California

CITY OF VISALIA
BOND DISCLOSURE REQUIREMENTS

The City of Visalia periodically issues tax-exempt debt. Frequently the bond covenants require that the City of Visalia disclose additional information about its operations for the benefit of the bond holder. This disclosure statement provides for those disclosure requirements.

This disclosure statement addresses required disclosures for the following debt issues:

Redevelopment Agency Tax Allocation Bonds

On June 18, 2003, the Community Redevelopment Agency issued \$5,185,000 of 2003 Tax Allocation Refunding Bonds (2003 Bonds) to retire outstanding variable rate 1990 Tax Allocation Bonds and to pay for issuance costs. Due to the variable nature of the refunded debt, the City could not determine the economic gain on the transaction.

Tax increment revenue is pledged for the repayment of the 2003 Bonds. Interest ranges from 2.0% to 4.1% and is due semiannually each July 1 and January 1. Commencing in 2004, principle is payable each July 1 through 2026.

This debt was transferred to the Successor Agency of The City of Visalia on February 1, 2012, as a result of the dissolution of the Visalia Community Redevelopment Agency.

Certificates of Participation

On July 2, 2014, the City issued \$7,380,000 of 2014 Refunding Certificates of Participation (the Certificates) to (a) refund all of the City's outstanding 2005 Refunding Certificates of Participation (the Prior Certificates), (b) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt reserve service reserve fund established for the Certificates, and (c) to pay the costs related to the execution and delivery of the Certificates. Of this issue, 84% is allocable to the Convention Center and 16% is considered general long-term debt. Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2014, with the final payment due in the year 2025. The 2014 Certificates advance refunded the outstanding 2005 Refunding Certificates of Participation. The 2005 Certificates were fully called on July 11, 2014.

Certificates of Participation (subsequent event)

On September 10, 2015, the City issued \$17,910,000 of 2015 Certificates of Participation to (a) construct and equip the Visalia Emergency Communications Center (the VECC), (b) to replace the City's Computer Aided Dispatch and Records Management System (the CAD/RMS), (c) to make certain improvements to the Visalia Convention Center, (d) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (e) to pay the costs related to the execution and delivery of the Certificates. Of this issue, 28% is allocable to the Convention Center and 72% is considered general long-term debt. Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2015, with the final payment due in the year 2029.

DISCLOSURES

Redevelopment Agency Tax Allocation Bonds

Successor Agency of The City of Visalia (former Community Redevelopment Agency of The City of Visalia)

On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency (RDA) with the Bill as part of City resolution number 12-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The Successor Agency of The City of Visalia took over the affairs of the former RDA's of the City of Visalia at that time and is responsible for the wind down of the affairs of the dissolved RDA. It is responsible for fulfilling the obligations of the former RDA and is also responsible for revenue collection, maintaining bond reserves, and disposing of excess property. When the RDA was dissolved, the four project areas of the RDA were combined into one entity. Therefore, some historical information as required by the continuing disclosure is no longer available or applicable.

For FY 2014-15 and future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The only outstanding bonded debt of the former Community Redevelopment Agency of the City of Visalia is the 2003 Tax Allocation Refunding Bonds (2003 Bonds). The 2003 Bonds have been accepted by the California Department of Finance as enforceable obligations. As a result, the County of Tulare will provide former tax increment revenues to the Successor Agency of the City of Visalia for payment of the 2003 Bonds.

The 2003 Tax Allocation Refunding Bonds (East Visalia Redevelopment Project) required continuing disclosures which are now meaningless due to the dissolution of redevelopment agencies. Continuing disclosure covenants ask for the following five tables:

- Historical Assessed Valuation (Table 3)
- Historical Levy and Receipts (Table 4)
- Top Ten Taxpayers (Table 6)
- Projected Tax Revenues (Table 8)
- Projected Debt Service Coverage (Table 9)
- Rating Changes

These tables are presented here as required.

**TABLE 3
SUCCESSOR AGENCY OF THE CITY OF VISALIA
EAST SUCCESSOR AGENCY PROJECT AREA
HISTORICAL AND CURRENT ASSESSED VALUATION
LAST FIVE FISCAL YEARS**

Fiscal Year Ended June 30	Locally- Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Assessed Value	Incremental Assessed Value
2011	148,961,070	19,784,153	797,290	169,542,513	71,884,548
2012	144,664,519	21,848,660	797,290	167,310,469	71,884,548
2013	141,573,002	20,073,490	797,290	162,443,782	71,884,548
2014	146,602,674	19,394,853	521,796	166,519,323	71,863,428
2015	149,196,204	17,144,551	521,796	166,862,551	71,863,428

Source: County of Tulare and City of Visalia Finance Department

Table 4
Successor Agency of The City of Visalia
East Visalia Redevelopment Project
Historical Levy and Receipts

Fiscal Year	Levy	Total Receipts of	
		Tax Increment Revenue	Percentage of Levy Received
2008-09	1,170	1,389	118.72%
2009-10	1,244	1,336	107.40%
2010-11	1,212	1,339	110.48%
2011-12*	1,177	665	56.50%

* Partial Year due to the dissolution of The Community Redevelopment Agency of The City of Visalia on February 1, 2012

The 2003 Bonds have been accepted by the California Department of Finance as enforceable obligations. As a result, the County of Tulare will provide former tax increment revenues to the Successor Agency of the City of Visalia for payment of the 2003 Bonds.

Source: County of Tulare and City of Visalia Finance Department

Table 6
SUCCESSOR AGENCY OF THE CITY OF VISALIA
EAST VISALIA REDEVELOPMENT PROJECT AREA
TOP TEN TAXPAYERS
BASED UPON 2014-15 ASSESSED VALUATION

Property Owner	Fiscal Year 2014-15 Total Assessed Value	Percentage of Total ⁽¹⁾
1 Blam-Jade LP	\$ 13,090,804	7.85%
2 Viscamar LLC	12,964,762	7.77%
3 Willow Street Development Co LLC	8,985,273	5.38%
4 Kenneth J. Curti (TR)	7,970,021	4.78%
5 Visalia Land & Investment Co. LLC	6,206,508	3.72%
6 Mark Whittlesey (TR)	5,671,313	3.40%
7 United Rentals North America Inc.	4,440,600	2.66%
8 Three Ten Center Street LLC	3,958,246	2.37%
9 Murray Investment Group LLC	2,985,023	1.79%
10 Cary S. Winslow	2,165,126	1.30%
	\$ 68,437,676	

⁽¹⁾ Fiscal Year 2014-15 assessed valuation: \$166,862,551

Source: Tulare County Auditor Controller's Office

Table 8
Successor Agency of The City of Visalia
East Visalia Redevelopment Project
Tax Revenues
(000s Omitted)

Fiscal Year	Total Assessed Valuation	Tax Increment	Senior Tax Sharing	Section 33676 Adjustment	County Admin Fees	Housing Set-Aside	Tax Revenues
2008-09	160,739	1,389	550	9	64	278	488
2009-10	171,728	1,336	585	9	41	267	434
2010-11	169,542	1,339	594	9	39	268	429
2011-12*	167,310	665	12	9	22	133	489

* Partial Year due to the dissolution of The Community Redevelopment Agency of The City of Visalia on February 1, 2012

Source: County of Tulare and City of Visalia Finance Department

With the dissolution of redevelopment, successor agencies will only receive property tax revenues sufficient to pay debt service. As a result, the County of Tulare will provide the City's successor agency tax increment equal to the debt service for that year. In other words, debt service coverage will be 1.0 and projected receipts will be equal to debt service.

Table 9
Successor Agency of The City of Visalia
East Visalia Redevelopment Project
Projected Debt Service Coverage
(000's Omitted)

Fiscal Year	Tax Revenues	Debt Service	Coverage
2008-09	488	220	222%
2009-10	434	225	193%
2010-11	429	230	187%
2011-12*	489	240	204%
2012-13**	245	245	100%
2013-14**	255	255	100%
2014-15**	260	260	100%
2016-2020**	1065	1065	100%
2021-2025**	1005	1005	100%
2025-2027**	460	460	100%

* Partial Year due to the dissolution of The Community Redevelopment Agency of The City of Visalia on February 1, 2012

**The 2003 Bonds have been accepted by the California Department of Finance as enforceable obligations. As a result, the County of Tulare will provide former tax increment revenues to the Successor Agency of the City of Visalia for payment of the 2003 Bonds.

Source: City of Visalia Finance Department

Rating Changes for **2003 Tax Allocation Refunding Bonds (East Visalia Redevelopment Project)**

- On August 10, 2010, Standard & Poor's upgraded the 2003 Bonds from BBB to A-, the last rating analysis that the City has received.

Certificates of Participation – 2014 Refunding Certificates of Participation

The 2014 Refunding Certificates of Participation required the following continuing disclosures that are not already included as part of the City's Comprehensive Annual Financial Report (CAFR):

Balance of the Reserve Fund as of January 1
Rating Changes

The reserve fund for the 2014 Refunding Certificates of Participation consists of an Assured Guaranty Municipal Bond Insurance Policy. The market value of the bond insurance in place at January 1, 2015 was \$797,250.00.

Rating Changes for **2014 Refunding Certificates of Participation**

- On June 12, 2014, Standard & Poor's issued a rating for the 2014 Refunding Certificates of Participation of A+. This is the latest rating analysis that the City has received for this issue.

Certificates of Participation – 2015 Certificates of Participation

The 2015 Certificates of Participation required the following continuing disclosures that are not already included as part of the City's Comprehensive Annual Financial Report (CAFR):

Balance of the Reserve Fund as of January 1
Rating Changes

The reserve fund for the 2015 Certificates of Participation consists of an Assured Guaranty Municipal Bond Insurance Policy. The market value of the bond insurance in place at November 30, 2015 (bond issued September 10, 2015) was \$1,578,737.50.

Rating Changes for **2015 Certificates of Participation**

- On August 21, 2015, Standard & Poor's issued a rating for the 2015 Certificates of Participation of A+. This is the latest rating analysis that the City has received for this issue.

CITY OF VISALIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant or Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs			
Community Development Block Grant/Entitlement Grants	14.218	B-09-MC-060035	\$2,323,527
Neighborhood Stabilization Program	14.218	B-08-MN-060011	766,610
			3,090,137
Home Investment Partnership Program	14.239	M-09-MC-060230	9,836,385
Total U.S. Department of Housing and Urban Development			<u>12,926,522</u>
U.S. Department of Transportation Direct Programs			
Airport Improvement Program	20.106		26,380
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507		4,137,775
Subtotal Department of Transportation Direct Programs			<u>4,164,155</u>
U.S. Department of Transportation Pass-Through Programs From:			
State of California Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STPL-5044(098)	4,085,734
Highway Safety Cluster			
California Office of Traffic Safety Pass-Through Programs From:			
State and Community Highway Safety National Priority Safety Programs	20.600	5044	82,029
Selective Traffic Enforcement Program (STEP)	20.616	5044	141,506
			223,535
California Office of Traffic Safety Pass-Through Programs From:			
National Highway Traffic Safety- Administration			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1503	109,057
Subtotal California Office of Traffic Safety Pass-Through Programs			<u>332,592</u>
Subtotal Department of Transportation Pass-Through Programs			<u>4,418,326</u>
Total U.S. Department of Transportation			<u>8,582,481</u>
U.S. Department of Commerce Direct Programs			
Investments for Public Works and Economic Development Facilities	11.300		460
Total U.S. Department of Commerce			<u>460</u>
U.S. Department of Justice Direct Programs			
Public Safety Partnership and Community Policing Grants	16.710		338,016
Edward Byrne Memorial Justice Assistance Grant Program	16.738		38,663
Total U.S. Department of Justice			<u>376,679</u>
U.S. Department of Homeland Security Direct Programs			
Homeland Security Grant Program	97.067		62,591
Total U.S. Department of Homeland Security			<u>62,591</u>
U.S. Environmental Protection Agency Pass-Through Programs From:			
State Water Resources Control Board			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C-06-7215-110	18,197,999
Total U.S. Environmental Protection Agency			<u>18,197,999</u>
Total Expenditures of Federal Awards			<u>\$40,146,732</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Visalia, California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

OMB Circular A-133 requires that certain adjustments be made to expenditures recognized when incurred. The adjustments applicable to the City are summarized below:

Expenditure of Long-Term Debt Proceeds – In this fiscal year, the City received proceeds from long-term debt funded by the federal government. In accordance with OMB Circular A-133, section .205(d) the City included the federal portion of current year expenditures of such proceeds on the Schedule of Expenditures of Federal Awards.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs when they occur.

NOTE 4 - SUBRECEIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grant/Entitlement Grants	\$31,500



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the City Council
City of Visalia, California

We have audited, in accordance with the 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, the basic financial statements of the City of Visalia as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2016. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We identified certain deficiencies in internal control, we consider to be material weaknesses as listed on the Schedule of Material Weaknesses included as part of our separately issued Memorandum on Internal Control dated January 26, 2016 which is an integral part of our audits and should be read in conjunction with this report.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified certain deficiencies in internal control, we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated January 26, 2016 which is an integral part of our audits and should be read in conjunction with this report.

Compliance and Other Matters

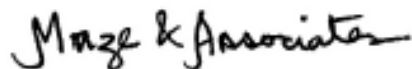
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

City's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control dated January 26, 2016 which is an integral part of our audits and should be read in conjunction with this report. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
January 26, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Honorable Members of the City Council
City of Visalia, California

Report on Compliance for Each Major Federal Program

We have audited City of Visalia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-01. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of the City as of and for the year ended June 30, 2015, and have issued our report thereon dated January 26, 2016 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Maze & Associates

Pleasant Hill, California
January 26, 2016

CITY OF VISALIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015**

SECTION I—SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction (Federal-Aid Highway Program)</u>
<u>20.600 & 20.616</u>	<u>Highway Safety Cluster</u>
<u>20.608</u>	<u>Minimum Penalties for Repeat Offenders for Driving While Intoxicated</u>
<u>66.458</u>	<u>Capitalization Grants for Clean Water State Revolving Funds</u>

Dollar threshold used to distinguish between type A and type B programs: \$1,204,402

Auditee qualified as low-risk auditee? Yes X No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed significant deficiencies and material weaknesses but no instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated January 26, 2016 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit disclosed the following findings and questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

Finding SA 2015-01: Accurate Preparation of the Schedule of Expenditures of Federal Awards

CFDA Number: 20.608

CFDA Title: Minimum Penalties for Repeat Offenders for Driving While Intoxicated

Federal Agency: Department of Transportation

Pass-through Entity: California Office of Traffic Safety

Criteria: In accordance with the requirements of OMB Circular A-133, the City should report Federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) by Program as defined by the underlying CFDA number.

Condition: In reviewing the expenditure details and supporting documentation for the Schedule of Expenditures of Federal Awards (SEFA), it was noted that the City included grant expenditures from the Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program (CFDA Number 20.608) in the Highway Safety Cluster. Per review of the June 2015 OMB Circular A-13 Compliance Supplement, it was noted that the Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program (CFDA Number 20.608) is not part of the Highway Safety Cluster and its expenditures should be reported on a separate line.

Effect: The City is out of compliance with the requirements of OMB Circular A-133.

Cause: City staff was unaware of this requirement.

Recommendation

- **View of Responsible Officials and Planned Corrective Actions**
 - **Name of contact person:** Liz Ybarra, Grants Manager
 - **Management response:** Management agrees with the comment. The Grant Manager will verify with OTS project manager that the CDFA numbers listed on the claim template are correct, not included in the Highway Safety Cluster and reported on a separate line.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS -
Prepared by Management

Financial Statement Prior Year Findings

There were financial statement findings, including material weaknesses, reported in the prior year, the current status of which we have communicated in a separate Memorandum on Internal Control dated January 26, 2016 which is an integral part of our audits and should be read in conjunction with this report.

Federal Awards Prior Year Funding and Questioned Costs

There were no prior year Federal Award Findings and Questioned Costs reported.