

State of California

# City of Visalia



## Comprehensive Annual Financial Report

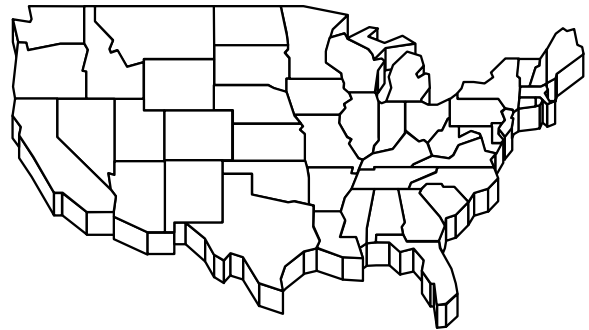
Fiscal Year Ended June 30, 2016



CITY OF VISALIA  
STATE OF CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016



**Prepared by the Finance Department**

**707 W. Acequia Ave.  
Visalia, California 93291  
(559) 713-4298**



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# Introductory Section

Introductory Section







December 29, 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, 2015 through June 30, 2016. 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 2015-2016 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. 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.

## 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 130,231 as of May 2016, placing Visalia among the 210 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 to alternating four-year terms staggered every two years. Beginning in November 2016, the Council elections moved from at-large elections to district-based elections. 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.

### 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

Fiscal Year 2015/16 resulted in increases in sales tax, property tax, and business licensing for the General Fund. The total economic-sensitive revenue sources increased by \$5,022,192 as shown in Table 1 – Economic Sensitive Revenues.

Table 1 - Economic Sensitive Revenues  
(as shown in the Financial Statements)

Description	FY 14/15	FY 15/16	Increase Over	
			Prior Year	% Increase
Sales Tax	\$ 21,638,374	\$ 26,542,029	\$ 4,903,655	23%
Property Tax	26,711,206	26,880,309	\$ 169,103	1%
Transient Occupancy Tax	2,621,530	2,483,588	\$ (137,942)	-5%
Franchise Fees	2,750,925	2,719,221	\$ (31,704)	-1%
Business License	2,271,368	2,390,448	\$ 119,080	5%
<b>Total</b>	<b>\$ 55,993,403</b>	<b>\$ 61,015,595</b>	<b>\$ 5,022,192</b>	<b>8%</b>

The amounts collected from Sales Tax and Property Tax shown in Table 1 do not reflect the actual change from prior year due to receiving one-time money from the ending of the Triple Flip. Beginning January 1, 2016, the City resumed receiving their full amount of the local one percent sales tax. Prior to this, under the Triple Flip, one-quarter percent of the local one percent sales tax was withheld by the State and repaid back to the City through the County with the City's property taxes. The ending of the Triple Flip also resulted in approximately \$1.9 million in one-time monies (recorded in the Property Tax category) due to a final true-up payment made by the State.

In order to compare actual Sales Tax and Property Tax growth the one-time payment was removed from the Sales Tax Category and the annual one-quarter Triple Flip money, which replaced the Sales Tax, was put into the Sales Tax category for FY 14/15 and 15/16 as shown in Table 2 – Sales Tax and Property Tax Growth. Based on these changes the Sales Tax growth for 15/16 was 6% and Property Tax was 7%. The growth for Sales Tax for 15/16 is slightly higher due to the ending of the triple flip and the full collection of the one percent sales tax for Visalia. If the Triple Flip had continued, the Sales Tax amount collected for FY 15/16 would have been less due to the delay in the State paying these funds through the County property tax process.

Table 2 – Sales Tax and Property Tax Growth

Description	FY 14/15	FY 15/16	Increase Over	
			Prior Year	% Increase
Sales Tax*	\$ 28,440,557	\$ 30,162,207	\$ 1,721,650	6%
Triple Flip Clean-Up (one-time money)	-	\$ 1,900,000	\$ 1,900,000	
Property Tax*	19,909,023	21,360,131	\$ 1,451,108	7%
Transient Occupancy Tax	2,621,530	2,483,588	\$ (137,942)	-5%
Franchise Fees	2,750,925	2,719,221	\$ (31,704)	-1%
Business License	2,271,368	2,390,448	\$ 119,080	5%
<b>Total</b>	<b>\$ 55,993,403</b>	<b>\$ 61,015,595</b>	<b>\$ 5,022,192</b>	<b>8%</b>

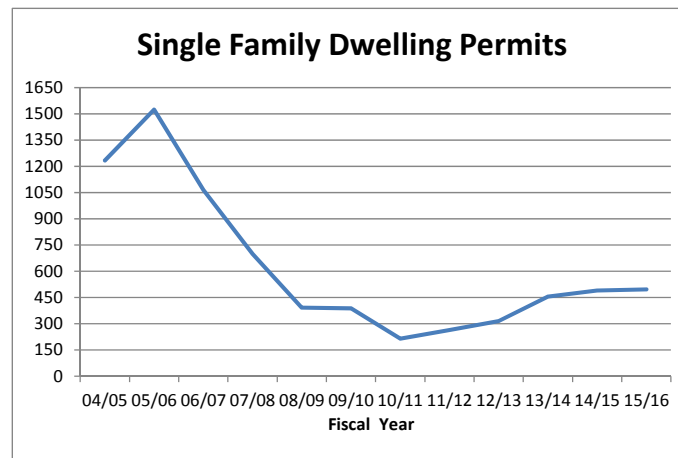
\* For comparison purposes, the annual triple flip money has been redassed from property tax to sales tax as the triple flip program was ended by the State mid fiscal year. The triple flip clean up money of \$1.9 million is separate from the annual payment and is a one-time true up payment to end the program.

Visalia has 12,286 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 continued growth in the City’s industrial job base with more activity pending through the calendar year.

Construction activity in the City continued to improve in 2015-16. The total valuation for all permits issued was \$249 million, a 11% 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 were up from prior year by 1.5%. The construction value for 497 new single family dwelling permits was \$130.4 million, which was up 1.5% 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**

**AGCO Parts**, a global leader in the design, manufacture and distribution of agricultural solutions, is a new industrial park employer and is located at 9860 W. Ferguson Ave. This is the company’s west coast distribution center which relocated from Stockton as the location of Visalia offered improved regional shipping turnaround and improved next day delivery service.

**Vise Brewing**, a new microbrewer, will be opening in the industrial park at the Seals/Biehle Construction site on Placer Ave. Vise Brewing is a joint project that includes Nick Seals.

**Service Master** is proceeding with new construction at 8028 W. Sunnyview. Further development in this area is continuing as a new warehouse with office space is being proposed at 7922 W. Sunnyview.

**Cencal Movement**, a fitness facility that features a “Ninja Warrior” training course, is now in the industrial park at 6841 W. Pershing Ave. CenCal Movement is California’s premier ninja warrior training facility that offers obstacle course fitness classes, a gym, and Birthday party packages.

**Nordstrom** identified Visalia as a potential site for a new 1,000,000 SF fulfillment center. Other potential sites include an out of state option in Nevada and a site in the North Pointe Industrial Park in Fresno (near Hwy 99 and North Ave). While currently on hold, staff feels confident Nordstrom representatives will be interested in continuing discussions soon after the New Year in 2017. The project could create up to 1,875 annual jobs with a full buildout with the expectation of no less than 500 jobs annually.

**Perfection Pet Foods** continues to expand and will be constructing an additional 148,000 SF of warehouse space at their existing Visalia site.

**Visalia Ceramic Tile** expanded with a new 10,000 SF building for their manufacturing process.

**Refrigeration Supplies Distributor (RSD)** has constructed a new 25,000+ SF distribution warehouse located across the street from Visalia Ceramic Tile. RSD is the largest independently owned refrigeration parts and equipment wholesaler in the western United States.

Approximately 30,000 SF of new industrial warehouse space is being built at 8929 W Goshen. ABLE Industries is located at this address but additional development will occur in undeveloped portions of the large parcel.

## **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**

**Outback Steakhouse** is coming to Visalia and is expected to finish construction in late 2016/early 2017 on their new development in the former Mimi’s Café location.

**JoAnn Fabrics** moved to the formerly vacant Circuit City building located in the Sequoia Plaza Shopping Center. A new **Smart and Final Extra** will be moving into the old JoAnn’s location.

**Blaze Pizza** is now open in front of the Visalia Mall. The fast fired pizza concept adds to the growing list of eatery options along Mooney Boulevard. This is a reuse project of the former Uno’s Pizzeria site.

**Pieology**, a fast fired personal pizza chain, is also now in Visalia. This location is in the Gateway Plaza Shopping Center.

**Rubio's** is now open in Packwood Creek in the old Wet Seal location next to Chili's. The chain known for its fish tacos has been doing well.

**Surf Thru Car Wash** is looking to add a second location and is in the entitlement process. The second location would be near Costco off of Cameron Ave. near Packwood Creek. Staff hopes to see additional retailers locate to this prime regional location, the Grove at Packwood Creek (vacant land in between Costco and Packwood Creek East).

A 30,000 SF regional retail use project planned to be located in the Grove at Packwood Creek is moving forward. The use should act as a strong catalyst for further retail development in that area.

The current Weatherby's Furniture site at Walnut and Mooney Blvd. will soon be redeveloped into a new multi-tenant retail building that will feature at least one new restaurant.

The former Citi Bank building on Mooney Blvd. near Red Lobster may soon be redeveloped by the Orosco Group. A proposed site plan shows an updated layout and space for 3-4 new retail/restaurant tenants.

The gas station at the northeast corner of Mooney Blvd. and Walnut (just south of Red Carpet Car Wash) is proposing a completely new layout. The new format proposes a gas station, convenience store, and additional auto service at the site.

## **Downtown Developments**

**The Microbrewery Overlay District** in the East Downtown area (generally bounded by Murray to the north, Ben Maddox to the east, Mineral King to the south, and Santa Fe to the west) has officially been created. This means microbreweries and micro-wineries can now operate in the District boundaries "by right" and no longer require a food service component, nor will there be limitations on retail off-site sales of the establishment's products. Businesses located in this district will be able to brew their goods on site, have a tap room, and sell their brews to restaurants and other entities. The City believes this will add to the existing vibrancy of the Downtown area while providing an economic stimulus to the East Downtown area.

A proposed tap room and beer garden is slated for 521 E. Main St. The proposed microbrewery establishment is hopefully the first of many similar establishments to join the existing businesses in East Downtown.

A new office use and new location of the Planing Mill Artisan Pizzeria have received City approval to open at 720 E Center Ave., the former Caskey Paper building. The site is set to be a mixed use development that may also include residential units and a microbrewery.

**Deli Delicious** added a few new locations in town including a new site on Acequia Ave. across from the Convention Center in the former Quizno's site.

**Left of Center**, a new locavore dining option, recently opened in the Sue Sa's location off Center Ave.

**Doc's Drive In** (currently at West and Acequia Ave.) is considering a move to the southwest corner of Main St. and Willis.

**Chelsea Street Boutique** is opening their second store at 110 W. Main Street, Suite B, adjacent to Starbuck's. This second location will feature more of their plus size merchandise.

The mixed use development of the old Link's Building on Main is nearly complete! The development features 6 residential units and 2 retail spaces on the ground floor. Provoke Salon has relocated to one of the retail spaces and soon we expect the Blend Wine Room to also open. Staff believes there will be many more mixed use projects developing in the coming years in the Downtown and East Downtown areas.

## **North Visalia**

A new ARCO gas station and convenience store was recently constructed and is currently open at the southeast corner of Dinuba Blvd. and Riggan Ave. across from Orchard Walk East. Del Taco is currently being planned at this site as well.

Four new retail spaces have been built at the northeast corner of Dinuba Blvd. and Riggan Ave. in the Orchard Walk East shopping center. In total, there is approx. 7,700 SF of new space built and will bring in both new retail and restaurant tenants.

Many residential projects are continuing to come to market in the North Visalia region including an affordable rental community from Self Help Enterprises. Highland Gardens is a 36 unit rental community that features single family home layouts, with a community center, computer lab, playground and exercise facilities, community garden, and much more.

## **Other Openings/Developments:**

There were numerous national retail and commercial franchise closures that occurred nationwide and statewide this year. Some of these closures affected Visalia, such as the closures of Sport Chalet, Mimi's Café and Citi Bank. Other closures did not impact Visalia as all of the Walmart stores, Sears, and Kmart remained opened in Visalia. Macy's announcement of closing stores is pending but staff and local store management are fairly confident our location will remain open.

A new Arco gas station and convenience store is being proposed in the Cameron Creek Marketplace shopping center which is on Caldwell Ave. between Court and West. Currently the center consists of a Jack in the Box which is on the far corner from this potential site but is proposed to also include additional retail, restaurants and office space.

A Planet Fitness is being constructed at the former Young's Market site at the southeast corner of Demaree St. and Walnut Ave. Additionally, a gym is also being proposed in the former Marinello School of Beauty facility on Mooney Blvd. near the Visalia Mall.

Construction has started on the Holiday Inn Express near Adventure Park and should conclude sometime in the next few months. The hotel is expected to have 104 new rooms.

A new gym facility is being proposed at the old Vons site in the Mineral King shopping center. The center will eventually feature numerous entertainment and activity options including this proposed gym, the existing Chuck E Cheese and Roller Town facilities, and a newly proposed Skywalk trampoline park. A

CUP for the Skywalk trampoline facility in the former Longs Drugs building has been enthusiastically approved. This center will be a key family entertainment destination.

### **Ongoing Capital Projects**

The City's Capital Improvement Program has a number of significant projects currently underway that will continue into fiscal year 2017 and beyond.

### **Visalia Emergency Communication Center (VECC)**

- The \$19 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 began in February 2016. The debt issuance for this project will be paid by Measure T, Public Safety Impact fees, and the General Fund.

### **CAD/RMS Replacement for Public Safety**

- The Computer Aided Dispatch and Records Management System (CADD/RMS) replacement will cost \$3 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.

### **Water Conservation Plant**

- The approximately \$140 million 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 2015-2016 ended with a steady growth in revenue categories such as Sales Tax, Property Tax, and development-related fees and taxes. With strategic financial reform, revenue increases from a strong economy, and careful management of expenses, the City's budget was able to provide limited service enhancements and infrastructure improvements, 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 \$10.0 million change in fund balance with \$2.5 million remaining as a surplus. The main cause of this large net change in fund balance was the issuance of debt for the construction of a new Visalia Emergency Communication Center (VECC). The project will be funded by the General Fund, Measure T Fund, and Police Impact Fees. The General Fund portion of the debt issuance is \$7.1 million. This amount shows up as revenue in the other financing sources section of the Statement of Revenues & Expenditures.



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

	<u>FY 15/16</u>
Revenues	\$ 70.1
Expenditures	<u>\$ 63.0</u>
Over (Under Expenditures)	\$ 7.1
Other sources & Uses	<u>\$ 2.9</u>
Net Change	\$ 10.0
<u>Minus VECC Bond &amp; Capital</u>	
VECC Bond Revenue	\$ 7.1
VECC Capital Expenditures	<u>\$ 2.9</u>
Bond Revenue for VECC Expenditures	\$ 4.2
Minus Sale of land (75%)*	\$ 0.5
Minus Capital Budget Roll-Over	\$ 2.8
Surplus	<u>\$ 2.5</u>

\*Note - All property sales are split 75% Building Improvement Fund and 25% GF Emergency Reserve as directed by Council.

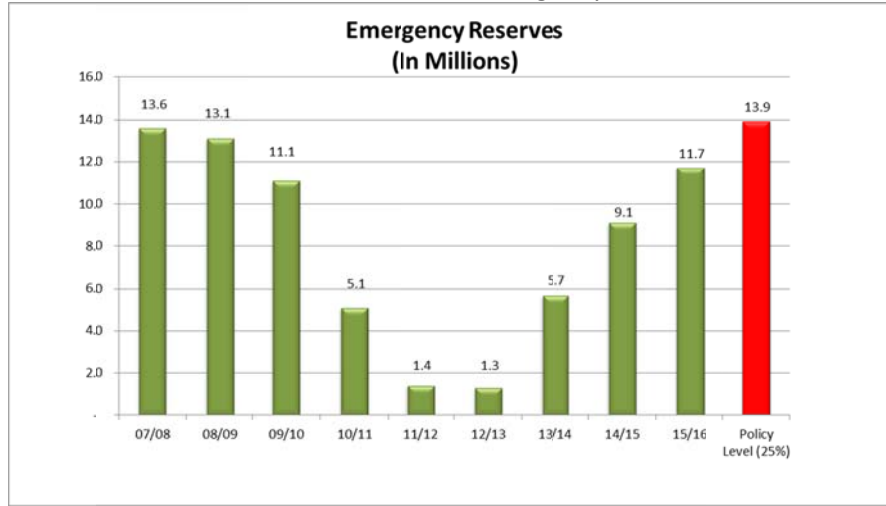
Even though this is the third consecutive year the General Fund has ended the year with a surplus, the balance between revenues and expenditures remains fragile. It is important for the City to continue to monitor increasing costs, such as rising pension costs, and to seek new opportunities to increase 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. The last three years have had larger than expected surpluses due to numerous vacancies throughout City departments.

Table 4 – General Fund Emergency Reserves



In the end, the General Fund has continued to improve with growth in revenues and nearing City Council’s goal of funding the Emergency Reserves with a balance of 25% of General Fund operating expenditures. This fiscal year the City increased the Emergency Reserves by the \$2.5 million surplus, bringing the Emergency Reserves to \$11.7 million (21% of operating expenditures).

Although the General Fund was able to increase Emergency Reserves by \$2.5 million this fiscal year, many challenges still remain. We must continue to strive to achieve City Council’s goal of funding the Emergency Reserves with a balance of 25% of General Fund operating expenditures (13.9 million for 2015-16), rebuild organizational capacity lost due to the recession, and handle increasing pension costs. Officials at CalPERS are currently in talks to propose a reduction in the investment earnings target from 7.5% to 7% or lower. This move would cause a significant increase in pension costs for the City as any loss in investment earnings must be made up with significantly higher annual contributions.

The City has also faced increased needs in Police, Fire, Streets, Recreation and Parks. In response to this, the City of Visalia recently sought a stable source of funding to assist in providing essential city services. Essential services are the backbone of any community and Measure N - The Visalia Essential City Services Measure was brought to the voters on the November 8, 2016 election. The citizens of Visalia approved Measure N with 65.26% of the 39,720 cast ballots voting yes on the Measure.

Measure N will institute a .5% (half-cent) increase to the Transactions and Use Tax (commonly known as sales tax) levied on transactions within the City of Visalia. The proceeds of this tax (estimated at \$10.8 million annually) will provide the City with a reliable, ongoing, local source of funding for public safety, repairs and maintenance for streets, and maintenance of parks and trails. Funds will be controlled directly by the City of Visalia, with citizen oversight, and not subject to control by the State of California.

## 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.

## 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, 2015. 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. 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,



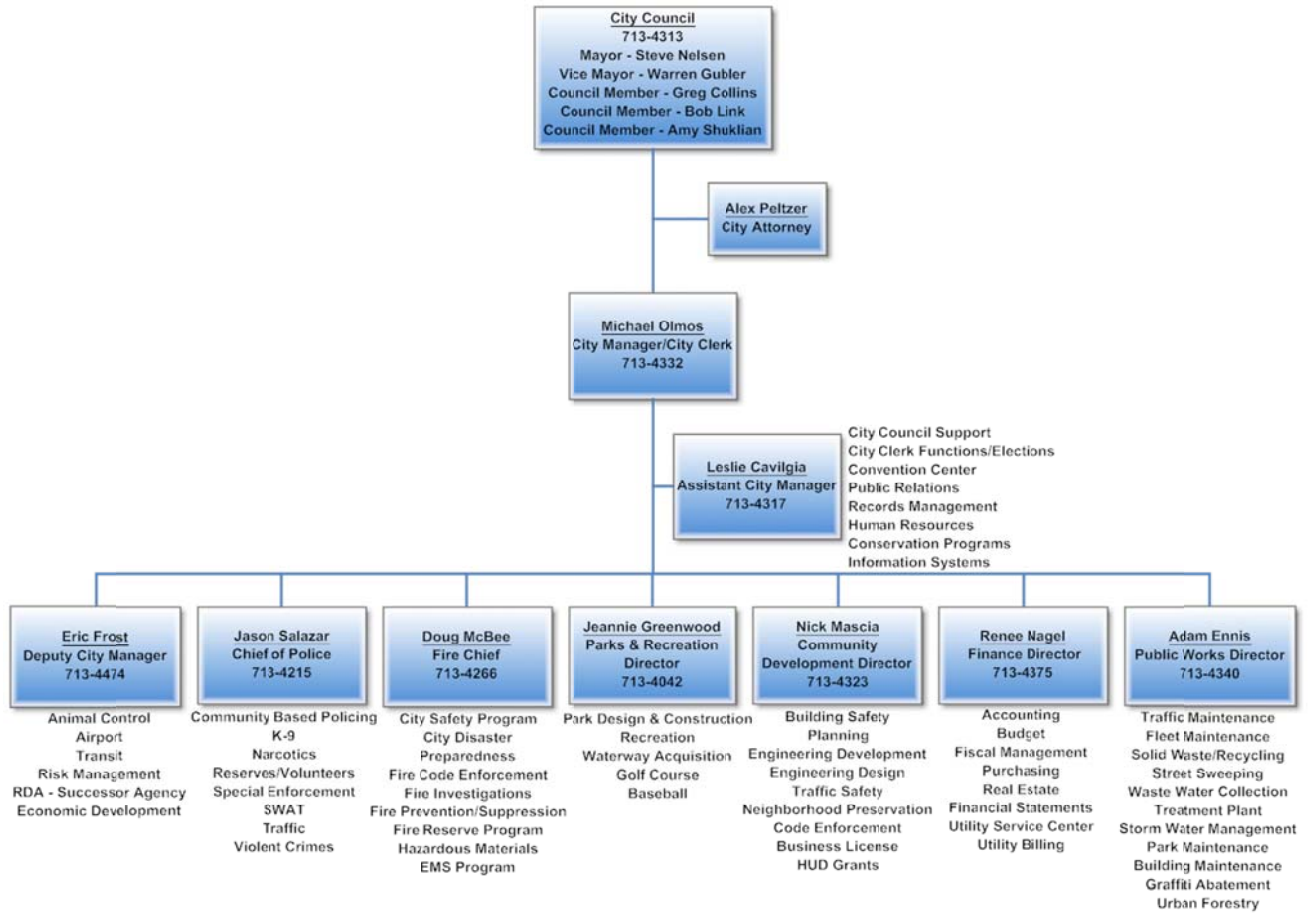
Michael Olmos  
City Manager



Renee Nagel  
Finance Director

# Organization Chart

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016



As of June 30, 2016



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, 2015**



Executive Director/CEO



# Financial Section

Financial Section







## 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 (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, 2016, 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.

Accountancy Corporation  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

t 925.930.0902  
f 925.930.0135  
e maze@mazeassociates.com  
w mazeassociates.com

### ***Emphasis of a Matter***

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1K, 1M and 3I to the financial statements.

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***

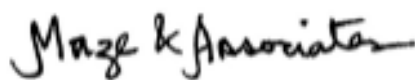
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional 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 December 29, 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  
December 29, 2016

**CITY OF VISALIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
FISCAL YEAR ENDING JUNE 30, 2016**

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.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

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 #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.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## FINANCIAL HIGHLIGHTS

Visalia’s population increased to 130,231 an increase of 1.39% this past fiscal year. The Department of Finance adjusted the prior year figure to 128,447. The California Consumer Price Index for All Urban Consumers for the same period increased by 1.46%. The major factors driving the City’s financial results this fiscal year are the following:

- Improving Sales Tax Revenues, up 12% from last year which also include one-time money from the ending of the Triple Flip.
- Increased construction activity.
- Increase in Charges for Services, up 5% 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 15-16	FY 14-15	Increase (Decrease)	
			\$	%
Assets	\$ 919.1	\$ 823.7	\$ 95.4	11.6%
Deferred Outflows of Resources	22.8	10.5	12.3	117.1%
Liabilities	251.2	191.0	60.2	31.5%
Deferred Inflows of Resources	20.8	19.0	1.8	9.4%
Net Position	669.9	624.2	45.7	7.3%
Revenues	196.1	181.0	15.1	8.3%
Expenses	147.6	141.1	6.5	4.6%

- The City’s Total Assets increased by \$95.4 million (11.6%) during the current fiscal year mainly due to increases in cash and investments of \$27.6 million, taxes receivable of \$5.3 million, notes and loans receivable of \$1.1 million, and capital assets of \$75.0 million. Decreases in Total Assets included reductions in inventory of \$1.0 million, grants due of \$11.3 million, accounts receivable of \$1.3 million, and prepaids and deposits of \$1.1. The inventory consists of walnuts and pecans harvested yet not sold. The capital asset additions include \$4.5 million in land additions, \$5.9 million in vehicles (which include one Vac-Con, nine solid waste trucks, one dump truck, five buses, one fire administration truck and equipment, nine police motorcycles and fifteen police vehicles), \$55.9 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 \$12.3 million (117.1%) due to annual adjustments for GASB 68 recording of deferred pensions. The increase is largely due to projected investment earnings by CalPERS not coming in as expected.
- The City’s Liabilities increased by \$60.2 million (31.5%) during the current fiscal year. This was mainly due to the addition of \$28.1 million in new debt in the Wastewater Fund for the funding of a wastewater

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

treatment plant upgrade and the issuance of debt (2015 COP) for the funding of the Visalia Emergency Communication Center (VECC) and Convention Center renovations. The increase can also be attributed to an increase in the Net Pension Liability of \$9.1 million.

- The City's Deferred Inflows of Resources increased by \$1.8 million is mainly due to annual adjustments by CalPers for GASB 68 recording of deferred pensions. The increase is largely due to changes in assumptions by CalPers as they changed the discount rate from 7.5 percent to 7.65 percent.
- The City's Total Net Position (assets exceeding its liabilities and deferred inflows of resources) were \$669.9 million as of June 30, 2016.
- The City's Total Revenues, including program and general revenues, were \$196.1 million for fiscal year 2015-16, an increase of \$15.1 million (8.3%) from last year, while total City expenses were \$147.6 million, an increase of \$6.5 million (4.6%) from last year. The revenue increase is mainly due an increase in sales tax revenue of \$3.9 million, an increase in charges for services of \$3.6 million, an increase grants and contributions of \$8.4 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 2015-16, Program Revenues were \$118.2 million (revenues derived from specific activities) and General Revenues (e.g., taxes and investment earnings) were \$77.9 million. These same revenues can be classified as either Governmental activity revenues or Business-type activity revenues. For fiscal year 2015-16, Governmental activity revenues and Business-type activity revenues were \$103.4 million (52.7%) and \$92.7 million (47.3%), respectively.
- Expenses for governmental activities and for business-type activities were \$81.6 million (a 5.7% increase from last year) and \$66.0 million (a 3.2% increase from last year), respectively.

## **Fund Financial Statements**

- The General Fund's revenues were \$70.1 million for fiscal year 2015-16 (a \$5.2 million or 8.0% increase from last year), while the General Fund's expenditures and other financing source and uses were \$60.1 million (a \$2.5 million or 3.9% decrease from last year). The increase in revenues is mainly due to increases in sales tax of \$4.9 million, in property tax of \$0.2 million, in fees and fines of \$0.2 million, in charges for current services of \$0.5 million, in miscellaneous \$0.4 million and a decrease in uses of money and property of \$0.9 million. The decrease in expenditures and transfers is mainly due to the issuance of debt off set by the increases in salaries and benefits as a result of wage increases.
- The General Fund's fund balance increased by \$10.3 million as revenues exceeded expenditures by \$10.0 million and due to prior period adjustments of \$.03 million (Note 14). Fund balance was \$51.9 million at fiscal year-end, of which \$19.1 million has been reserved nonspendable or assigned fund balance for advances to other funds and prepaids. Some \$28.0 million of fund balance is designated by City Council as committed fund balance for specific purposes while \$4.8 million remains unassigned.
- The General Fund sales tax, compared to the Government wide Statement sales tax, is \$1.0 million more than the Government wide Statement sales tax due to the Government wide Statement including Non-major Governmental funds. Measure R regional fund is a Non-major fund and the sales tax received from the County is on a reimbursement basis based on capital expenditures, which were down from the prior year.

## 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 \$357.1 million. The largest portion of the net position, \$288.0 million (80.6%), is Net Investment in Capital Assets (net of debt to acquire those assets). The remaining portions of the City's net position are: \$56.4 million (15.8%) represents resources that are subject to restrictions and the remaining \$12.7 million (3.6%) being unrestricted.

Table 2  
Governmental Net Position  
(in millions)

	FY 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 103.3	\$ 86.5	\$ 16.8	19%
Current and Other Assets	53.8	51.2	2.6	5%
Adv. To Other Funds & Internal Balances	4.4	6.1	(1.7)	-28%
Capital Assets, Net of Accum. Deprec.	303.2	288.2	15.0	5%
<b>Total Assets</b>	<b>464.7</b>	<b>432.0</b>	<b>32.7</b>	<b>8%</b>
<b>Deferred Outflows of Resources</b>				
Deferred Pensions	18.4	8.7	9.7	111%
<b>Total Deferred Outflows of Resources</b>	<b>18.4</b>	<b>8.7</b>	<b>9.7</b>	<b>111%</b>
<b>Liabilities</b>				
Other Liabilities	16.4	15.0	1.4	9%
Long-Term Obligations	93.6	75.5	18.1	24%
<b>Total Liabilities</b>	<b>110.0</b>	<b>90.5</b>	<b>19.5</b>	<b>22%</b>
<b>Deferred Inflows of Resources</b>				
Deferred Pensions	15.9	15.1	0.8	5%
Unamortized Gain on Refunding of Debt	0.1	-	0.1	100%
<b>Total Deferred Inflows of Resources</b>	<b>16.1</b>	<b>15.1</b>	<b>1.0</b>	<b>6%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	288.0	284.9	3.1	1%
Restricted	56.4	52.4	4.0	8%
Unrestricted	12.7	(2.2)	14.9	-676%
<b>Total Net Position</b>	<b>\$ 357.1</b>	<b>\$ 335.1</b>	<b>\$ 22.0</b>	<b>7%</b>

- *Cash and Investments* of \$103.3 million increased \$16.8 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 \$303.2 million are categorized in [Table 8, Capital Assets, Net of Accumulated Depreciation](#). This amount increased by \$15.0 million over last year as capital projects were constructed or in progress.
- *Long-Term Obligations* totaling \$93.6 million is comprised of Net Pension Liability, Certificates of Participation, government loans, and compensated absences. There were \$1.3 million in long term debt payments made by the City during the year. Net pension liability adjustments increased by \$6.3 million and the issuance of the 2015 COP was \$13.1 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 \$288.0 million represents the City's capital assets less accumulated depreciation and any debt used to finance its construction or purchase.



# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

- *Restricted Net Position* of \$56.4 million is primarily found in Capital Projects funds which have been restricted for related capital projects.
- *Unrestricted Net Position* of \$12.7 million is the remaining part of the assets. Of this amount, \$51.9 is the General Fund's net position. Of the General Fund's portion, all but \$4.8 million is either nonspendable (\$.3 million), committed (\$28.0 million) or assigned as advances and budgeted projects (\$18.8 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 2015-16 the City's net position increased by \$22.0 million.

Table 3  
Changes in Governmental Net Position  
(in millions)

	FY 15-16		FY 14-15		Increase (Decrease)	
					\$	%
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$	20.3	\$	19.4	\$	0.9 5%
Operating Grants & Contributions		3.7		4.6	(0.9)	-20%
Capital Grants & Contributions		9.6		8.6	1.0	11%
General Revenues:						
Taxes						
Sales		36.1		32.2	3.9	12%
Property		26.8		27.7	(0.9)	-3%
Other		7.7		8.3	(0.6)	-7%
Investment Earnings		0.7		1.9	(1.2)	-62%
Miscellaneous		2.6		1.6	1.0	61%
Total Revenues		<u>107.5</u>		<u>104.3</u>	<u>3.2</u>	<u>3%</u>
<b>EXPENSES</b>						
General Government		4.3		4.3	(0.0)	0%
Community Development		4.8		6.0	(1.2)	-20%
Police		31.2		30.4	0.8	3%
Fire		15.3		13.8	1.5	11%
Public Works		24.5		13.6	10.9	80%
Parks & Recreation		0.8		9.0	(8.2)	-91%
Interest on Long-Term Debt		0.7		0.1	0.6	600%
Total Expenses		<u>81.6</u>		<u>77.2</u>	<u>4.4</u>	<u>6%</u>
Increase (Decrease) in Net Position Before Transfers						
		25.9		27.1	(1.2)	-4%
Transfers						
		(4.1)		(4.3)	0.2	-5%
Total Transfers		<u>(4.1)</u>		<u>(4.3)</u>	<u>0.2</u>	<u>-5%</u>
Increase (Decrease) in Net Position						
		21.8		22.9	(1.1)	-5%
Net Position at Beg. of Year, as Restated		335.3		312.3	23.0	7%
Net Position at End of Year	\$	<u>357.1</u>	\$	<u>335.2</u>	<u>\$ 21.9</u>	<u>7%</u>

Total Revenues of \$107.5 million, increased by \$3.2 million (3%) and total governmental expenses of \$81.6 million, increased by \$4.4 million (6%) when compared to last year. The most significant revenue changes were the increases in sales taxes of \$3.9 million, in charges for services of \$0.9 million, in miscellaneous of \$1.0 million and \$1.0 million in operating grants accompanied by decreases in capital grants and contributions of \$0.9 million, in property taxes of \$0.9 million, other taxes of \$0.6 million, and in investment earnings of \$1.2 million. The change

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

in expenditures was mainly due to increases in Fire of \$1.5 million, and Public Works of \$10.9 million with decreases in Parks & Recreation of \$8.2 million, and Community Development of \$1.2 million. The large increase in Public Works expenditures and decrease in Parks and Recreation expenditures was the result of the transfer of the Building Maintenance and Parks divisions to Public Works from Parks and Recreation.

## **PROGRAM REVENUES**

### **Charges for Services**

These charges increased \$0.9 million or 5% 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 increased this year, up slightly from last year by \$0.1 million, for a total of \$13.3 million for fiscal year 2015-16.

## **GENERAL REVENUES**

- **Sales Tax** - Sales tax increased \$3.9 million from last year mainly due to an improving economy (general and special district tax increase of \$5.1 million), a decrease in Measure R Regional sales tax revenues of \$1.4 million, and an increase Measure R Local sales tax revenues of \$.2 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 \$36.1 million.

Included in the increase this year was one-time money from the ending of the Triple Flip. Beginning January 1, 2016, the City resumed receiving their full amount of the local one-cent sales tax. Prior to this, under the Triple Flip, one-quarter cent of the local one-cent sales tax was withheld by the State and repaid back to the City through the County with the City's property taxes. The ending of the Triple Flip also resulted in approximately \$1.9 million in one-time monies (recorded in the Property Tax category) due to a final true-up payment made by the State.

- **Property Taxes** - Property tax revenues decreased \$0.9 million (1%) over last year currently totaling \$26.8 million, mainly due to the ending of the triple flip.
- **Investment Earnings** - Investment earnings decreased to \$0.5 from \$1.9 million over the last year mainly due the prior year's interest/discount earned on a PERS prepayment and no PERS prepayment this fiscal year.

## **EXPENSES**

- **General Government** – There were \$4.3 million in expenses, reflecting no change from the prior year.
- **Community Development** - There were \$4.8 million in expenses, a decrease of \$1.2 (20%) due to a decrease in FAP (first time assistance program) for home buying assistance.
- **Police** - There were \$31.2 million in expenses, an increase of \$0.8 million (3%) as compared to last year which was mainly due increases in salaries and benefits as a result of wage increases.
- **Fire** - There were \$15.3 million in expenses, an increase of \$1.5 million (11%) an increase in salaries and benefits as a result of wage increases and capital related projects.
- **Public Works** - There were \$24.5 million in expenses, an increase of \$10.9 million (80%) mainly due the transfer of Building Maintenance and Parks divisions from Parks and Recreation, an increase in salaries and benefits as a result of wage increases, and capital related projects.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

- **Parks and Recreation** - There were \$0.8 million in expenses, a decrease in \$8.2 million (91%) mainly due to the transfer of Building Maintenance and Parks divisions to Public Works.
- **Interest on Long-Term Debt** - There was \$.7 million in interest expense for fiscal year 2015-16. Principal payments were made on Certificates of Participation and bank notes. The 2014 COP has a maturity date of 2025 and the 2015 COP has a maturity date of 2029. 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 \$312.8 million. The largest portion of the net position, Net Investment in Capital Assets, is \$243.0 million (77.7%). \$45.2 million (14.5%) represents resources that are subject to restrictions. The remaining balance of \$24.6 million (7.8%) represents unrestricted net position.

Table 4  
Business-Type Net Position  
(in millions)

	FY 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 88.9	\$ 78.2	\$ 10.7	14%
Current and Other Assets	26.4	36.2	(9.8)	-27%
Internal Balances	(4.4)	(6.1)	1.7	-28%
Capital Assets	343.4	283.4	60.0	21%
Total Assets	454.3	391.7	62.6	16%
<b>Deferred Outflows of Resources</b>				
Deferred Pensions	4.4	1.8	2.6	144%
Total Deferred Outflows of Resources	4.4	1.8	2.6	144%
<b>Liabilities</b>				
Other Liabilities	18.4	11.6	6.8	59%
Long-Term Debt Outstanding	122.8	88.9	33.9	38%
Total Liabilities	141.2	100.5	40.7	40%
<b>Deferred Inflows of Resources</b>				
Deferred Pensions	4.1	3.9	0.2	6%
Unamortized Gain on Refunding of Debt	0.6	-	0.6	100%
Total Deferred Inflows of Resources	4.7	3.9	0.8	22%
<b>Net Position</b>				
Net Investment in Capital Assets	243.0	212.9	30.1	14%
Restricted	45.2	71.1	(25.9)	-36%
Unrestricted	24.6	5.1	19.5	383%
Total Net Position	\$ 312.8	\$ 289.1	\$ 23.7	8%

- **Cash and Investments** increased \$10.7 million (14%) as these funds are accumulating cash for capital projects. Increases included funds in Solid Waste for \$4.1 million, in Wastewater for \$2.8 million, in Transit for \$2.1 million and in Building Safety for \$2.1 million mainly due to an increase in building activity.
- **Capital Assets** totaling \$343.4 million increased by \$60.0 million (21%) mainly due to an increase in construction in progress for the treatment plant upgrade of \$44.1 million. Buildings showed an increase due to the addition of the Animal Control Facility totaling \$6.8 million and Convention Center renovations of \$5.5 million. Land acquisitions include additions in Wastewater of \$0.7 million, Storm Sewer Maintenance of \$0.7 million and Solid Waste of \$1.8 million. Vehicles increased for Solid Waste trucks by \$2.4 million, for Transit buses by \$1.5 million and Wastewater vehicles by \$0.5 million and Wastewater equipment by \$0.4 million. There were increases in infrastructure of \$12.6 million; and an increase in accumulated depreciation of \$8.1 million. See [Table 8, Capital Assets, Net of Accumulated Depreciation](#) below for additional detail.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

- **Long-Term Debt** totaling \$122.8 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, 2015 COP and adjustments to the Net Pension Liability increased the long term debt by \$33.9 million. See the accompanying *Notes to Basic Financial Statements, Note 7- Long-Term Debt, and Note 10 Employee Benefits* for further detail.
- **Net Position – Net Investment in Capital Assets** totaling \$243.0 million (14% increase) represents capital assets less accumulated depreciation and net of any debt used to finance its construction or purchase.
- **Restricted Net Position** of \$45.2 million is primarily found in Capital Projects funds which have been restricted for related capital projects and debt service reserves.
- **Unrestricted Net Position** of \$24.6 million experienced an increase of \$19.5 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, and Solid Waste funds.

## 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 2015-16 increased the City’s net position by \$11.8 million (4%). Total Business-type revenues of \$88.7 million increased by \$12.0 million (16%) when compared to last year. Total Business-type expenses totaled \$66.0 million, an increase of \$2.1 million (3%) as compared to last year.

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

	FY 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 63.1	\$ 61.1	\$ 2.0	3%
Operating Grants & Contributions	4.2	9.9	(5.7)	-58%
Capital Grants & Contributions	17.4	2.7	14.7	544%
Investment Earnings	0.6	0.4	0.2	44%
Miscellaneous	3.4	2.6	0.8	32%
Total Revenues	<u>88.7</u>	<u>76.7</u>	<u>12.0</u>	<u>16%</u>
<b>EXPENSES</b>				
Convention Center	5.8	5.7	0.1	2%
Airport	2.2	2.5	(0.3)	-12%
Golf Course	2.5	2.8	(0.3)	-9%
Wastewater	18.1	15.1	3.0	20%
Storm Sewer	1.8	1.7	0.1	3%
Solid Waste	16.3	18.0	(1.7)	-9%
Transit	14.8	14.7	0.1	0%
Baseball	0.3	0.3	0.0	0%
Animal Control	1.9	1.1	0.8	74%
Building Safety	2.3	2.0	0.3	17%
Total Expenses	<u>66.0</u>	<u>63.9</u>	<u>2.1</u>	<u>3%</u>
Increase in Net Position Before Transfers	22.7	24.7	(2.0)	-8%
Transfers	4.1	4.3	(0.2)	-5%
Increase in Net Position	<u>26.8</u>	<u>29.0</u>	<u>(2.2)</u>	<u>-8%</u>
Net Position at Beg. of Year, as restated	<u>286.0</u>	<u>272.0</u>	<u>14.0</u>	<u>5%</u>
Net Position at End of Year	<u>\$ 312.8</u>	<u>\$ 301.0</u>	<u>\$ 11.8</u>	<u>4%</u>

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## Revenues

- **Charges for Services** – These revenues were up collectively by \$2.0 million mainly as a result of increased activity in Transit of \$1.6 million (CNG Sales/Federal Rebates), Building Safety of \$0.6 million (Construction Permits), Airport of \$0.2 million, Animal Control of \$0.1 million.
- **Operating and Capital Grants and Contributions** – The combined revenue from operating and capital grants and contributions increased this year \$9.0 million mainly due to capital grant increases for Wastewater of \$7.8 million, Storm Sewer Maintenance of \$2.7 million and a reduction in Transit grants of \$2.4 million.

## Expenses

- **Convention Center** – There were \$5.8 million in expenses, a slight increase of \$0.1 million (2%) mainly due to increased depreciation of \$340K due to the recent renovation and interest expenses of \$91K for the bond, offset by lower allocations and services provided of \$90K and a decrease in capital expenses of \$200K.
- **Airport** – There were \$2.2 million in expenses, a decrease of \$0.3 million (-12%) mainly due to lower aviation fuel expenses of \$157K due to no longer having an airline, and a decrease in depreciation expense of \$181K, offset by higher salaries and benefits of \$24K as a result of wage increases.
- **Golf Course** – There were \$2.5 million in expenses, a decrease of \$0.3 million (-9%) this year mainly due to a decrease in interest on debt of \$0.2 million which Council authorized a forgiveness to prior interest and to no longer charge future interest on debt, and lower allocations of \$0.1 million.
- **Wastewater** – There were \$18.1 million in expenses, an increase of \$3.0 million (20%) mainly due to capital expenses of \$2.3, increased maintenance and operations costs including allocations and services provided of \$320K, bad debt expense of \$132K, increases in salaries and benefits due to wage and benefit increases of \$133K.
- **Storm Sewer Maintenance** – There were \$1.8 million in expenses, an increase of \$0.1 million (3%) mainly due to an increase in maintenance and operations costs for allocated expenses and services provided of \$0.1 million.
- **Solid Waste** – There were \$16.3 million in expenses, a decrease of \$1.7 million (-9%) mainly due to a decrease in operating and maintenance costs with decreases in services provided of \$0.4 million, landfill dump charges of \$0.5 million, recycling fees of \$0.5 million, consulting and membership fees of \$0.2 million and salaries and benefits of \$0.3 million, offset by an increase in depreciation expense of \$0.2 million and capital expenses of \$0.1 million.
- **Transit** – There were \$14.8 million in expenses, a slight increase of \$0.1 million mainly due to increases in maintenance and operations costs due to increased bus services offset by lower capital expenses.
- **Baseball** – There were \$.3 million in expenses reflecting no change from the prior year.
- **Animal Control** – There were \$1.9 million in expenses, an increase of \$0.8 million (74%) mainly due to increases in salaries and benefits of \$0.5 million as a result of the City taking full control of Animal Control services. Increases also occurred in maintenance and operations costs of \$0.2 million and depreciation expense of \$0.1 million.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

- **Building Safety** – There were \$2.3 million in expenses, an increase of \$0.3 million (17%) mainly due to additional positions and wage and benefit increases.

## 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 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 69.1	\$ 66.9	\$ 2.2	3%
Other Assets	63.9	46.6	17.3	37%
Intergovernmental Balances	8.9	12.0	(3.1)	-26%
Total Assets	141.9	125.5	16.4	13%
<b>Liabilities</b>				
Advances From Grantors and Third Parties	0.6	0.6	(0.0)	0%
Advances From Other Funds	3.7	4.0	(0.3)	-7%
Other Liabilities	11.0	8.8	2.2	25%
Total Liabilities	15.3	13.4	1.9	14%
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	18.3	18.0	0.3	2%
Total Deferred Inflows of Resources	18.3	18.0	0.3	2%
<b>Fund Balances</b>				
Nonspendable	0.4	0.4	0.0	5%
Restricted	50.8	46.0	4.8	11%
Committed	36.8	25.0	11.8	47%
Assigned	20.0	21.1	(1.1)	-5%
Unassigned	0.2	1.6	(1.4)	-91%
Total Fund Balances	\$ 108.3	\$ 94.1	\$ 14.2	15%

**Assets** – The composition of assets changed by \$16.4 million during the year with an increase in cash, an increase in other assets and a decrease in intergovernmental balances. Cash increased \$2.2 million mainly due to repayments of prior year advances (advances down \$1.8 million). Other assets increased \$17.3 million mainly as the result of an increase in restricted cash and investments of \$13.7 million due to the 2015 COP issuance, in notes and loans receivable of \$1.1 million, in taxes receivable of \$5.8 million and a decrease in accounts receivable of \$2.7 million. Intergovernmental balances decreased \$3.1 million as a result of a reduction in advances of \$1.8 million to other funds and a decrease in amounts due from other governmental agencies of \$1.3 million.

**Liabilities** – Liabilities have increased \$1.9 million as a result of a decrease in advances from other funds and a increase in other liabilities. Advances from other funds decreased \$0.3 million as funds were able to repay advances due to a decrease in due from other governmental agencies (grant money). Other liabilities increased \$2.2 million mainly due to an increase in accounts payable of \$1.7 million, an increase in developer reimbursements of \$0.6 million, and a decrease in unearned revenue \$0.3 million (nut inventory).

**Deferred Inflows of Resources** – Deferred Inflows of Resources increased \$0.3 million mainly due to an increase in unavailable revenue in Impact Fees.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

**Fund Balance** - By June 30, 2016, the City's Governmental Funds had a total fund balance of \$108.3 million, an increase of \$14.2 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 \$5.4 million. The increase mainly came from an increase in sales tax of \$3.9 million including one-time money from the ending of the triple flip, fees and fines of \$1.3 million, charges for current services \$0.8 million, and miscellaneous \$0.4 million with reductions in uses of money and property of \$1.2 million. Expenditures were up by \$14.5 million mainly due to an increase in capital projects.

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

	<u>FY 15-16</u>	<u>FY 14-15</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Revenues	\$ 105.1	\$ 99.7	\$ 5.4	5%
Expenditures	<u>101.5</u>	<u>87.0</u>	<u>14.5</u>	<u>16%</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3.6	12.7	(9.1)	-71%
Other Sources & (Uses)	<u>10.4</u>	<u>(3.2)</u>	<u>13.6</u>	<u>-425%</u>
Net Change	<u>\$ 14.0</u>	<u>\$ 9.5</u>	<u>\$ 4.5</u>	<u>47%</u>

## Governmental Funds

By June 30, 2016, the City's Governmental Funds had a total fund balance of \$108.3 million, an increase of \$14.2 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 \$5.4 million from the prior year with most of the increase coming from an increase in sales tax of \$3.9 million including on-time money from the ending of the triple flip, fees and fines of \$1.3 million, charges for current services \$0.8 million, and miscellaneous \$0.4 million with reductions in uses of money and property of \$1.2 million. Expenditures were up by \$14.5 million mainly due to an increase in capital projects.

Other Financing Sources and Uses in the governmental funds had a \$13.6 million increase in sources as issuance of debt was \$13.9 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 \$10.0 million.

The General Fund saw an overall increase in revenues of \$5.2 million as compared to last year. The increase mainly was from an increase in sales tax revenue of \$4.9 million including one-time money from the ending of the triple flip, property tax \$0.2 million, subventions and grants \$0.1 million, fees and fines \$0.2 million, charges for current services \$0.5 million, miscellaneous revenue of \$0.4 million, and a reduction in uses of money and property of \$0.9 million and other taxes of \$0.1 million.

The largest transfer out from the General Fund is to the Convention Center Fund totaling \$2.6 million. This transfer is for operations, capital and debt payment.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

**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 expenditures exceeded revenues by \$0.3 million for the year, mainly due to a decrease in subventions and grants of \$0.6 million. The net change in fund balance decreased \$0.3 million from last fiscal year to \$1.9 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 \$15 thousand for the year. For the year, fund balance increased \$15 thousand from last fiscal year staying at \$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 \$0.5 million to \$1.0 million as a result of increased revenue due to increased building activity.

**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 \$28.3 million in revenue and have a combined Fund Balance at year-end of \$50.8 million.

## ANALYSIS OF MAJOR PROPRIETARY FUNDS

### Business-Type Funds

By June 30, 2016, the City's Proprietary Funds combined net position totaled \$314.0 million, an increase of \$23.5 million from the prior fiscal year, which was a combination of increases and decreases in various funds and a period adjustments of \$3.1 million.

Enterprise revenues were \$63.1 million this year, an increase of \$2.0 million from last year with most of the increased activity in Transit of \$1.6 million (CNG rebate revenue), Building Safety of \$0.6 million (Construction Permits), Airport of \$0.2 million, and Animal Control of \$0.1 million. Operating expenses were \$59.5 million this year, an increase of \$1.5 million from last year.

**Convention Center** - Operating revenues remained constant as compared to last year. Operating expenses increased \$0.3 million mainly due to increases depreciation expense.

**Airport** - Operating revenues increased by \$0.2 million. Operating expenses had decreases of \$0.2 million mainly due to lower aviation fuel expenses of \$157K, and a decrease in depreciation expense of \$181K, offset by higher salaries and benefits of \$24K as a result of wage increases.

**Valley Oaks Golf Course** - Operating revenues were slightly up as compared to last year increasing \$4K. Operating expenditures were down slightly due to a decrease in allocations of \$61K

**Wastewater** - Operating revenues decreased \$0.2 million mainly due to a decrease in the true up of Fathom receivables as compared to the prior year. Operating expense increased \$0.7 million due to maintenance and operational costs including allocations and services provided of \$320K, bad debt expense of \$136K, and salaries and benefits of \$133K due to wage increases.



# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

**Storm Sewer Maintenance** - Operating revenues had a slight increase of \$44K and operating expenses had a decrease of \$0.1 million mainly due to maintenance and operations costs for allocated expenses and services provided. Contributions increased by \$0.1 million due to capital projects paid for by other funds.

**Solid Waste** - Operating revenues decreased \$0.4 million mainly due to a decrease in the true up of Fathom receivables as compared to the prior year. In addition, there were decreases in services provided revenue of \$0.8 million offset with an increase in residential fee revenue of \$0.3 million and recycling fee revenue of \$0.1 million. Operations this year decreased \$1.6 million mainly due to a decrease in maintenance and operations of \$1.5 million as a result of decreases in landfill dump expenses of \$0.5 million, recycle fees of \$0.4 million, consulting and member dues of \$0.2 million and services provided of \$0.4 million, offset by increase in salaries and benefits of \$0.3 million as a result of wage increases, as well as an increase in depreciation expenses of \$0.2 million.

**Transit** - - Operating revenues increased \$1.6 million mainly due to receipt of IRS CNG rebates as a result of the timing of the rebate and a change in the reimbursement process from an annual reimbursement to a quarterly reimbursement. Operating expenses increased \$1.3 million mainly due to an increase in contracted bus services of \$0.6 million (Transit \$0.6 million, V-Line \$0.1 million and Sequoia shuttle -\$0.1 million), contract equipment repairs of \$0.4 million (Transit \$0.3 million, Sequoia shuttle \$0.1 million), allocations of \$0.3 million, and salaries and benefits of \$0.1 million due to wage increases, offset by lower security expenses of \$0.1 million.

**Building Safety** – Operating revenues increased by \$0.6 million as building activity continued to increase. Operating expenses increased by \$0.3 million mainly due to an increase in salaries and benefits as a result of wage increases.

**Animal Control** – Operating revenues increased \$0.1 million mainly due to an increase in administrative fines of \$0.1 million. Operating expenses increased \$0.8 million mainly due to an increase in salaries and benefits of \$0.5 million as a result of new employees, as the City has taken full control of Animal Control Services. Increases of \$0.2 million also occurred in maintenance and operations costs due to the operations of the new facility including utilities of \$64K, equipment and supplies of \$42K, animal food of \$33K, and veterinary services of \$31K.

**Baseball** – Operating revenues increase \$18,245 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 \$1.0 million, to a final budgeted amount of \$63.6 million, mainly due to \$1.0 million in various additional federal, state and county grant funding secured by the City.

Budgeted total expenditures increased by \$11.0 million to a final budgeted amount of \$74.8 million, mainly due to an increase of \$11.4 million in Capital Outlay (Projects) and a reduction in police expenses of \$.4 million due to vacancies.

### General Fund - Final Budget and Actual Comparison

Total revenues were \$6.5 million higher than the final budgeted amount, as detailed below:

Sales Tax – was \$4.1 million more than budgeted as the economy improved more than anticipated and the ending of the triple flip.

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

Transient Occupancy Tax – was \$0.2 million more than budgeted as the economy improved more than anticipated.

Franchise Fees – was \$0.3 million more than budgeted due to revenues being up more than anticipated.  
Business License – was \$0.3 million more than budgeted as the economy continued to improve.

Subventions and Grants – was \$0.1 million more than budgeted due to the City securing additional funds.

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.

Special Public Safety Services – was \$0.3 million more than budgeted as these specialized services were higher than anticipated for the year.

Recreation Programs – was \$0.2 million more than budgeted due to increased participation in the City's recreation programs.

Other Revenue – was \$0.9 million more than budgeted mainly due to \$0.4 million in walnut and pecan money received from nut orchards not budgeted and increased subrogation recovery of \$0.2 million and \$0.3 million in miscellaneous other items.

Total expenditures were \$11.8 million less than budget. This difference was mainly due to police expenditures coming in less than budgeted by \$0.4 million due to vacancies and several capital projects being rolled into the 16/17 fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets for its Governmental and Business-Type activities as of June 30, 2016 totaled \$646.6 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 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>Governmental Activities</b>				
Land	\$ 40.2	\$ 39.0	\$ 1.2	3%
Buildings	35.2	33.1	2.1	6%
Improvements	43.9	44.1	(0.2)	0%
Equipment	12.5	12.7	(0.2)	-2%
Infrastructure	108.9	112.2	(3.3)	-3%
Construction in Progress	62.5	47.1	15.4	33%
<b>Total</b>	<b>303.2</b>	<b>288.2</b>	<b>15.0</b>	<b>5%</b>
<b>Business-Type Activities</b>				
Land	26.3	23.0	3.3	14%
Buildings	37.1	25.9	11.2	43%
Improvements	34.3	36.2	(1.9)	-5%
Equipment	22.1	21.0	1.1	5%
Infrastructure	100.7	89.4	11.3	12%
Construction in Progress	122.9	87.9	35.0	40%
<b>Total</b>	<b>\$ 343.4</b>	<b>\$ 283.4</b>	<b>\$ 60.0</b>	<b>21%</b>
<b>Total City-Wide</b>	<b>\$ 646.6</b>	<b>\$ 571.6</b>	<b>\$ 75.0</b>	<b>13%</b>

# Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

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

## Governmental

- Construction of the VECC began.
- SW Fire Station completed.
- Addition of Streets.
- Land – Modoc Basin.

## Business-type

- Wastewater Treatment Plant Upgrade continues.
- Animal Control Facility completed.
- Convention Center Remodel completed.
- Land – Modoc Basin and Ben Maddox property.

## Debt Administration

The City's total long-term debt increased by \$43.5 million (55%) 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, 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 \$28 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 15-16	FY 14-15	Increase (Decrease)	
			\$	%
<b>Governmental Activities</b>				
Certificates of Participation	\$ 13.7	\$ 1.3	\$ 12.4	947%
Notes Payable	1.5	2.0	(0.5)	-26%
Compensated Absences	4.8	4.8	0.0	0%
<b>Total</b>	<b>20.0</b>	<b>8.1</b>	<b>11.9</b>	<b>146%</b>
<b>Business-Type Activities</b>				
Certificates of Participation	10.5	6.5	4.0	61%
Lease	5.5	5.9	(0.4)	-6%
Notes Payable	85.0	57.0	28.0	49%
Compensated Absences	1.0	1.0	0.0	0%
<b>Total</b>	<b>\$ 102.0</b>	<b>\$ 70.4</b>	<b>\$ 31.6</b>	<b>45%</b>
<b>Total City-Wide</b>	<b>\$ 122.0</b>	<b>\$ 78.5</b>	<b>\$ 43.5</b>	<b>55%</b>

## 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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# BASIC FINANCIAL STATEMENTS

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# Statement of Net Position and Statement of Activities

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$ 88,012,546	\$ 88,313,894	\$176,326,440
Restricted Cash and Investments (Note 3)	15,298,037	606,404	15,904,441
Accounts Receivable	5,237,890	6,249,837	11,487,727
Interest Receivable	299,701	-	299,701
Taxes Receivable	15,066,128	5,092,172	20,158,300
Notes and Loans Receivable (Note 5)	28,254,092	31,500	28,285,592
Supplies	783,841	76,976	860,817
Inventory (Note 11)	456,067	235,293	691,360
Internal Balances	4,421,113	(4,421,113)	-
Due from Other Governmental Units	1,944,087	14,672,397	16,616,484
Land Held for Redevelopment (Note 1G)	815,227	-	815,227
Prepays and Deposits	985,708	39,497	1,025,205
Capital Assets, Net of Accumulated Depreciation (Note 6):			
Capital Assets Not Being Depreciated	102,725,453	149,145,644	251,871,097
Capital Assets Being Depreciated	200,479,124	194,246,893	394,726,017
<b>Total Assets</b>	<b>464,779,014</b>	<b>454,289,394</b>	<b>919,068,408</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pensions (Note 10)	18,396,563	4,434,332	22,830,895
<b>Total Deferred Outflows of Resources</b>	<b>18,396,563</b>	<b>4,434,332</b>	<b>22,830,895</b>
<b>LIABILITIES</b>			
Accounts, Interest, and Contracts Payable	8,602,649	6,823,517	15,426,166
Advances from Grantors and Third Parties	634,888	10,456,972	11,091,860
Customer Deposits	1,327,729	864,652	2,192,381
Unearned Revenue	578,911	245,764	824,675
Accrued Personnel Costs (Note 10)	543,173	-	543,173
Long-Term Obligations (Note 7):			
Due Within One Year	2,363,501	1,354,137	3,717,638
Due in More Than One Year	17,502,907	100,084,692	117,587,599
Liability for Self-Insurance Claims (Note 11):			
Due Within One Year	582,332	-	582,332
Due in More Than One Year	4,130,679	-	4,130,679
Net Pension Liability (Note 10)	73,708,403	21,365,359	95,073,762
<b>Total Liabilities</b>	<b>109,975,172</b>	<b>141,195,093</b>	<b>251,170,265</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pensions (Note 10)	15,928,999	4,140,782	20,069,781
Unamortized Gain on Refunding of Debt (Note 7)	130,113	605,058	735,171
<b>Total Deferred Inflows of Resources</b>	<b>16,059,112</b>	<b>4,745,840</b>	<b>20,804,952</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	288,047,689	242,949,846	530,997,535
Restricted for:			
Capital Projects	33,931,794	45,202,226	79,134,020
Debt Service	8,373	-	8,373
Waterways/Groundwater Projects	1,815,183	-	1,815,183
Landscape & Lighting Districts	3,844,883	-	3,844,883
Public Safety	10,310,859	-	10,310,859
Roadway Projects	6,506,573	-	6,506,573
<b>Total Restricted Net Position</b>	<b>56,417,665</b>	<b>45,202,226</b>	<b>101,619,891</b>
Unrestricted	12,675,939	24,630,721	37,306,660
<b>Total Net Position</b>	<b>\$ 357,141,293</b>	<b>\$ 312,782,793</b>	<b>\$669,924,086</b>

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



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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 4,262,101	\$ 653,160	\$ -	\$ -	\$ (3,608,941)	\$ -	\$ (3,608,941)
Community Development	4,768,001	2,141,678	2,678,056	-	51,733	-	51,733
Public Safety							
Police	31,181,877	2,803,920	968,391	149,912	(27,259,654)	-	(27,259,654)
Fire	15,331,373	1,255,891	14,096	-	(14,061,386)	-	(14,061,386)
Public Works	24,525,969	10,011,406	-	9,475,348	(5,039,215)	-	(5,039,215)
Parks & Recreation	798,725	3,467,571	-	-	2,668,846	-	2,668,846
Interest on Long-Term Debt	702,628	-	-	-	(702,628)	-	(702,628)
<b>Total Governmental Activities</b>	<b>81,570,674</b>	<b>20,333,626</b>	<b>3,660,543</b>	<b>9,625,260</b>	<b>(47,951,245)</b>	<b>-</b>	<b>(47,951,245)</b>
<b>Business-Type Activities</b>							
Convention Center	5,821,808	3,586,806	-	-	-	(2,235,002)	(2,235,002)
Airport	2,217,833	1,925,127	-	39,413	-	(253,293)	(253,293)
Valley Oaks Golf	2,501,649	2,405,158	-	-	-	(96,491)	(96,491)
Wastewater	18,062,267	24,808,316	-	8,873,069	-	15,619,118	15,619,118
Storm Sewer Maintenance	1,774,093	1,224,550	-	3,389,091	-	2,839,548	2,839,548
Solid Waste	16,309,325	18,851,843	394,673	1,018,713	-	3,955,904	3,955,904
Transit	14,772,247	6,003,761	3,788,563	3,608,588	-	(1,371,335)	(1,371,335)
Baseball	342,485	18,245	-	-	-	(324,240)	(324,240)
Animal Control	1,880,794	429,612	-	362,670	-	(1,088,512)	(1,088,512)
Building Safety	2,305,804	3,872,630	-	-	-	1,566,826	1,566,826
<b>Total Business-Type Activities</b>	<b>65,988,305</b>	<b>63,126,048</b>	<b>4,183,236</b>	<b>17,291,544</b>	<b>-</b>	<b>18,612,523</b>	<b>18,612,523</b>
<b>Total</b>	<b>\$ 147,558,979</b>	<b>\$ 83,459,674</b>	<b>\$ 7,843,779</b>	<b>\$ 26,916,804</b>	<b>(47,951,245)</b>	<b>18,612,523</b>	<b>(29,338,722)</b>
<b>General Revenues</b>							
Taxes:							
Sales Taxes					36,144,549	-	36,144,549
Property Taxes					26,810,244	-	26,810,244
Other Taxes					7,637,939	-	7,637,939
Investment Earnings					724,607	576,146	1,300,753
Gain from Sale of Capital Assets					6,833	-	6,833
Miscellaneous					2,563,669	3,439,100	6,002,769
<b>Transfers</b>					<b>(4,137,515)</b>	<b>4,137,515</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>69,750,326</b>	<b>8,152,761</b>	<b>77,903,087</b>
<b>Change in Net Position</b>					<b>21,799,081</b>	<b>26,765,284</b>	<b>48,564,365</b>
Net Position - Beginning of Year, As Restated (Note 14)					335,342,212	286,017,509	621,359,721
Net Position - End of Year					<b>\$ 357,141,293</b>	<b>\$312,782,793</b>	<b>\$669,924,086</b>

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



## 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 2015-16. 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, 2016**

	General Fund	Community Development	Housing Successor Agency
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$ 16,575,766	\$ 1,486,876	\$ 659,032
Restricted Cash and Investments (Note 3)	7,000,581	-	-
Accounts Receivable	1,118,432	103	-
Interest Receivable	299,701	-	-
Taxes Receivable	12,698,149	11,382	-
Notes and Loans Receivable (Note 5)	12,337,791	9,755,345	5,723,861
Supplies	4,774	-	-
Inventory (Note 1)	254,383	-	-
Advances to Other Funds (Note 4)	6,957,749	-	-
Due from Other Governmental Units	670,138	702,716	-
Land Held for Redevelopment (Note 1G)	-	-	815,227
Prepays and Deposits	98,670	-	-
<b>Total Assets</b>	<b>\$ 58,016,134</b>	<b>\$ 11,956,422</b>	<b>\$ 7,198,120</b>
<b>LIABILITIES</b>			
Accounts, Interest & Contracts Payable	\$ 1,144,235	\$ 169,888	\$ 75
Advances from Grantors and Third Parties	634,888	-	-
Advances from Other Funds (Note 4)	-	107,438	-
Customer Deposits	1,033,106	-	-
Unearned Revenue	377,227	-	-
Accrued Personnel Costs (Note 10)	536,550	28,501	-
<b>Total Liabilities</b>	<b>3,726,006</b>	<b>305,827</b>	<b>75</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Tax	927,221	-	-
Unavailable Revenue - Business Tax	673,389	-	-
Unavailable Revenue - Impact Fees	434,140	-	-
Unavailable Revenue - Misc	312,547	-	-
Unavailable Revenue - Notes	-	9,755,346	4,480,995
Unavailable Revenue - Asset Forfeiture	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>2,347,297</b>	<b>9,755,346</b>	<b>4,480,995</b>
<b>FUND BALANCES (Note 9)</b>			
Nonspendable	357,827	-	-
Restricted	-	771,395	1,474,184
Committed	28,017,526	1,123,854	-
Assigned	18,781,235	-	1,242,866
Unassigned	4,786,243	-	-
<b>Total Fund Balances</b>	<b>51,942,831</b>	<b>1,895,249</b>	<b>2,717,050</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 58,016,134</b>	<b>\$ 11,956,422</b>	<b>\$ 7,198,120</b>

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

	Transportation	All Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$ 2,057,273	\$ 48,306,035	\$ 69,084,982
Restricted Cash and Investments (Note 3)	-	6,708,426	13,709,007
Accounts Receivable	3,076,828	988,794	5,184,157
Interest Receivable	-	-	299,701
Taxes Receivable	-	2,356,597	15,066,128
Notes and Loans Receivable (Note 5)	105,103	331,992	28,254,092
Supplies	-	-	4,774
Inventory (Note 1I)	-	201,684	456,067
Advances to Other Funds (Note 4)	-	-	6,957,749
Due from Other Governmental Units	-	571,233	1,944,087
Land Held for Redevelopment (Note 1G)	-	-	815,227
Prepays and Deposits	-	-	98,670
Total Assets	<u>\$ 5,239,204</u>	<u>\$ 59,464,761</u>	<u>\$ 141,874,641</u>
<b>LIABILITIES</b>			
Accounts, Interest & Contracts Payable	\$ 3,391,596	\$ 3,323,899	\$ 8,029,693
Advances from Grantors and Third Parties	-	-	634,888
Advances from Other Funds (Note 4)	-	3,619,737	3,727,175
Customer Deposits	-	294,623	1,327,729
Unearned Revenue	-	201,684	578,911
Accrued Personnel Costs (Note 10)	-	406,641	971,692
Total Liabilities	<u>3,391,596</u>	<u>7,846,584</u>	<u>15,270,088</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Tax	-	-	927,221
Unavailable Revenue - Business Tax	-	-	673,389
Unavailable Revenue - Impact Fees	841,331	489,340	1,764,811
Unavailable Revenue - Misc	-	-	312,547
Unavailable Revenue - Notes	-	60,400	14,296,741
Unavailable Revenue - Asset Forfeiture	-	311,089	311,089
Total Deferred Inflows of Resources	<u>841,331</u>	<u>860,829</u>	<u>18,285,798</u>
<b>FUND BALANCES (Note 9)</b>			
Nonspendable	-	-	357,827
Restricted	974,517	47,636,697	50,856,793
Committed	31,760	7,668,002	36,841,142
Assigned	-	-	20,024,101
Unassigned	-	(4,547,351)	238,892
Total Fund Balances	<u>1,006,277</u>	<u>50,757,348</u>	<u>108,318,755</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,239,204</u>	<u>\$ 59,464,761</u>	<u>\$ 141,874,641</u>

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



**CITY OF VISALIA  
RECONCILIATION OF GOVERNMENTAL FUNDS - FUND BALANCE  
WITH GOVERNMENTAL NET POSITION  
JUNE 30, 2016**

**Total Fund Balances - Governmental Funds** \$108,318,755

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:	\$423,540,745	
Accumulated Depreciation:	<u>(120,336,168)</u>	303,204,577

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.

18,565,694

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	(13,678,384)	
Notes Payable	(1,474,676)	
Compensated Absences Payable	<u>(4,839,632)</u>	(19,992,692)

DEFERRED INFLOWS / (OUTFLOWS) 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.

18,285,798

GASB 68 Pension Items		<u>(71,240,839)</u>
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**Total Net Position - Governmental Activities** \$357,141,293

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, 2016**

	General Fund	Community Development	Housing Successor Agency
<b>REVENUES</b>			
Sales Taxes	\$ 26,542,029	\$ -	\$ -
Property Taxes	26,880,309	-	-
Other Taxes	7,593,257	-	-
Subventions and Grants	1,666,352	2,617,081	16,619
License and Permits	73,294	-	-
Fees and Fines	1,510,445	91,787	-
Uses of Money and Property	634,208	55,122	8,589
Charges for Current Services	3,363,807	-	-
Miscellaneous	1,824,602	2,308	-
Total Revenues	<u>70,088,303</u>	<u>2,766,298</u>	<u>25,208</u>
<b>EXPENDITURES</b>			
Current:			
General Government	3,088,736	-	-
Community Development	4,079,412	1,024,249	10,284
Public Safety:			
Fire	12,311,954	-	-
Police	27,989,300	-	-
Public Works	5,046,633	-	-
Parks & Recreation	3,231,378	-	-
Capital Outlay	7,072,544	1,521,475	-
Debt Service (Note 7):			
Principal	46,187	-	-
Interest and Fiscal Charges	105,810	-	-
Total Expenditures	<u>62,971,954</u>	<u>2,545,724</u>	<u>10,284</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>7,116,349</u>	<u>220,574</u>	<u>14,924</u>
Other Financing Sources (Uses)			
Sale of Land	654,627	-	-
Proceeds From Sale of Capital Assets	6,833	-	-
Issuance of Debt (Note 7)	6,704,518	-	-
Bond Premium	405,306	-	-
Transfers In (Note 4)	37,767	33,272	-
Transfers Out (Note 4)	(4,936,269)	(528,937)	-
Total Other Financing Sources (Uses)	<u>2,872,782</u>	<u>(495,665)</u>	<u>-</u>
Net Change in Fund Balances	<u>9,989,131</u>	<u>(275,091)</u>	<u>14,924</u>
Fund Balances - Beginning of Year	41,683,183	2,170,340	2,702,126
Prior Period Adjustment (Note 14)	270,517	-	-
Fund Balances - Beginning of Year, as Restated	<u>41,953,700</u>	<u>2,170,340</u>	<u>2,702,126</u>
Fund Balances - End of Year	<u>\$ 51,942,831</u>	<u>\$ 1,895,249</u>	<u>\$ 2,717,050</u>

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



	Transportation	All Other Governmental Funds	Total
<b>REVENUES</b>			
Sales Taxes	\$ -	\$ 9,602,520	\$ 36,144,549
Property Taxes	-	-	26,880,309
Other Taxes	-	15,148	7,608,405
Subventions and Grants	-	8,985,751	13,285,803
License and Permits	-	13,560	86,854
Fees and Fines	3,920,373	4,997,152	10,519,757
Uses of Money and Property	11,411	423,716	1,133,046
Charges for Current Services	-	3,649,990	7,013,797
Miscellaneous	15,072	635,050	2,477,032
Total Revenues	<u>3,946,856</u>	<u>28,322,887</u>	<u>105,149,552</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	13,616	3,102,352
Community Development	-	5,451	5,119,396
Public Safety:			
Fire	-	2,758,449	15,070,403
Police	-	3,738,355	31,727,655
Public Works	19,053	3,891,936	8,957,622
Parks & Recreation	-	-	3,231,378
Capital Outlay	3,380,841	20,459,498	32,434,358
Debt Service (Note 7):			
Principal	-	1,131,559	1,177,746
Interest and Fiscal Charges	-	588,143	693,953
Total Expenditures	<u>3,399,894</u>	<u>32,587,007</u>	<u>101,514,863</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>546,962</u>	<u>(4,264,120)</u>	<u>3,634,689</u>
Other Financing Sources (Uses)			
Sale of Land	-	-	654,627
Proceeds From Sale of Capital Assets	-	-	6,833
Issuance of Debt (Note 7)	-	6,416,712	13,121,230
Bond Premium	-	379,897	785,203
Transfers In (Note 4)	-	1,998,901	2,069,940
Transfers Out (Note 4)	-	(839,236)	(6,304,442)
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,956,274</u>	<u>10,333,391</u>
Net Change in Fund Balances	<u>546,962</u>	<u>3,692,154</u>	<u>13,968,080</u>
Fund Balances - Beginning of Year	459,315	47,065,194	94,080,158
Prior Period Adjustment (Note 14)	-	-	270,517
Fund Balances - Beginning of Year, as Restated	<u>459,315</u>	<u>47,065,194</u>	<u>94,350,675</u>
Fund Balances - End of Year	<u>\$ 1,006,277</u>	<u>\$ 50,757,348</u>	<u>\$ 108,318,755</u>

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



**CITY OF VISALIA**  
**RECONCILIATION OF THE NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**WITH THE CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2016**

**Total Net Changes in Fund Balances - Governmental Funds** \$ 13,968,080

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:	\$ 21,949,784	
Depreciation Expense (Net of Internal Service Fund Depreciation Expense):	<u>(6,847,468)</u>	15,102,316

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	(11,943,484)
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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	296,106
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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.

78,484

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:

1,701,988

Pension Expense

2,595,591

**Total Change in Net Position - Governmental Activities**

\$ 21,799,081

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, 2016**

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>Taxes</b>				
Sales	\$ 22,421,700	\$ 22,421,700	\$ 26,542,029	\$ 4,120,329
Property	27,509,700	27,509,700	26,880,309	(629,391)
Transient Occupancy	2,268,100	2,268,100	2,483,588	215,488
Franchise	2,454,200	2,454,200	2,719,221	265,021
Business License	2,071,400	2,071,400	2,390,448	319,048
<b>Total Taxes</b>	<b>56,725,100</b>	<b>56,725,100</b>	<b>61,015,595</b>	<b>4,290,495</b>
<b>Subventions and Grants</b>				
Police and Other	651,500	1,614,714	1,613,595	(1,119)
Motor Vehicle License In-Lieu	-	-	52,757	52,757
<b>Total Subventions and Grants</b>	<b>651,500</b>	<b>1,614,714</b>	<b>1,666,352</b>	<b>51,638</b>
<b>License and Permits</b>				
Other Licenses and Permits	53,800	53,800	73,294	19,494
<b>Total License and Permits</b>	<b>53,800</b>	<b>53,800</b>	<b>73,294</b>	<b>19,494</b>
<b>Fees and Fines</b>				
Vehicle Code and Parking Violation	1,093,100	1,093,100	1,045,990	(47,110)
Local Ordinance Violations	299,300	299,300	464,455	165,155
<b>Total Fees and Fines</b>	<b>1,392,400</b>	<b>1,392,400</b>	<b>1,510,445</b>	<b>118,045</b>
<b>Use of Money and Property</b>				
Interest Earned	154,300	154,300	251,928	97,628
Rents and Concessions	432,800	432,800	382,280	(50,520)
<b>Total Use of Money and Property</b>	<b>587,100</b>	<b>587,100</b>	<b>634,208</b>	<b>47,108</b>
<b>Charges for Services</b>				
Engineering and Subdivision Fees	338,300	338,300	748,191	409,891
Zoning Fees	149,200	149,200	214,690	65,490
Special Public Safety Services	730,500	730,500	1,058,592	328,092
Recreation Programs	1,125,000	1,125,000	1,342,334	217,334
<b>Total Charges for Services</b>	<b>2,343,000</b>	<b>2,343,000</b>	<b>3,363,807</b>	<b>1,020,807</b>
<b>Other Revenue</b>	917,500	917,500	1,824,602	907,102
<b>Total Revenues</b>	<b>62,670,400</b>	<b>63,633,614</b>	<b>70,088,303</b>	<b>6,454,689</b>

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

EXPENDITURES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Current:				
General Government	2,346,800	2,321,800	3,088,736	(766,936)
Community Development	5,035,700	5,035,700	4,079,412	956,288
Public Safety:				
Fire	12,188,000	12,188,000	12,311,954	(123,954)
Police	28,837,025	28,485,000	27,989,300	495,700
Public Works	5,131,600	5,131,600	5,046,633	84,967
Parks & Recreation	3,236,300	3,236,300	3,231,378	4,922
Capital Outlay	7,011,611	18,418,400	7,072,544	11,345,856
Debt Service (Note 7)				
Debt Service-Principal	-	-	46,187	(46,187)
Debt Service-Interest	-	-	105,810	(105,810)
<b>Total EXPENDITURES</b>	<b>63,787,036</b>	<b>74,816,800</b>	<b>62,971,954</b>	<b>11,844,846</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,116,636)	(11,183,186)	7,116,349	(5,390,157)
Other Financing Sources (Uses)				
Sale of Land	-	-	654,627	654,627
Proceeds From Sale of Capital Assets	-	-	6,833	6,833
Issuance of Debt	-	-	6,704,518	6,704,518
Bond Premium	-	-	405,306	405,306
Transfers In	-	-	37,767	37,767
Transfers Out	(5,126,100)	(5,126,100)	(4,936,269)	189,831
<b>Total Other Financing Sources (Uses)</b>	<b>(5,126,100)</b>	<b>(5,126,100)</b>	<b>2,872,782</b>	<b>7,998,882</b>
<b>Net Change in Fund Balance</b>	<b>\$ (6,242,736)</b>	<b>\$(16,309,286)</b>	<b>9,989,131</b>	<b>\$ 26,298,417</b>
Fund Balance Beginning of Year			41,683,183	
Prior Period Adjustment (Note 14)			270,517	
Fund Balances - Beginning of Year, as Restated			41,953,700	
Fund Balance - End of Year			<b>\$ 51,942,831</b>	

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



## 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 2015-16.

### **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, 2016**

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
<b>ASSETS</b>						
Current Assets						
Cash and Investments (Note 3)	\$ 33,186	\$ 350	\$ 256,167	\$ 46,613,032	\$ 1,235,362	\$ 23,184,619
Accounts Receivable	183,154	384,869	3,765	2,801,742	6,556	2,614,898
Taxes Receivable	-	-	-	215,299	50,793	21,229
Note and Loans Receivable (Note 5)	31,500	-	-	-	-	-
Supplies	-	17,855	59,121	-	-	-
Inventory (Note 1 I)	-	-	-	198,270	37,023	-
Due from Other Governmental Units	-	39,413	-	6,015,516	-	28,517
Prepaid Expenses	2,324	21,034	16,131	-	-	-
Total Current Assets	<u>250,164</u>	<u>463,521</u>	<u>335,184</u>	<u>55,843,859</u>	<u>1,329,734</u>	<u>25,849,263</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	103,953	-	-	-	-	-
Capital Assets (Note 6)						
Land	829,047	3,000,591	914,971	6,952,363	9,437,692	1,162,803
Construction in Progress	5	2,594	-	119,050,090	3,357,192	54,776
Buildings	22,428,375	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	1,737,232	981,520
Machinery, Equipment and Vehicles	1,620,059	1,380,165	1,541,215	8,080,963	555,997	18,064,142
Infrastructure	-	-	-	77,107,217	49,475,009	-
Accumulated Depreciation	(15,080,877)	(11,182,631)	(3,593,556)	(60,287,450)	(11,172,958)	(11,569,142)
Total Non-Current Assets	<u>15,318,762</u>	<u>7,256,161</u>	<u>5,187,272</u>	<u>214,240,392</u>	<u>53,390,164</u>	<u>8,891,229</u>
Total Assets	<u>15,568,926</u>	<u>7,719,682</u>	<u>5,522,456</u>	<u>270,084,251</u>	<u>54,719,898</u>	<u>34,740,492</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Pensions (Note 10)	580,074	144,741	-	1,189,190	109,040	1,499,194
Total Deferred Outflows of Resources	<u>580,074</u>	<u>144,741</u>	<u>-</u>	<u>1,189,190</u>	<u>109,040</u>	<u>1,499,194</u>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts, Interest and Contracts Payable	110,585	276,067	141,398	3,773,177	63,475	336,207
Advances from Grantors and Third Parties	-	-	-	-	-	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	-
Customer Deposits	7,450	600	95,131	557,204	-	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	17,507	14,936	-	43,960	-	102,301
Certificates of Participation and Loans	692,148	-	-	-	-	-
Notes Payable	9,177	6,339	3,008	-	-	503
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Total Current Liabilities	<u>836,867</u>	<u>297,942</u>	<u>239,537</u>	<u>4,374,341</u>	<u>63,475</u>	<u>439,011</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4)	-	478,845	2,751,729	-	-	-
Unearned Revenue	-	-	-	198,270	37,023	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	148,505	40,243	-	219,235	7,732	229,970
Certificates of Participation and Loans	9,219,591	-	-	84,832,693	-	-
Notes Payable	28,086	19,402	9,206	-	-	1,539
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Net Pension Liability (Note 10)	2,794,893	697,386	-	5,729,720	525,374	7,223,369
Total Non-Current Liabilities	<u>12,191,075</u>	<u>1,235,876</u>	<u>2,760,935</u>	<u>90,979,918</u>	<u>570,129</u>	<u>7,454,878</u>
Total Liabilities	<u>13,027,942</u>	<u>1,533,818</u>	<u>3,000,472</u>	<u>95,354,259</u>	<u>633,604</u>	<u>7,893,889</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Pensions (Note 10)	541,673	135,159	-	1,110,467	101,822	1,399,948
Unamortized Gain on Refunding of Debt	605,048	-	-	-	-	-
Total Deferred Inflows of Resources	<u>1,146,721</u>	<u>135,159</u>	<u>-</u>	<u>1,110,467</u>	<u>101,822</u>	<u>1,399,948</u>
<b>NET POSITION (DEFICIT) (Note 9)</b>						
Net Investment in Capital Assets	5,265,807	7,230,420	5,175,058	129,407,699	53,390,164	8,889,188
Restricted for:						
Capital Projects	50,661	2,485	12,640	39,963,704	89,778	260,527
Unrestricted	(3,342,131)	(1,037,459)	(2,665,714)	5,437,312	613,570	17,796,134
Total Net Position (Deficit)	<u>\$ 1,974,337</u>	<u>\$ 6,195,446</u>	<u>\$ 2,521,984</u>	<u>\$ 174,808,715</u>	<u>\$ 54,093,512</u>	<u>\$ 26,945,849</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
<b>ASSETS</b>						
Current Assets						
Cash and Investments (Note 3)	\$ 12,454,304	\$ 4,536,674	\$ 200	\$ -	\$ 88,313,894	\$ 18,927,564
Accounts Receivable	105,865	232	146,357	2,400	6,249,837	53,733
Taxes Receivable	4,804,851	-	-	-	5,092,172	-
Note and Loans Receivable (Note 5)	-	-	-	-	31,500	-
Supplies	-	-	-	-	76,976	779,067
Inventory (Note 1 I)	-	-	-	-	235,293	-
Due from Other Governmental Units	8,588,951	-	-	-	14,672,397	-
Prepaid Expenses	8	-	-	-	39,497	887,038
Total Current Assets	<u>25,953,979</u>	<u>4,536,906</u>	<u>146,557</u>	<u>2,400</u>	<u>114,711,566</u>	<u>20,647,402</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	-	-	502,451	-	606,404	1,589,030
Capital Assets (Note 6)						
Land	3,961,902	-	-	-	26,259,369	-
Construction in Progress	421,360	253	5	-	122,886,275	5,386
Buildings	17,590,544	-	6,750,891	-	52,955,282	654,910
Improvements Other Than Buildings	2,602,377	-	-	151,472	88,619,752	207,529
Machinery, Equipment and Vehicles	26,810,935	158,906	4,384	-	58,216,766	24,820,182
Infrastructure	-	-	-	-	126,582,226	-
Accumulated Depreciation	(18,901,695)	(137,587)	(169,895)	(31,342)	(132,127,133)	(15,133,227)
Total Non-Current Assets	<u>32,485,423</u>	<u>21,572</u>	<u>7,087,836</u>	<u>120,130</u>	<u>343,998,941</u>	<u>12,143,810</u>
Total Assets	<u>58,439,402</u>	<u>4,558,478</u>	<u>7,234,393</u>	<u>122,530</u>	<u>458,710,507</u>	<u>32,791,212</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Pensions (Note 10)	298,074	537,916	76,103	-	4,434,332	-
Total Deferred Outflows of Resources	<u>298,074</u>	<u>537,916</u>	<u>76,103</u>	<u>-</u>	<u>4,434,332</u>	<u>-</u>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts, Interest and Contracts Payable	1,845,900	183,993	81,028	11,688	6,823,518	572,956
Advances from Grantors and Third Parties	10,456,972	-	-	-	10,456,972	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	6,623
Customer Deposits	-	204,267	-	-	864,652	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	2,595	61,192	-	-	242,491	1,041,778
Certificates of Participation and Loans	-	-	379,576	-	1,071,724	-
Notes Payable	16,720	943	-	3,232	39,922	943
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	582,332
Total Current Liabilities	<u>12,322,187</u>	<u>450,395</u>	<u>460,604</u>	<u>14,920</u>	<u>19,499,279</u>	<u>2,204,632</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4)	-	-	-	-	3,230,573	-
Unearned Revenue	-	10,471	-	-	245,764	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	35,860	63,190	8,921	-	753,656	3,362,712
Certificates of Participation and Loans	-	-	5,156,578	-	99,208,862	-
Notes Payable	51,171	2,886	-	9,894	122,184	2,886
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	4,130,679
Net Pension Liability (Note 10)	1,436,171	2,591,768	366,678	-	21,365,359	-
Total Non-Current Liabilities	<u>1,523,202</u>	<u>2,668,315</u>	<u>5,532,177</u>	<u>9,894</u>	<u>124,926,398</u>	<u>7,496,277</u>
Total Liabilities	<u>13,845,389</u>	<u>3,118,710</u>	<u>5,992,781</u>	<u>24,814</u>	<u>144,425,677</u>	<u>9,700,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Pensions (Note 10)	278,342	502,306	71,065	-	4,140,782	-
Unamortized Gain on Refunding of Debt	-	-	-	-	605,048	-
Total Deferred Inflows of Resources	<u>278,342</u>	<u>502,306</u>	<u>71,065</u>	<u>-</u>	<u>4,745,830</u>	<u>-</u>
<b>NET POSITION (DEFICIT) (Note 9)</b>						
Net Investment in Capital Assets	32,417,532	17,743	1,049,231	107,004	242,949,846	10,550,951
Restricted for:						
Capital Projects	4,777,509	19,033	25,417	472	45,202,226	183,565
Unrestricted	7,418,704	1,438,602	172,002	(9,760)	25,821,261	12,355,787
Total Net Position (Deficit)	<u>\$ 44,613,745</u>	<u>\$ 1,475,378</u>	<u>\$ 1,246,650</u>	<u>\$ 97,716</u>	<u>313,973,332</u>	<u>\$ 23,090,303</u>
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds						
					(1,190,539)	
Net Position of Business-Type Activities					<u>\$ 312,782,793</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, 2016**

Business-Type Activities - Enterprise Funds						
	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 3,586,806	\$ 1,925,127	\$ 2,405,158	\$ 24,808,316	\$ 1,224,550	\$ 18,851,843
<b>OPERATING EXPENSES</b>						
Salaries, Wages and Employee Benefits	2,218,545	448,984	-	3,303,482	329,062	3,961,700
Maintenance and Operations	2,461,279	1,450,991	2,103,472	8,474,325	709,278	10,083,473
Insurance Premiums and Loss Provisions	-	-	-	-	-	-
Depreciation and Amortization	807,334	310,109	355,100	2,296,761	624,312	1,309,964
Total Operating Expenses	5,487,158	2,210,084	2,458,572	14,074,568	1,662,652	15,355,137
Operating Income (Loss)	(1,900,352)	(284,957)	(53,414)	10,733,748	(438,102)	3,496,706
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest Income	6,399	-	590	297,966	6,658	145,137
Interest Expense	(309,106)	(230)	(2,198)	-	-	-
Grant Income	-	39,413	-	7,592,039	-	394,673
Other Income	429,201	214,696	8,928	1,038,161	57,349	781,915
Other Expenses	(40,139)	(16,641)	(40,879)	(4,011,417)	(114,482)	(1,041,155)
Total Nonoperating Revenues (Expenses)	86,355	237,238	(33,559)	4,916,749	(50,475)	280,570
Income (Loss) Before Contributions and Transfers	(1,813,997)	(47,719)	(86,973)	15,650,497	(488,577)	3,777,276
Contributions	-	-	-	1,281,030	3,389,091	1,018,713
Transfers In (Note 4)	2,599,876	-	-	8,308	375,000	-
Transfers Out (Note 4)	(9,754)	-	-	-	-	-
Net Contributions and Transfers	2,590,122	-	-	1,289,338	3,764,091	1,018,713
Change in Net Position	776,125	(47,719)	(86,973)	16,939,835	3,275,514	4,795,989
Net Position - Beginning	1,198,212	6,243,165	1,414,238	157,868,880	50,817,998	22,149,860
Prior Period Adjustment (Note 14)			1,194,719			
Net Position - Beginning, as restated	1,198,212	6,243,165	2,608,957	157,868,880	50,817,998	22,149,860
Net Position - Ending	\$ 1,974,337	\$ 6,195,446	\$ 2,521,984	\$ 174,808,715	\$ 54,093,512	\$ 26,945,849

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	
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 6,003,761	\$ 3,872,630	\$ 429,612	\$ 18,245	\$ 63,126,048	\$ 22,230,277
<b>OPERATING EXPENSES</b>						
Salaries, Wages and Employee Benefits	816,294	1,709,698	522,624	-	13,310,389	2,530,881
Maintenance and Operations	10,412,581	592,301	990,780	316,036	37,594,516	4,712,694
Insurance Premiums and Loss Provisions	-	-	-	-	-	12,566,062
Depreciation and Amortization	2,719,042	5,436	169,270	6,147	8,603,475	1,812,489
Total Operating Expenses	13,947,917	2,307,435	1,682,674	322,183	59,508,380	21,622,126
Operating Income (Loss)	(7,944,156)	1,565,195	(1,253,062)	(303,938)	3,617,668	608,151
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest Income	94,935	24,064	397	-	576,146	122,366
Interest Expense	-	-	(200,516)	-	(512,050)	(8,675)
Grant Income	6,671,665	-	-	-	14,697,790	-
Other Income	790,591	6,321	6,797	105,141	3,439,100	934,378
Other Expenses	(845,615)	(6,883)	(37)	(20,302)	(6,137,550)	(153,181)
Total Nonoperating Revenues (Expenses)	6,711,576	23,502	(193,359)	84,839	12,063,436	894,888
Income (Loss) Before Contributions and Transfers	(1,232,580)	1,588,697	(1,446,421)	(219,099)	15,681,104	1,503,039
Contributions	725,486	-	362,670	-	6,776,990	271,637
Transfers In (Note 4)	2,217	-	929,355	232,513	4,147,269	125,000
Transfers Out (Note 4)	-	-	-	-	(9,754)	(28,013)
Net Contributions and Transfers	727,703	-	1,292,025	232,513	10,914,505	368,624
Change in Net Position	(504,877)	1,588,697	(154,396)	13,414	26,595,609	1,871,663
Net Position - Beginning	49,422,892	(113,319)	1,401,046	84,302	290,487,274	21,218,640
Prior Period Adjustment (Note 14)	(4,304,270)				(3,109,551)	-
Net Position - Beginning, as restated	45,118,622	(113,319)	1,401,046	84,302	287,377,723	21,218,640
Net Position - Ending	\$ 44,613,745	\$ 1,475,378	\$ 1,246,650	\$ 97,716	313,973,332	\$ 23,090,303
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					169,675	
Change in Net Position of Business-Type Activities					\$ 26,765,284	

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, 2016**

Business-Type Activities - Enterprise Funds						
	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Customers or Other Funds	\$ 3,549,951	\$ 1,786,010	\$ 2,401,497	\$ 24,267,477	\$ 1,218,100	\$ 18,411,710
Cash Payments to Employees for Services	(2,078,900)	(405,643)	-	(3,233,744)	(346,837)	(4,362,393)
Cash Payments to Suppliers for Services	(3,359,195)	(1,459,660)	(2,092,597)	(9,652,975)	(674,870)	(10,083,440)
Cash Received from Other Governments	(1,445,396)	(39,413)	-	15,561,255	(50,793)	-
Other Income	429,201	214,696	8,928	1,038,161	57,349	781,915
Other Expenses	(40,139)	(16,641)	(40,879)	(4,011,417)	(114,482)	(1,041,155)
Net Cash Provided (Used) by Operating Activities	(2,944,478)	79,349	276,949	23,968,757	88,467	3,706,637
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grant Income	-	39,413	-	-	-	394,673
Advance to Other Funds	-	(111,334)	(166,210)	-	-	-
Advance from Other Funds	-	-	-	-	-	-
Transfers In	2,599,876	-	-	8,308	375,000	-
Transfers (Out)	(9,754)	(230)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,590,122	(72,151)	(166,210)	8,308	375,000	394,673
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital Expenses	(3,210,347)	-	(78,543)	(58,354,325)	(3,561,322)	(1,139,567)
Capital Grants Received	-	-	-	7,592,039	-	-
Proceeds from sale of capital assets	-	(1,201)	-	-	-	-
Contributions	-	-	-	1,281,030	3,389,091	1,018,713
Proceeds From Issuance of Long-Term Debt	4,788,770	-	-	28,053,178	-	-
Long-Term Debt Payments - Principal	(648,105)	(5,984)	(2,840)	-	-	(475)
Long-Term Debt Payments - Interest	(480,761)	-	(2,198)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	449,557	(7,185)	(83,581)	(21,428,078)	(172,231)	(121,329)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	6,399	-	590	297,966	6,658	145,137
Net Cash Provided by Investing Activities	6,399	-	590	297,966	6,658	145,137
Net Increase (Decrease) in Cash and Cash Investments	101,600	13	27,748	2,846,953	297,894	4,125,118
Cash and Cash Investments - Beginning of Year	35,539	337	228,419	43,766,079	937,468	19,059,501
Cash and Cash Investments - End of Year	<u>\$ 137,139</u>	<u>\$ 350</u>	<u>\$ 256,167</u>	<u>\$ 46,613,032</u>	<u>\$ 1,235,362</u>	<u>\$ 23,184,619</u>
Consisting of:						
Unrestricted	\$ 33,186	\$ 350	\$ 256,167	\$ 46,613,032	\$ 1,235,362	\$ 23,184,619
Restricted	103,953	-	-	-	-	-
	<u>\$ 137,139</u>	<u>\$ 350</u>	<u>\$ 256,167</u>	<u>\$ 46,613,032</u>	<u>\$ 1,235,362</u>	<u>\$ 23,184,619</u>

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)	\$ (1,900,351)	\$ (284,957)	\$ (53,414)	\$ 10,733,748	\$ (438,102)	\$ 3,496,706
Other Income	429,201	214,696	8,928	1,038,161	57,349	781,915
Other Expenses	(40,139)	(16,641)	(40,879)	(4,011,417)	(114,482)	(1,041,155)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flows from Operating Activities:						
Depreciation and Amortization	807,334	310,109	355,100	2,296,761	624,312	1,309,964
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	(36,856)	(139,117)	(3,661)	(540,839)	(6,450)	(425,411)
Taxes Receivable	-	-	-	(199,873)	(50,793)	(14,722)
Supplies	-	6,553	(3,662)	760,284	13,788	-
Due from Other Governments	-	(39,413)	-	14,315,732	-	-
Advances to Other Funds	-	-	-	1,445,396	-	-
Prepaid Expenses	-	(21,034)	(3,881)	-	-	-
Accounts and Contracts Payable	(898,216)	5,812	4,081	(1,304,752)	34,408	33
Deferred Outflows Pensions	(358,899)	(90,057)	-	62,440	934	(3,196)
Deferred Inflows Pensions	50,859	13,809	-	(716,919)	(63,577)	(866,897)
Unearned Revenue	-	-	-	(760,284)	(13,788)	-
Advances from Other Funds	(1,445,396)	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	-
Compensated Absences	5,136	3,800	-	17,411	3,022	(29,069)
Other Liability	442,549	115,789	-	706,806	41,846	498,469
Liability for Self-Insurance Claims	-	-	-	-	-	-
Customer Deposits	300	-	14,337	126,102	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,944,478)</u>	<u>\$ 79,349</u>	<u>\$ 276,949</u>	<u>\$ 23,968,757</u>	<u>\$ 88,467</u>	<u>\$ 3,706,637</u>

(Continued)

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, 2016**

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Customers or Other Funds	\$ 6,674,805	\$ 3,873,074	\$ 302,793	\$ 15,845	\$ 62,501,262	\$ 22,180,156
Cash Payments to Employees for Services	(756,557)	(1,445,977)	(249,661)	-	(12,879,712)	(18,210,021)
Cash Payments to Suppliers for Services	(9,608,611)	(342,343)	(1,061,332)	(330,146)	(38,665,169)	(2,572,997)
Cash Received from Other Governments	4,351,885	-	34,020	-	18,411,558	934,378
Other Income	790,591	6,321	6,797	105,141	3,439,100	(153,181)
Other Expenses	(845,615)	(6,883)	(37)	(20,302)	(6,137,550)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>606,498</b>	<b>2,084,192</b>	<b>(967,420)</b>	<b>(229,462)</b>	<b>26,669,489</b>	<b>2,178,335</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grant Income	2,367,395	-	-	-	2,801,481	-
Advance to Other Funds	-	-	-	-	(277,544)	-
Advance from Other Funds	-	-	-	-	-	(49,538)
Transfers In	2,217	-	929,355	232,513	4,147,269	125,000
Transfers (Out)	-	-	-	-	(9,984)	(28,013)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>2,369,612</b>	<b>-</b>	<b>929,355</b>	<b>232,513</b>	<b>6,661,222</b>	<b>47,449</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital Expenses	(1,635,563)	(254)	(645,226)	-	(61,033,108)	(1,717,058)
Capital Grants Received	-	-	\$ -	-	7,590,838	-
Proceeds from sale of capital assets	-	-	-	-	(1,201)	-
Contributions	725,486	-	362,670	-	6,776,990	271,637
Proceeds From Issuance of Long-Term Debt	-	-	-	-	32,841,948	-
Long-Term Debt Payments - Principal	(15,781)	(889)	(366,812)	(3,051)	(1,043,937)	-
Long-Term Debt Payments - Interest	-	-	(200,516)	-	(683,475)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(925,858)</b>	<b>(1,143)</b>	<b>(849,884)</b>	<b>(3,051)</b>	<b>(23,142,783)</b>	<b>(1,445,421)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received	94,935	24,064	397	-	576,146	113,691
<b>Net Cash Provided by Investing Activities</b>	<b>94,935</b>	<b>24,064</b>	<b>397</b>	<b>-</b>	<b>576,146</b>	<b>113,691</b>
<b>Net Increase (Decrease) in Cash and Cash Investments</b>	<b>2,145,187</b>	<b>2,107,113</b>	<b>(887,552)</b>	<b>-</b>	<b>10,764,074</b>	<b>894,054</b>
Cash and Cash Investments - Beginning of Year	10,309,117	2,429,561	1,390,203	-	78,156,224	19,622,540
Cash and Cash Investments - End of Year	<u>\$ 12,454,304</u>	<u>\$ 4,536,674</u>	<u>\$ 502,651</u>	<u>\$ -</u>	<u>\$ 88,920,298</u>	<u>\$ 20,516,594</u>
Consisting of:						
Unrestricted	\$ 12,454,304	\$ 4,536,674	\$ 200	\$ -	\$ 88,313,894	\$ 18,927,564
Restricted	-	-	502,451	-	606,404	1,589,030
	<u>\$ 12,454,304</u>	<u>\$ 4,536,674</u>	<u>\$ 502,651</u>	<u>\$ -</u>	<u>\$ 88,920,298</u>	<u>\$ 20,516,594</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
Reconciliation of Operating Income (Loss) to						
Cash Flow s from Operating Activities:						
Operating Income (Loss)	\$ (7,944,156)	\$ 1,565,195	\$ (1,253,062)	\$ (303,938)	\$ 3,617,669	\$ 608,151
Other Income	790,591	6,321	6,797	105,141	3,439,100	938,872
Other Expenses	(845,615)	(6,883)	(37)	(20,302)	(6,137,550)	(157,675)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flow s from Operating Activities:						
Depreciation and Amortization	2,719,042	5,436	169,270	6,147	8,603,475	1,812,489
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	(51,427)	444	(126,819)	(2,400)	(1,332,536)	(50,121)
Taxes Receivable	722,471	-	-	-	457,083	-
Supplies	-	-	-	-	776,963	(87,161)
Due from Other Governments	(4,332,471)	-	34,020	-	9,977,868	-
Advances to Other Funds	-	-	-	-	1,445,396	-
Prepaid Expenses	-	-	-	17,500	(7,415)	(169,853)
Accounts and Contracts Payable	803,970	104,046	(70,552)	(31,610)	(1,352,780)	258,246
Deferred Outflow s Pensions	24,498	71,569	53,203	-	(239,508)	-
Deferred Inflow s Pensions	(183,685)	(343,814)	(68,054)	-	(2,178,278)	-
Unearned Revenue	-	(230)	-	-	(774,302)	-
Advances from Other Funds	8,684,356	-	-	-	7,238,960	-
Accrued Personnel Costs	-	-	-	-	-	(889)
Compensated Absences	(639)	8,607	6,743	-	15,011	(41,227)
Other Liability	219,563	527,359	281,071	-	2,833,452	-
Liability for Self-Insurance Claims	-	-	-	-	-	(932,497)
Customer Deposits	-	146,142	-	-	286,881	-
Net Cash Provided (Used) by Operating Activities	\$ 606,498	\$ 2,084,192	\$ (967,420)	\$ (229,462)	\$ 26,669,489	\$ 2,178,335

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

## 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 District #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, 2016**

	Agency Funds	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments (Note 3)	\$ 384,190	\$ 93,674
Restricted Cash and Investments (Note 3)	-	664,448
Accounts Receivable	164,752	6,442
Taxes Receivable	21,400	-
Notes & Loan Receivable	-	251,657
Land Held For Resale	-	2,824,503
	<u>570,342</u>	<u>3,840,724</u>
Total Assets	<u>\$ 570,342</u>	<u>3,840,724</u>
<b>LIABILITIES</b>		
Accounts, Interest, and Contracts Payable	-	77,200
Funds Held as Agent for Others	570,342	-
Long - Term Obligations (Note 7):		
Due Within One Year	-	386,606
Due in More Than One Year	-	16,226,159
	<u>570,342</u>	<u>16,689,965</u>
Total Liabilities	<u>\$ 570,342</u>	<u>16,689,965</u>
<b>NET POSITION</b>		
Net Position Held in Trust		<u>\$ (12,849,241)</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, 2016**

	<u>Successor Agency</u>
<b>Additions</b>	
Property Taxes	\$ 1,021,457
Use of Money and Property	16,173
Miscellaneous Revenue	<u>5,444</u>
Total Additions	<u>1,043,074</u>
<b>Deductions</b>	
Obligation Requirements	
Interest on Bonds and Notes Payable	<u>169,556</u>
Total Obligation Requirements	<u>169,556</u>
Administrative Expenses	
Direct Management Expenses	<u>36,872</u>
Total Administrative Expenses	<u>36,872</u>
Total Deductions	<u>206,428</u>
Change in Net Position	<u>836,646</u>
Net Position - Beginning of Year	(12,220,651)
Prior Period Adjustment (Note 14)	<u>(1,465,236)</u>
Net Position - Beginning of Year, as restated	<u>(13,685,887)</u>
Net Position - End of Year	<u>\$ (12,849,241)</u>

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

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# NOTES TO THE FINANCIAL STATEMENTS

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# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **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 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.

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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Reporting Entity (Continued)

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. Certain eliminations have been made as prescribed by GASB statement No. 34 to minimize the double counting of internal activities in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Due to /from other funds
- Advances from /to other funds
- Transfers in/out

These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Basis of Presentation (Continued)

exchange 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.

**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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Major Funds (Continued)

**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.

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.



# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Major Funds (Continued)

**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, Orchard Walk Underground Utilities District, Atwood Water Main Assessment District, and the Laura Water Main Assessment 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.

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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Property Tax (Continued)

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 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

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### H. Capital Assets (Continued)

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.

### 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, 2016 and to multiply it by the estimated market value per pound, using level 2 inputs from Atlas World Food & Agriculture. As of June 30, 2016, nut inventory consisted of 753,461 pounds of walnuts valued at \$395,650 and 200,474 pounds of Pecans valued at \$295,710. The Governmental funds account for \$254,383 in the General Fund and \$201,684 in the Groundwater Recharge Special Revenue fund. The Proprietary funds account for \$198,270 in the Wastewater Fund and \$37,023 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 prepaids, inventory, supplies and the like.
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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### J. Fund Balance (Continued)

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.

### K. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

### L. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically re-appropriated for the following year. Unencumbered and unexpended appropriation lapse at year end. Encumbrances outstanding as of June 30, 2016 were as listed below:

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Encumbrances (Continued)

	<u>Amount</u>
General Fund	\$ 29,403,251
Community Deveolpment	1,123,854
Transportation	31,760
Non-Major Governmental Funds	<u>7,668,002</u>
	<u>\$ 38,226,867</u>

### M. Implementation of Accounting Pronouncements

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

#### GASB Statement No. 72, Fair Value Measurement and Application.

This statement addresses accounting and financial reporting issues related to fair value measurement. The City has implemented this statement for the June 30, 2016 fiscal year end.

### N. Future GASB Pronouncements

The following GASB Statements will be implemented in future 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.
- GASB Statement No. 77, *Tax Abatement Disclosures*. The provisions of this statement are effective for reporting periods beginning after December 15, 2015. The City has elected not to implement GASB Statement No. 77 early and has not determined its effects on the City's financial statements
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of this statement are effective for reporting periods beginning after December 15, 2015. The City has elected not to implement GASB Statement No. 78 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The provisions of this statement are effective for reporting periods beginning after June 15, 2015, except for provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. The City has elected not to implement GASB Statement No. 79 early and has not determined its effects on the City's financial statements.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### N. Future GASB Pronouncements (Continued)

- GASB Statement No. 80, *Blending Requirement for Certain Component Units – an amendment of GASB Statement No. 14*. The provisions of this statement are effective for reporting periods beginning after June 15, 2016. The City has elected not to implement GASB Statement No. 80 early and has not determined its effects on the City's financial statements
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The provisions of this statement are effective for periods beginning after December 15, 2016. The City has elected not to implement GASB Statement No. 81 early and has not determined its effects on the City's financial statements
- GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The provisions of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirement of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has elected not to implement GASB Statement No. 81 early and has not determined its effects on the City's financial statements

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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	\$	151,144
Non-Major Funds:		
Special Revenue Funds:		
Kaweah Lake and Local Stormwater Maintenance	\$	8,203
Measure T - Fire		274,758
CASP Program		5,451
Debt Service Funds:		
2015 Certificates of Participation	\$	822,813
Capital Projects Funds:		
Softball Facility Development	\$	25
Storm Sewer Construction		349,505
Government Facility Impact Fee		183

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016, are classified in the Statement of Net Position as follows:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 176,326,440
Restricted Cash and Investments	15,904,441
Fiduciary Funds Statement of Net Position:	
Cash and Investments	477,864
Restricted Cash and Investments	<u>664,448</u>
Total Cash and Investments	<u>\$ 193,373,193</u>

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

Cash on hand	\$ 12,680
Deposits with financial institutions	4,065,541
Investments	<u>189,294,972</u>
Total Cash and Investments	<u>\$ 193,373,193</u>

### A. 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.



# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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.

### B. 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

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 3 – CASH AND INVESTMENTS (Continued)

### C. 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 06/30/2016	Weighted Average Maturity (in Days )
Federal Agency - Coupon	\$ 44,130,668	80.35
Local Agency Investment Fund	80,234,256	-
Medium-Term Notes	27,240,870	41.62
Certificates of Deposit	6,545,909	6.95
Municipal Bonds	16,046,680	42.00
Local Agency Bonds	723,127	16.66
Held by Trustee:		
Money Market Funds	<u>14,373,462</u>	26.00
Total	<u>\$ 189,294,972</u>	

### D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2016, and during the 2015-2016 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.

### E. 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	Rating as of Year-End					Not Rated	
		AAAm	AA+	AA-	A	A-		
Federal Agency Securities	\$ 44,130,668	N/A	\$ -	\$ 44,130,668	\$ -	\$ -	\$ -	\$ -
Corporate Medium-Term Notes	27,240,870	A	-	2,022,020	3,011,220	14,168,340	8,039,290	-
State Investment Pool	80,234,256	N/A	-	-	-	-	-	80,234,256
Certificates of Deposit	6,545,909	N/A	-	-	-	-	-	6,545,909
Municipal Bonds	16,046,680	A	-	-	16,046,680	-	-	-
Local Agency Bonds	723,127	N/A	-	-	-	-	-	723,127
Held by Bond Trustee:								
Money market funds	<u>14,373,462</u>	A	<u>14,373,462</u>	-	-	-	-	-
Total	<u>\$ 189,294,972</u>		<u>\$ 14,373,462</u>	<u>\$ 46,152,688</u>	<u>\$ 19,057,900</u>	<u>\$ 14,168,340</u>	<u>\$ 8,039,290</u>	<u>\$ 87,503,292</u>

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 3 – CASH AND INVESTMENTS (Continued)

### F. 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. Investments in any one issuer (other than external investment pools and debt explicitly guaranteed by the U.S. government) that represents 5% or more of the total City of Visalia investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported</u>
Federal Home Loan Bank	Agency	\$ 14,031,760
Federal National Mortgage Association	Agency	9,024,210
Federal Home Loan Mortgage Corporation	Agency	15,039,600
State of California Bonds	Municipal	<u>16,046,680</u>
Total		<u>\$ 54,142,250</u>

### G. 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, 2016, 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.

### H. 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 3 – CASH AND INVESTMENTS (Continued)

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. At June 30, 2016, these investments matured in an average of 167 days. These valuations and financial statements are posted to the State Treasurer’s Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov)

### I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

<u>Investments by Fair Value Level</u>	<u>Level 2</u>	<u>Total</u>
Federal Agency Securities	\$ 44,130,668	\$ 44,130,668
Corporate Medium-Term Notes	27,240,870	27,240,870
Municipal Bonds	16,046,680	16,046,680
Local Agency Investment Fund	<u>80,234,256</u>	<u>80,234,256</u>
Subtotal	<u>\$ 167,652,474</u>	167,652,474
<i>Investments Measured at Amortized Cost</i>		
Local Agency Bonds		723,127
Held by Bond Trustee:		
Money market funds		14,373,462
<i>Investments Reported at Cost</i>		
Certificates of Deposit - Nonnegotiable		<u>6,545,909</u>
Total Investments		<u>\$ 189,294,972</u>

Federal agency securities totaling \$44.1 million, corporate medium-term notes totaling \$27.2 million and municipal bonds totaling \$16 million, classified in Level 2 of the fair value hierarchy, are valued using a matrix pricing technique. Matrix pricing is the process of estimating the market value price of a bond based on the quoted prices of more frequently traded comparable bonds. The Local Agency Investment Fund, classified in Level 2 of the fair value hierarchy, are valued using the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Local Agency Bonds and Money Market Funds held by the bond Trustee are reported at amortized cost. Non-negotiable certificates of deposit are reported at cost.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016, were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
General Fund	Compensated Absences - Internal Services	\$ 28,013 (B)
General Fund	Convention Center - Enterprise	9,754 (C)
<b>Debt Service Funds:</b>		
VPFA 2014 Refunding COP	General Fund	125,915 (C)
2015 COP	General Fund	485,453 (C)
2015 COP	Public Safety Impact Fee - Capital Projects	330,279 (C)
2015 COP	Measure T Police - Special Revenue	121,420 (C)
<b>Capital Projects Funds:</b>		
Parking District	General Fund	168,673 (B)
Parking District	Community Development	528,937 (C)
<b>Special Revenue Funds:</b>		
Grant and Loan Funds	General Fund	236,212 (B)
Transportation Grants	Ground Water Recharge	2,012 (A)
Community Development	General Fund	<u>33,272 (B)</u>
GOVERNMENTAL Funds Sub-Total		<u>2,069,940</u>
<b>Enterprise Funds:</b>		
Baseball	General Fund	232,513 (B)
Animal Control	General Fund	362,027 (B)
Animal Control	General Fund	567,328 (C)
Convention Center	General Fund	1,340,503 (B)
Convention Center	General Fund	659,373 (C)
Convention Center	General Fund	600,000 (A)
Wastewater	Waterways - Special Revenue	8,308 (B)
Transit	Transportation Grants - Special Revenue	2,217 (B)
Storm Sewer Maintenance	Kaweah Lake - Special Revenue	<u>375,000 (A)</u>
ENTERPRISE Funds Sub-Total		<u>4,147,269</u>
<b>Internal Service Funds:</b>		
Information Services	General Fund	25,000 (A)
Buildings Maintenance	General Fund	<u>100,000 (A)</u>
INTERNAL SERVICE Funds Sub-Total		<u>125,000</u>
TOTAL TRANSFERS		<u>\$ 6,342,209</u>

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

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 4 – INTERFUND TRANSACTIONS (Continued)

### B. Long-Term Interfund Advances

At June 30, 2016, the funds below had made advances which were not expected to be repaid within the next year.

	Advances From Other Funds	Advances To Other Funds
General Fund		\$ 6,957,749
Community Development Funds: (d)	\$ 107,438	
Special Revenue Funds:		
Special Service Districts (c)	857,943	
Grant & Loan Funds (d)	20,884	
Capital Projects Funds:		
Softball Facility Development (a)	5,646	
Storm Sewer Construction (b)	1,039,894	
Public Safety Impact Fee (b)	1,482,829	
Government Facilities Impact Fee (b)	212,541	
Enterprise Funds:		
Airport (e)	478,845	
Valley Oaks Golf (f)	2,751,729	
	<u>\$ 6,957,749</u>	<u>\$ 6,957,749</u>
Total Advances		

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

- (a) To be repaid from future softball fees.
- (b) To be repaid from future impact fees.
- (c) To be repaid through higher assessment fees.
- (d) To be repaid from grant revenue to be received in fiscal year 2016-17.
- (e) To be repaid from Airport fees.
- (f) To be repaid through a 15-year repayment plan, agreed to by the golf course management company.

### 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 5 – NOTES AND LOANS RECEIVABLE

### A. Current Year Transactions and Balances

	Ref#	Issue Date	Maturity	Balance at June 30, 2015	Additions	Repayments	Balance at June 30, 2016
<b>GOVERNMENTAL ACTIVITIES</b>							
<b>General Fund</b>							
Visalia Successor Agency	-	-	-	\$ 9,913,079	\$ 1,465,236	\$ -	\$ 11,378,315
Comfort Suites Parking	13010-J13039	May 2015	July 2018	5,954	-	5,954	-
Visalia Investment Associates	13010-J13044	April 2004	June 2034	402,247	-	12,354	389,893
Stonebrook Plaza Inc	13010-J13075	Dec 2012	June 2018	3,578	-	1,193	2,385
Cusenza Trust/VBC	13010-J13076	Aug 2012	June 2018	4,440	-	1,480	2,960
4 Creeks Investments	13010-J13079	Nov 2013	June 2019	7,681	-	1,920	5,761
Mor Furniture	13010-J13080	Feb 2015	June 2020	239,384	-	47,877	191,507
Frank Golden	13010-J13081	May 2015	June 2021	26,638	-	-	26,638
Poonam Verma	13010-B50956	Dec 2015	June 2021	-	36,312	-	36,312
California Gold Properties	13010-B53548	June 2016	June 2022	-	304,020	-	304,020
Subtotal General Fund				<u>10,603,001</u>	<u>1,805,568</u>	<u>70,778</u>	<u>12,337,791</u>
<b>Community Development</b>							
Visalia Senior Housing III	13010-J13057	Jan 2007	Jan 2062	2,720,193	-	-	2,720,193
Robinwood	13010-J13503	April 2007	April 2036	909,983	-	-	909,983
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	500,000	-	-	500,000
NSP	13010-J13418	Various	Various	537,828	79,569	19,444	597,953
CDBG	13411	Various	Various	1,194,395	-	20,037	1,174,358
Cal Home	13412	Various	Various	480,134	-	74,666	405,468
HOME	13412	Various	Various	3,436,410	71,330	60,350	3,447,390
Subtotal Housing Related Funds				<u>9,778,943</u>	<u>150,899</u>	<u>174,497</u>	<u>9,755,345</u>
<b>Housing Successor Agency</b>							
Visalia Successor Agency	-	-	-	1,632,273	-	389,407	1,242,866
Kimball Court (1)	13010-J13020	Aug 1999	Aug 2054	905,100	-	-	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
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
East Visalia Redevelopment	13413	Various	Various	32,461	-	-	32,461
Mooney Boulevard Redevelopment	13414	Various	Various	50,482	-	7,518	42,964
Habitat for Humanity Assigned Loans	13417/13418	Various	Various	1,177,140	-	53,263	1,123,877
Subtotal Housing Successor Funds				<u>6,174,049</u>	<u>-</u>	<u>450,188</u>	<u>5,723,861</u>
Subtotal Governmental Activities				<u>26,555,993</u>	<u>1,956,467</u>	<u>695,463</u>	<u>27,816,997</u>
<b>Parking District Fund</b>							
Comfort Suites	13010-J13038	Oct 2002	Oct 2032	182,972	-	8,101	174,871
Subtotal Parking District Fund				<u>182,972</u>	<u>-</u>	<u>8,101</u>	<u>174,871</u>
<b>Impact Fees (Various Funds)</b>							
VWR International	13010-J13071	April 2011	April 2018	302,736	-	100,912	201,824
Subtotal Impact Fees				<u>302,736</u>	<u>-</u>	<u>100,912</u>	<u>201,824</u>
<b>Grant &amp; Loan Funds</b>							
Central Valley Christian Housing	13010-J13034	June 2002	April 2026	70,400	-	10,000	60,400
Subtotal Grant & Loan Funds				<u>70,400</u>	<u>-</u>	<u>10,000</u>	<u>60,400</u>
<b>BUSINESS - TYPE</b>							
<b>Convention Center</b>							
Su Sa's Catering	13010-J13073	-	-	47,400	-	15,900	31,500
Subtotal Convention Center				<u>47,400</u>	<u>-</u>	<u>15,900</u>	<u>31,500</u>
Total				<u>\$ 27,159,501</u>	<u>\$ 1,956,467</u>	<u>\$ 830,376</u>	<u>\$ 28,285,592</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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016, these notes receivable totaled \$28,285,592 in the following funds: \$12,337,791 in the General Fund, \$174,871 in the Parking District Fund, \$201,824 in various Impact Fee Funds, \$60,400 in Grant & Loan Funds, \$9,775,345 in Housing Related Funds, and \$5,723,861 in the Housing Successor Agency Fund. The Convention Center, an Enterprise Fund, had one loan (a converted long-term receivable) totaling \$31,500.

### 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 \$1,174,358 at June 30, 2016.

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 \$3,852,858 at June 30, 2016.

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 \$4,480,996 at June 30, 2016.

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.



# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 6 – CAPITAL ASSETS

### A. Capital Assets Additions and Retirements

	Balance June 30, 2015	Additions	Retirements	Transfers	Adjustments	Balance June 30, 2016
<b>GOVERNMENTAL ACTIVITIES:</b>						
Capital assets not being depreciated						
Land	\$ 39,013,792	\$ 1,332,160	\$ (152,500)	\$ -	\$ -	\$ 40,193,452
Construction in progress	47,079,579	20,707,632	(1,735,364)	(3,519,846)	-	62,532,001
	<u>86,093,371</u>	<u>22,039,792</u>	<u>(1,887,864)</u>	<u>(3,519,846)</u>	<u>-</u>	<u>102,725,453</u>
Capital assets being depreciated						
Buildings	42,589,312	1,445,120	-	1,460,663	-	45,495,095
Improvements other than buildings	59,903,440	115,687	(76,635)	1,465,468	212	61,408,172
Machinery, equipment and vehicles	30,639,464	2,103,129	(1,179,698)	33,664	256	31,596,815
Infrastructure - streets, traffic signals & signs	181,699,112	156,452	-	459,646	-	182,315,210
	<u>314,831,328</u>	<u>3,820,388</u>	<u>(1,256,333)</u>	<u>3,419,441</u>	<u>468</u>	<u>320,815,292</u>
Accumulated depreciation						
Buildings	(9,440,009)	(820,107)	-	-	-	(10,260,116)
Improvements other than buildings	(15,851,044)	(1,658,827)	61,329	-	(60,280)	(17,508,822)
Machinery, equipment and vehicles	(17,979,180)	(2,077,609)	993,446	-	14,763	(19,048,580)
Infrastructure - streets, traffic signals & signs	(69,460,753)	(4,118,177)	-	-	60,280	(73,518,650)
	<u>(112,730,986)</u>	<u>(8,674,720)</u>	<u>1,054,775</u>	<u>-</u>	<u>14,763</u>	<u>(120,336,168)</u>
Governmental Capital Asset Activity, Net	<u>\$ 288,193,713</u>	<u>\$ 17,185,460</u>	<u>\$ (2,089,422)</u>	<u>\$ (100,405)</u>	<u>\$ 15,231</u>	<u>\$ 303,204,577</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Capital assets not being depreciated						
Land	\$ 23,009,436	\$ 3,199,933	\$ -	\$ 50,000	\$ -	\$ 26,259,369
Construction in progress	87,925,454	57,877,376	(675,467)	(22,241,088)	-	122,886,275
	<u>110,934,890</u>	<u>61,077,309</u>	<u>(675,467)</u>	<u>(22,191,088)</u>	<u>-</u>	<u>149,145,644</u>
Capital assets being depreciated						
Buildings	40,707,038	3,788,156	-	8,460,088	-	52,955,282
Improvements other than buildings	88,535,189	49,433	-	35,130	-	88,619,752
Machinery, equipment and vehicles	53,269,479	3,276,761	(462,468)	2,133,719	(725)	58,216,766
Infrastructure - sewer and storm drainage	113,953,626	965,950	-	11,662,556	94	126,582,226
	<u>296,465,332</u>	<u>8,080,300</u>	<u>(462,468)</u>	<u>22,291,493</u>	<u>(631)</u>	<u>326,374,026</u>
Accumulated depreciation						
Buildings	(14,824,300)	(1,000,414)	-	-	-	(15,824,714)
Improvements other than buildings	(52,359,559)	(1,972,001)	-	-	(7,748)	(54,339,308)
Machinery, equipment and vehicles	(32,308,664)	(4,252,044)	417,346	-	7,748	(36,135,614)
Infrastructure - sewer and storm drainage	(24,538,035)	(1,289,462)	-	-	-	(25,827,497)
	<u>(124,030,558)</u>	<u>(8,513,921)</u>	<u>417,346</u>	<u>-</u>	<u>-</u>	<u>(132,127,133)</u>
Business-type Capital Asset Activity, Net	<u>\$ 283,369,664</u>	<u>\$ 60,643,688</u>	<u>\$ (720,589)</u>	<u>\$ 100,405</u>	<u>\$ (631)</u>	<u>\$ 343,392,537</u>

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 6 – CAPITAL ASSETS (Continued)

### B. Capital Assets Additions and Retirements

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:

<b>Governmental Activities</b>	
General Government	\$ 950,272
Community Development	4,784
Public Works	4,061,494
Public Safety:	
Police	368,410
Fire	250,464
Community Services	1,212,044
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>1,812,489</u>
Total Governmental Activities	<u>\$ 8,659,957</u>
<b>Business-Type Activities</b>	
Convention Center	\$ 735,049
Airport	310,109
Valley Oaks Golf	337,831
Wastewater	2,296,761
Storm Sewer Maintenance	624,312
Solid Waste	1,309,964
Transit	2,719,042
Building Safety	5,436
Animal Control	169,270
Baseball	<u>6,147</u>
Total Business-Type Activities	<u>\$ 8,513,921</u>

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 7 – LONG-TERM OBLIGATIONS

### A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016	Due Within One Year
<b>Governmental Activity Debt</b>						
Certificates of Participation:						
2015 COP	\$ 13,121,230	\$ -	\$ 13,121,230	\$ (589,758)	\$ 12,531,472	\$ 699,652
2014 VPFA - Refunding (1)	1,180,800	1,097,600	-	(80,800)	1,016,800	83,200
Bond Premium	303,736	208,597	-	(78,484)	130,113	60,997
Notes:						
2008 HUD Sec. 108 Loans - Parking Structure	4,210,000	1,737,000	-	(461,000)	1,276,000	489,000
Energy Conservation Assistance Act Loan (2)	249,581	249,581	-	(47,077)	202,504	49,871
Compensated Absences	-	4,820,270	736,134	(716,772)	4,839,632	1,041,778
<b>Total Governmental Activity</b>	<b>\$ 19,065,347</b>	<b>\$ 8,113,048</b>	<b>\$ 13,857,364</b>	<b>\$ (1,973,891)</b>	<b>\$ 19,996,521</b>	<b>\$ 2,424,498</b>
<b>Business-Type Activity Debt</b>						
Certificates of Participation:						
2015 COP	\$ 4,788,770	\$ -	\$ 4,788,770	\$ (215,241)	\$ 4,573,529	\$ 255,348
2014 VPFA - Refunding (1)	6,199,200	5,762,400	-	(424,200)	5,338,200	436,800
Bond Premium	971,504	776,712	-	(171,654)	605,058	147,522
Notes:						
2014 Clean Water State Revolving Fund Loan	Ongoing	56,779,515	28,053,178	-	84,832,693	-
Energy Conservation Assistance Act Loan	199,791	199,791	-	(37,685)	162,106	39,922
Lease:						
2012 SPCA	6,600,000	5,902,966	-	(366,812)	5,536,154	379,576
Compensated Absences	-	981,137	148,012	(133,002)	996,147	242,491
<b>Total Business-Type Activity</b>	<b>\$ 18,759,265</b>	<b>\$ 70,402,521</b>	<b>\$ 32,989,960</b>	<b>\$ (1,348,594)</b>	<b>\$ 102,043,887</b>	<b>\$ 1,501,659</b>
<b>Private Purpose Trust Funds</b>						
Redevelopment Agency Tax Allocation Bonds:						
2003 East Visalia District	\$ 5,185,000	\$ 2,530,000	\$ -	\$ (270,000)	\$ 2,260,000	\$ 280,000
Notes:						
2004 RDA - Mooney District	2,707,250	1,833,822	-	(102,238)	1,731,584	106,606
Advances:						
General Fund	-	9,913,079	1,465,236	-	11,378,315	-
Housing Successor Agency	-	1,632,273	-	(389,407)	1,242,866	-
<b>Total Private Purpose Trust Funds</b>	<b>\$ 7,892,250</b>	<b>\$ 15,909,174</b>	<b>\$ 1,465,236</b>	<b>\$ (761,645)</b>	<b>\$ 16,612,765</b>	<b>\$ 386,606</b>

(1) 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.

(2) \$3,828.40 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

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **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.

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, 27% is allocable to the Convention Center, 10% is allocable to the Measure T Fund, 26% is allocable to Police Impact Fees, and 37% 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.

### 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 7 – LONG-TERM OBLIGATIONS** (Continued)

### 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.

### 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

### 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
2017	\$ 1,321,724	\$ 60,997	\$ 549,484	\$ 1,111,646	\$ 147,522	\$ 585,032	\$ 386,606	\$ 166,862
2018	1,365,213	42,625	508,729	1,150,265	122,189	548,384	276,516	151,874
2019	1,136,571	23,369	472,290	1,186,485	95,734	510,424	286,431	140,771
2020	893,058	3,122	439,649	1,230,058	67,985	468,367	301,562	129,179
2021	882,304	-	400,863	1,237,928	55,450	420,570	311,764	116,778
2022-2026	5,094,457	-	1,318,709	7,024,695	116,178	1,258,264	1,768,465	373,140
2027-2031	4,333,449	-	278,126	2,668,912	-	148,799	660,240	38,414
	<u>\$ 15,026,776</u>	<u>\$ 130,113</u>	<u>\$ 3,967,850</u>	<u>\$ 15,609,989</u>	<u>\$ 605,058</u>	<u>\$ 3,939,840</u>	<u>\$ 3,991,584</u>	<u>\$ 1,117,018</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, 2016, \$195,000 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, 2016, \$30,960 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, 2016, \$450,000 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$148,367 bond designated as the “City of Visalia Atwood Street Water Assessment District No. 2014-01, Series 2015-2”. The City then purchased the bonds for the City’s cash portfolio. The bonds yield 4.00% and mature on September 2, 2030 and were for the construction of improvements for the extension of a California Water main into Atwood Street to provide services to each property as the properties had wells that were beginning to fail. As of June 30, 2016, \$140,958 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$106,530 bond designated as the “City of Visalia Laura Street Water Assessment District No. 2014-01, Series 2015-2”. The City then purchased the bonds for the City’s cash portfolio. The bonds yield 4.00% and mature on September 2, 2030 and were for the construction of improvements for the extension of a California Water main into Laura Street to provide services to each property as the properties had wells that were beginning to fail. As of June 30, 2016, \$101,209 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **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, 2016 is as follows:

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

### B. Fund Balances (Continued)

**City of Visalia**  
**Governmental Fund Balances**  
**June 30, 2016**  
**(in thousands)**

	General Fund	Community Development	Housing Successor Agency	Transportation	All Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>						
Inventory	\$ 254	\$ -	\$ -	\$ -	\$ -	\$ 254
Prepays/Deposits	98	-	-	-	-	98
Supplies	5	-	-	-	-	5
<b>Total Nonspendable Fund Balance</b>	<b>357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>357</b>
<b>Restricted</b>						
Purpose of Fund	-	771	1,474	974	47,637	50,856
<b>Total Restricted Fund Balance</b>	<b>-</b>	<b>771</b>	<b>1,474</b>	<b>974</b>	<b>47,637</b>	<b>50,856</b>
<b>Committed</b>						
Civic Center Facilities	14,365	-	-	-	-	14,365
Sports Park	837	-	-	-	-	837
Recreation Park Stadium	9	-	-	-	-	9
Animal Control	230	-	-	-	-	230
Conservation	195	-	-	-	-	195
Historic Preservation	28	-	-	-	-	28
Emergency Reserve	11,663	-	-	-	-	11,663
Southwest Fire Station	-	-	-	-	165	165
Miscellaneous Capital Projects	691	1,124	-	32	7,503	9,350
<b>Total Committed Fund Balance</b>	<b>28,018</b>	<b>1,124</b>	<b>-</b>	<b>32</b>	<b>7,668</b>	<b>36,842</b>
<b>Assigned</b>						
Advance - Public Safety Impact Fee	1,483	-	-	-	-	1,483
Advance - Public Facility Impact Fee	212	-	-	-	-	212
Advance - Softball Development	6	-	-	-	-	6
Advance - Storm Sewer Construction	1,040	-	-	-	-	1,040
Advance - Special Service Districts	858	-	-	-	-	858
Advance - CHFA	21	-	-	-	-	21
Advance - Valley Oaks Golf	2,752	-	-	-	-	2,752
Advance - Airport	479	-	-	-	-	479
Advance - Community Development	107	-	-	-	-	107
Advance - Atwood District	76	-	-	-	-	76
Advance - Laura District	20	-	-	-	-	20
Miscellaneous Capital Projects	349	-	-	-	-	349
Successor Agency	11,378	-	1,243	-	-	12,621
<b>Total Assigned Fund Balance</b>	<b>18,781</b>	<b>-</b>	<b>1,243</b>	<b>-</b>	<b>-</b>	<b>20,024</b>
<b>Unassigned</b>						
<b>Total Unassigned Fund Balance</b>	<b>4,787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,548)</b>	<b>239</b>
<b>Total Fund Balances</b>	<b>\$ 51,943</b>	<b>\$ 1,895</b>	<b>\$ 2,717</b>	<b>\$ 1,006</b>	<b>\$ 50,757</b>	<b>\$ 108,318</b>



# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

### B. Fund Balances

CITY OF VISALIA SCHEDULE OF FUND BALANCE - GENERAL FUND (In Thousands)					
	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
<b>Nonspendable Fund Balance:</b>					
CalPERS Prepayment	\$ 1,200	\$ 800	\$ 400	\$ -	\$ -
Inventory	-	-	-	-	254
Prepaid Expenditures	247	360	178	429	98
Supplies	24	8	2	6	5
Long-Term Receivable	48	-	-	-	-
<b>Nonspendable Fund Balance Total</b>	<b>1,519</b>	<b>1,168</b>	<b>580</b>	<b>435</b>	<b>357</b>
<b>Committed Fund Balance:</b>					
Civic Center Facilities	8,985	8,721	7,573	6,508	14,365
Sports Park	2,120	1,765	890	837	837
General Plan Update	216	186	41	1	-
Brownfield Study	236	135	130	130	-
Recreation Park Stadium	242	243	244	9	9
Transportation Projects	1,121	903	897	539	-
Animal Control	745	228	229	230	230
Conservation	-	-	169	196	195
City Light Retrofit	201	-	-	-	-
HVAC Systems Replacement	23	-	-	-	-
Energy Audit Study	22	-	-	-	-
Agenda Management System	25	-	-	-	-
Historic Preservation	5	5	-	1	28
Emergency Reserve	1,363	1,305	5,729	9,134	11,663
Miscellaneous Capital Projects	-	-	428	134	691
<b>Committed Fund Balance Total</b>	<b>15,304</b>	<b>13,491</b>	<b>16,330</b>	<b>17,719</b>	<b>28,018</b>
<b>Assigned Fund Balance:</b>					
Advance - Public Safety Impact Fee	432	1,886	1,625	1,564	1,483
Advance - Public Facility Impact Fee	287	277	261	239	212
Advance - Transportation Impact Fee	1,354	1,763	120	-	-
Advance - Softball Development	8	7	7	8	6
Advance - Measure R - Regional	303	2,168	2,309	935	-
Advance - Measure R - Local	66	-	-	-	-
Advance - Groundwater Recharge	417	30	-	-	-
Advance - Waterways	43	-	-	-	1,040
Advance - Storm Sewer Construction	211	384	358	-	-
Advance - Kaweah Lake	-	-	-	-	-
Advance - Special Service Districts	570	646	693	822	858
Advance - Federal COPS Grant	-	-	67	47	-
Advance - CHFA	40	35	34	31	21
Advance - Transportation	2,235	1,220	448	2	-
Advance - Housing Successor Agency	6	1,305	72	67	-
Advance - Community Development	-	162	22	271	107
Advance - Valley Oaks Golf	70	676	4,104	4,113	2,752
Advance - Airport	665	1,167	644	590	479
Advance - Building Safety	19	185	-	-	-
Advance - Information Systems	-	-	-	50	-
Advance - Risk	883	-	-	-	-
Advance - Health Benefits	-	90	-	-	-
Advance - Atwood District	-	-	-	210	76
Advance - Laura District	-	-	-	128	20
Miscellaneous Capital Projects	989	2,217	358	496	349
Successor Agency	3,167	7,447	7,507	9,913	11,378
<b>Assigned Fund Balance Total</b>	<b>11,765</b>	<b>21,665</b>	<b>18,629</b>	<b>19,486</b>	<b>18,781</b>
<b>Unassigned Fund Balance:</b>					
Unassigned	-	-	1,387	4,043	4,787
<b>Unassigned Fund Balance Total</b>	<b>-</b>	<b>-</b>	<b>1,387</b>	<b>4,043</b>	<b>4,787</b>
<b>Total Fund Balance</b>	<b>\$ 28,588</b>	<b>\$ 36,324</b>	<b>\$ 36,926</b>	<b>\$ 41,683</b>	<b>\$ 51,943</b>

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016. Future revenues or interfund transfers are expected to offset these deficits:

Debt Service Funds:	
VPFA 2014 Refunding COP	\$ 3,709
2015 COP	29,659
Capital Projects Funds:	
Softball Facility Development	\$ 5,646
Storm Sewer Construction	624,159
Private Purpose Trust Fund:	
Successor Agency	\$ 12,849,241

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## 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, 2016, are summarized as follows:

	<u>Miscellaneous</u>			
	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
Hire date				
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	21.124%	21.124%	21.124%	21.124%
	<u>Safety</u>			
	Prior to February 26, 2011	On or after February 27, 2011 through December 31, 2012	On or after January 1, 2013 through current	
Hire date				
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	33.615%	33.615%	33.615%	

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 10 – EMPLOYEE BENEFITS (Continued)

### A. General Information about the Pension Plans (Continued)

**Employees Covered** – At June 30, 2016, 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	368	200
Inactive employees entitled to but not yet receiving benefits	249	89
Active employees	<u>359</u>	<u>212</u>
Total	<u><u>976</u></u>	<u><u>501</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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.2% - 12.2% (1)	3.4% - 20.0% (1)
Investment Rate of Return	7.65% (2)	7.65% (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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 10 – EMPLOYEE BENEFITS (Continued)

### B. Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 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 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 10 – EMPLOYEE BENEFITS (Continued)

### B. Net Pension Liability (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	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)
<b>Balance at June 30, 2014</b>	<b>\$186,909,842</b>	<b>\$140,683,484</b>	<b>\$46,226,358</b>
<b>Changes in the year:</b>			
Service cost	3,692,092		3,692,092
Interest on the total pension liability	13,839,466		13,839,466
Differences between actual and expected experience	(307,086)		(307,086)
Changes in assumptions	(3,447,570)		(3,447,570)
Changes in benefit terms	0		0
Plan to plan resource movement		0	0
Contribution - employer		4,077,411	(4,077,411)
Contribution - employee (paid by employer)		1,747,629	(1,747,629)
Net investment income		3,174,848	(3,174,848)
Administrative expenses		(159,136)	159,136
Benefit payments, including refunds of employee contributions	(8,186,347)	(8,186,347)	0
<b>Net changes</b>	<b>5,590,555</b>	<b>654,405</b>	<b>4,936,150</b>
<b>Balance at June 30, 2015</b>	<b>\$192,500,397</b>	<b>\$141,337,889</b>	<b>\$51,162,508</b>

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 10 – EMPLOYEE BENEFITS (Continued)

### C. Changes in the Net Pension Liability (Continued)

#### Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	<u>\$178,316,761</u>	<u>\$138,616,770</u>	<u>\$39,699,991</u>
<b>Changes in the year:</b>			
Service cost	5,222,479		5,222,479
Interest on the total pension liability	13,269,691		13,269,691
Differences between actual and expected experience	(373,500)		(373,500)
Changes in assumptions	(3,509,871)		(3,509,871)
Changes in benefit terms	0		0
Plan to plan resource movement		0	0
Contribution - employer		5,610,391	(5,610,391)
Contribution - employee (paid by employer)		1,805,168	(1,805,168)
Net investment income		3,141,564	(3,141,564)
Administrative expenses		(159,587)	159,587
Benefit payments, including refunds of employee contributions	(7,169,237)	(7,169,237)	0
<b>Net changes</b>	<u>7,439,562</u>	<u>3,228,299</u>	<u>4,211,263</u>
<b>Balance at June 30, 2015</b>	<u>\$185,756,323</u>	<u>\$141,845,069</u>	<u>\$43,911,254</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	6.65%	6.65%	6.65%
Net Pension Liability	\$77,468,220	\$71,192,433	\$148,660,653
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$51,162,508	\$43,911,254	\$95,073,762
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$29,484,025	\$21,682,807	\$51,166,832

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

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

For the year ended June 30, 2016, the City of Visalia recognized pension expense of \$8,739,102. At June 30, 2016, 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	\$4,662,880	-
Differences between actual and expected experience	-	(219,347)
Changes in assumptions	-	(2,462,550)
Net differences between projected and actual earnings on plan investments	5,955,782	(\$7,233,817)
Total	<u>\$10,618,662</u>	<u>(\$9,915,714)</u>

#### Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,256,147	-
Differences between actual and expected experience	-	(300,265)
Changes in assumptions	-	(2,821,661)
Net differences between projected and actual earnings on plan investments	5,956,086	(\$7,032,141)
Total	<u>\$12,212,233</u>	<u>(\$10,154,067)</u>

\$10,919,027 (\$4,662,880 related to the Miscellaneous Plan and \$6,256,147 related to the Safety Plan) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2017	(\$1,995,085)	2017	(\$1,616,470)
2018	(1,995,085)	2018	(1,616,470)
2019	(1,458,706)	2019	(1,616,470)
2020	1,488,944	2020	727,575
2021	-	2021	(76,146)
Thereafter	-	Thereafter	-



# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 10 – EMPLOYEE BENEFITS** (Continued)

### E. Payable to the Pension Plan

At June 30, 2016, the City of Visalia reported a payable of \$492,297 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

### 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 98 retirees and 40 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, 2016, were at a rate up to \$840 per retiree per month and up to an additional \$840 a spouse. Family coverage is also available for an additional \$419 a month which makes the family PPO premium up to \$2,099 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 10 – EMPLOYEE BENEFITS** (Continued)

### I. Defined Contribution for Retiree Health Care (Continued)

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. Fourteen 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 2015/16, the City's Retiree Health Care Contributions was approximately \$410,000.

## **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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 11 – RISK MANAGEMENT** (Continued)

### A. Coverage (Continued)

During the fiscal year ended June 30, 2016, the City contributed \$316,964 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 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:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims &amp; Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>	<u>Due Within One Year</u>
2013-14	\$ 4,335,549	\$ 3,762,797	\$ (2,203,086)	\$ 5,895,260	\$ 1,196,989
2014-15	5,895,260	1,955,396	(2,205,148)	5,645,508	529,868
2015-16	5,645,508	1,464,295	(2,396,792)	4,713,011	582,332

## **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, 2016, the City had entered into \$1,250,531 in agreements for projects that had not been started and would only be paid for from future impact fees.

At June 30, 2016, the City had made commitments of approximately \$59.9 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.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 31, 2016, which is the date the basic financial statements were available to be issued, noting the following event.

### A. Measure N

In response to needs in Police, Fire, Streets and Parks, the City of Visalia sought a stable source of funding for essential city services such as police and fire, as well as maintenance of our parks and roads. Essential services are the backbone of any community and Measure N - The Visalia Essential City Services Measure was brought to the voters on the November 8, 2016 election. The citizens of Visalia approved Measure N with 65.26% of the 39,720 cast ballots voting yes on the Measure.

Measure N will institute a .5% (half-cent) increase to the Transactions and Use Tax (commonly known as sales tax) levied on transactions within the City of Visalia. The proceeds of this tax (estimated at \$10 million annually) will provide the City with a reliable, ongoing, local source of funding for public safety, repairs and maintenance for streets, and maintenance of parks and trails. Funds will be controlled directly by the City of Visalia, with citizen oversight, and not subject to control by the State of California.

# Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **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	\$ 41,683,183
Adjustment due to interest write off.	(1,194,719)
Adjustment to advance balances due to restated interest rates as instructed by California Department of Finance and approved by the Successor Agency Oversight Board.	<u>1,465,236</u>
Beginning Balance as Restated	<u>\$ 41,953,700</u>

#### **Governmental Activities Net Position**

Beginning Balance as Previously Reported	\$ 335,071,695
Adjustment to General Fund due to interest write off.	(1,194,719)
Adjustment to advance balances due to restated interest rates as instructed by California Department of Finance and approved by the Successor Agency Oversight Board.	<u>1,465,236</u>
Beginning Balance as Restated	<u>\$ 335,342,212</u>

### **Proprietary Funds:**

#### **Valley Oaks Golf**

Beginning Balance as Previously Reported	\$ 1,414,238
Adjustment due to interest write off.	<u>1,194,719</u>
Beginning Balance as Restated	<u>\$ 2,608,957</u>

#### **Transit**

Beginning Balance as Previously Reported	\$ 49,422,892
Adjustment due to 13/14 and 15/16 deferred revenue.	<u>(4,304,270)</u>
Beginning Balance as Restated	<u>\$ 45,118,622</u>

#### **Business-Type Activities Net Position**

Beginning Balance as Previously Reported	\$ 289,127,060
Adjustment to Valley Oaks Golf due to interest write off.	1,194,719
Adjustments to Transit due to 13/14 and 15/16 deferred revenue.	<u>(4,304,270)</u>
Beginning Balance as Restated	<u>\$ 286,017,509</u>

### **Private Purpose Trust Fund:**

#### **Successor Agency**

Beginning Balance as Previously Reported	\$ (12,220,651)
Adjustment to advance balances due to restated interest rates as instructed by California Department of Finance and approved by the Successor Agency Oversight Board.	<u>(1,465,236)</u>
Beginning Balance as Restated	<u>\$ (13,685,887)</u>



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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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# Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

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

**Miscellaneous Plan**

Measurement Period	<b>2014-15<sup>1</sup></b>	<b>2013-14<sup>1</sup></b>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 3,692,092	\$ 3,797,356
Interest	13,839,466	13,175,275
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(307,086)	-
Changes of Assumptions	(3,447,570)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,186,347)	(7,668,885)
<b>Net Change in Total Pension Liability</b>	<b>5,590,555</b>	<b>9,303,746</b>
<b>Total Pension Liability - Beginning</b>	<b>186,909,842</b>	<b>177,606,096</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 192,500,397</b>	<b>\$ 186,909,842</b>
 <b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 4,077,411	\$ 3,947,176
Contributions - Employee	1,747,629	1,809,951
Net Investment Income	3,174,848	21,053,194
Benefit Payments, Including Refunds of Employee Contributions	(8,186,347)	(7,668,885)
Administrative Expense	(159,136)	-
Other Changes in Fiduciary Net Position	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>654,405</b>	<b>19,141,436</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>140,683,484</b>	<b>121,542,048</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 141,337,889</b>	<b>\$ 140,683,484</b>
 <b>PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)</b>	<b>\$ 51,162,508</b>	<b>\$ 46,226,358</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>73.42%</b>	<b>75.27%</b>
 <b>Covered-Employee Payroll</b>	<b>\$ 21,833,945</b>	<b>\$ 20,653,520</b>
 <b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>234.33%</b>	<b>223.82%</b>

<sup>1</sup> Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only two years are available for presentation.

**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, 2014. 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:** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

# Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

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

**Safety Plan**

Measurement Period	<b>2014-15<sup>1</sup></b>	<b>2013-14<sup>1</sup></b>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 5,222,479	\$ 5,100,652
Interest	13,269,691	12,494,891
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(373,500)	-
Changes of Assumptions	(3,509,871)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,169,237)	(6,653,993)
<b>Net Change in Total Pension Liability</b>	<b>7,439,562</b>	<b>10,941,550</b>
<b>Total Pension Liability - Beginning</b>	<b>178,316,761</b>	<b>167,375,211</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 185,756,323</b>	<b>\$ 178,316,761</b>
 <b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - Employer	\$ 5,610,391	\$ 5,703,922
Contributions - Employee	1,805,168	1,618,205
Net Investment Income	3,141,564	20,530,453
Benefit Payments, Including Refunds of Employee Contributions	(7,169,237)	(6,653,993)
Administrative Expense	(159,587)	-
Other Changes in Fiduciary Net Position	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>3,228,299</b>	<b>21,198,587</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>138,616,770</b>	<b>117,418,183</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 141,845,069</b>	<b>\$ 138,616,770</b>
 <b>PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)</b>	<b>\$ 43,911,254</b>	<b>\$ 39,699,991</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>76.36%</b>	<b>77.74%</b>
 <b>Covered-Employee Payroll</b>	<b>\$ 18,862,345</b>	<b>\$ 17,363,328</b>
 <b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>232.80%</b>	<b>228.64%</b>

<sup>1</sup> Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only two years are available for presentation.

**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, 2014. 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

# Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

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

**Miscellaneous Plan**

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarially Determined Contribution	\$ 4,662,880	\$ 4,346,353
Contributions in Relation to the Actuarially Determined Contribution	(4,662,880)	(4,346,353)
Contribution Deficiency (Excess)	\$ -	\$ -
 Covered-Employee Payroll	 \$ 22,149,078	 \$ 21,833,945
 Contributions as a Percentage of Covered-Employee Payroll	 21.05%	 19.91%

**Safety Plan**

	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarially Determined Contribution	\$ 6,256,147	\$ 6,108,700
Contributions in Relation to the Actuarially Determined Contribution	(6,256,147)	(6,108,700)
Contribution Deficiency (Excess)	\$ -	\$ -
 Covered-Employee Payroll	 \$ 18,638,048	 \$ 18,862,345
 Contributions as a Percentage of Covered-Employee Payroll	 33.57%	 32.39%

<sup>1</sup> Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only two years are available for presentation.



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**OTHER  
SUPPLEMENTARY  
INFORMATION**

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**GOVERNMENTAL FUNDS – OTHER THAN  
THE GENERAL FUND AND MAJOR SPECIAL  
REVENUE FUNDS**





**CITY OF VISALIA  
MAJOR GOVERNMENTAL FUNDS,  
OTHER THAN GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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, 2016**

	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>			
Subventions and Grants	\$ 1,776,328	\$ 2,617,081	\$ 840,753
Fees and Fines	154,800	91,787	(63,013)
Uses of Money and Property	-	55,122	55,122
Miscellaneous	-	2,308	2,308
<b>Total Revenues</b>	<b>1,931,128</b>	<b>2,766,298</b>	<b>835,170</b>
<b>Expenditures</b>			
Current:			
Community Development	855,628	1,024,249	(168,621)
Capital Outlay	1,538,952	1,521,475	17,477
<b>Total Expenditures</b>	<b>2,394,580</b>	<b>2,545,724</b>	<b>(151,144)</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(463,452)	220,574	986,314
Other Financing Sources (Uses)			
Transfers In	-	33,272	33,272
Transfers Out	(530,000)	(528,937)	(1,063)
<b>Total Other Financing Sources (Uses)</b>	<b>(530,000)</b>	<b>(495,665)</b>	<b>32,209</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (993,452)</b>	<b>(275,091)</b>	<b>\$ 1,018,523</b>
Fund Balance - Beginning of Year		2,170,340	
Fund Balance - End of Year		<b>\$ 1,895,249</b>	

**CITY OF VISALIA  
HOUSING SUCCESSOR AGENCY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>			
Subventions and Grants	\$ 16,000	\$ 16,619	\$ 619
Uses of Money and Property	-	8,589	8,589
<b>Total Revenues</b>	<u>16,000</u>	<u>25,208</u>	<u>9,208</u>
<b>Expenditures</b>			
Current:			
Community Development	172,600	10,284	162,316
<b>Total Expenditures</b>	<u>172,600</u>	<u>10,284</u>	<u>162,316</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(156,600)</u>	<u>14,924</u>	<u>(153,108)</u>
<b>Net Changes in Fund Balance</b>	<u>\$ (156,600)</u>	<u>14,924</u>	<u>\$ (153,108)</u>
Fund Balance - Beginning of Year		<u>2,702,126</u>	
Fund Balance - End of Year		<u>\$ 2,717,050</u>	

**CITY OF VISALIA  
TRANSPORTATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>			
Fees and Fines	\$ 1,908,600	\$ 3,920,373	\$ 2,011,773
Uses of Money and Property	-	11,411	11,411
Miscellaneous	-	15,072	15,072
<b>Total Revenues</b>	<b>1,908,600</b>	<b>3,946,856</b>	<b>2,038,256</b>
<b>Expenditures</b>			
Current:			
Public Works	48,800	19,053	29,747
Capital Outlay	3,422,663	3,380,841	41,822
<b>Total Expenditures</b>	<b>3,471,463</b>	<b>3,399,894</b>	<b>71,569</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,562,863)	546,962	1,966,687
Other Financing Sources (Uses)			
Proceeds From Sale of Capital	14,300	-	(14,300)
<b>Total Other Financing Sources</b>	<b>14,300</b>	<b>-</b>	<b>(14,300)</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (1,548,563)</b>	<b>546,962</b>	<b>\$ 1,952,387</b>
Fund Balance - Beginning of Year		459,315	
Fund Balance - End of Year		<b>\$ 1,006,277</b>	

## NON- MAJOR GOVERNMENTAL FUNDS



## 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 years' service level unless the City Council declares an economic emergency by a 4/5<sup>th</sup> 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 years' service level unless the City Council declares an economic emergency by a 4/5<sup>th</sup> 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.

# Non-Major Governmental Funds

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2016

## **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.

### **2015 CERTIFICATES OF PARTICIPATION**

Established to account for the payment of the 2015 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, 2016**

SPECIAL REVENUE FUNDS

	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture
<b>ASSETS</b>							
Cash and Investments	\$ 1,231,487	\$ 75,120	\$ 323,878	\$ 4,483,046	\$ 259,669	\$ 38,756	\$ 587,123
Restricted Cash and Investments	-	-	-	-	-	-	-
Accounts Receivable	37,079	86,541	-	-	4,531	29,032	2,866
Taxes Receivable	-	212,590	-	357,891	-	44,796	-
Notes and Loans Receivable	11,552	13,407	-	-	-	60,400	-
Inventory	-	201,684	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	50,000	-
<b>Total Assets</b>	<b>\$ 1,280,118</b>	<b>\$ 589,342</b>	<b>\$ 323,878</b>	<b>\$ 4,840,937</b>	<b>\$ 264,200</b>	<b>\$ 222,984</b>	<b>\$ 589,989</b>
<b>LIABILITIES</b>							
Accounts, Interest and Contracts Payable	\$ 12,595	\$ 118,075	\$ -	\$ 397,781	\$ -	\$ 249	\$ -
Advance from Other Funds	-	-	-	857,943	-	20,884	-
Customer Deposits	-	-	-	-	-	-	271,301
Unearned Revenue	-	201,684	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	25,625	-
<b>Total Liabilities</b>	<b>12,595</b>	<b>319,759</b>	<b>-</b>	<b>1,255,724</b>	<b>-</b>	<b>46,758</b>	<b>271,301</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Asset Forfeiture	-	-	-	-	-	-	311,089
Impact Fees	36,166	9,635	-	-	4,530	-	-
Notes	-	-	-	-	-	60,400	-
<b>Total Deferred Inflows of Resources</b>	<b>36,166</b>	<b>9,635</b>	<b>-</b>	<b>-</b>	<b>4,530</b>	<b>60,400</b>	<b>311,089</b>
<b>FUND BALANCES</b>							
Restricted	1,220,681	142,553	323,878	3,584,834	259,670	115,826	7,599
Committed	10,676	222,658	-	379	-	-	-
Unassigned	-	(105,263)	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,231,357</b>	<b>259,948</b>	<b>323,878</b>	<b>3,585,213</b>	<b>259,670</b>	<b>115,826</b>	<b>7,599</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,280,118</b>	<b>\$ 589,342</b>	<b>\$ 323,878</b>	<b>\$ 4,840,937</b>	<b>\$ 264,200</b>	<b>\$ 222,984</b>	<b>\$ 589,989</b>

**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (Continued)**  
**JUNE 30, 2016**

	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	2015 Certificates of Participation
	<b>ASSETS</b>							
Cash and Investments	\$ 1,835,010	\$ 5,794,018	\$ 5,076,353	\$ 286,238	\$ 1,172,533	\$ 40,397	\$ -	\$ -
Restricted Cash and Investments	1,791,081	-	-	-	-	-	2	8,371
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	671,858	447,905	265,210	-	352,970	-	-	-
Notes and Loans Receivable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	521,233	-	-	-
<b>Total Assets</b>	<b>\$ 4,297,949</b>	<b>\$ 6,241,923</b>	<b>\$ 5,341,563</b>	<b>\$ 286,238</b>	<b>\$ 2,046,736</b>	<b>\$ 40,397</b>	<b>\$ 2</b>	<b>\$ 8,371</b>
<b>LIABILITIES</b>								
Accounts, Interest and Contracts Payable	\$ 17	\$ 9,880	\$ 153,234	\$ 186,284	\$ 828,446	\$ 1,922	\$ 3,711	\$ 38,030
Advance from Other Funds	-	-	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Accrued Personnel Costs	139,281	241,735	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>139,298</b>	<b>251,615</b>	<b>153,234</b>	<b>186,284</b>	<b>828,446</b>	<b>1,922</b>	<b>3,711</b>	<b>38,030</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Asset Forfeiture	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Restricted	4,158,651	5,825,554	4,319,190	-	-	38,475	-	-
Committed	-	164,754	869,139	600,446	2,799,402	-	-	-
Unassigned	-	-	-	(500,492)	(1,581,112)	-	(3,709)	(29,659)
<b>Total Fund Balances</b>	<b>4,158,651</b>	<b>5,990,308</b>	<b>5,188,329</b>	<b>99,954</b>	<b>1,218,290</b>	<b>38,475</b>	<b>(3,709)</b>	<b>(29,659)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,297,949</b>	<b>\$ 6,241,923</b>	<b>\$ 5,341,563</b>	<b>\$ 286,238</b>	<b>\$ 2,046,736</b>	<b>\$ 40,397</b>	<b>\$ 2</b>	<b>\$ 8,371</b>

**CITY OF VISALIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS (Continued)  
JUNE 30, 2016**

CAPITAL PROJECT 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
<b>ASSETS</b>								
Cash and Investments	\$ -	\$ 9,106,444	\$ 9,575,245	\$ 12,391	\$ 361,091	\$ 4,794,272	\$ 3,252,964	\$ 48,306,035
Restricted Cash and Investments	-	-	-	-	4,908,972	-	-	6,708,426
Accounts Receivable	-	392	194,084	450,832	77,804	103,874	1,759	988,794
Taxes Receivable	-	-	-	3,377	-	-	-	2,356,597
Notes and Loans Receivable	-	-	-	14,779	22,286	34,697	174,871	331,992
Inventory	-	-	-	-	-	-	-	201,684
Due from Other Governmental Units	-	-	-	-	-	-	-	571,233
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 9,106,836</b>	<b>\$ 9,769,329</b>	<b>\$ 481,379</b>	<b>\$ 5,370,153</b>	<b>\$ 4,932,843</b>	<b>\$ 3,429,594</b>	<b>\$ 59,464,761</b>
<b>LIABILITIES</b>								
Accounts, Interest and Contracts Payable	\$ -	\$ 1,562,384	\$ 6,488	\$ 2,401	\$ (109)	\$ 2,438	\$ 73	\$ 3,323,899
Advance from Other Funds	5,646	-	-	1,039,894	1,482,829	212,541	-	3,619,737
Customer Deposits	-	-	-	-	-	-	23,322	294,623
Unearned Revenue	-	-	-	-	-	-	-	201,684
Accrued Personnel Costs	-	-	-	-	-	-	-	406,641
<b>Total Liabilities</b>	<b>5,646</b>	<b>1,562,384</b>	<b>6,488</b>	<b>1,042,295</b>	<b>1,482,720</b>	<b>214,979</b>	<b>23,395</b>	<b>7,846,584</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Asset Forfeiture	-	-	-	-	-	-	-	311,089
Impact Fees	-	-	194,084	63,243	77,805	103,877	-	489,340
Notes	-	-	-	-	-	-	-	60,400
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>194,084</b>	<b>63,243</b>	<b>77,805</b>	<b>103,877</b>	<b>-</b>	<b>860,829</b>
<b>FUND BALANCES</b>								
Restricted	-	4,638,443	9,498,786	-	5,272,691	4,823,667	3,406,199	47,636,697
Committed	-	2,906,009	69,971	6,281	15,426	2,861	-	7,668,002
Unassigned	(5,646)	-	-	(630,440)	(1,478,489)	(212,541)	-	(4,547,351)
<b>Total Fund Balances</b>	<b>(5,646)</b>	<b>7,544,452</b>	<b>9,568,757</b>	<b>(624,159)</b>	<b>3,809,628</b>	<b>4,613,987</b>	<b>3,406,199</b>	<b>50,757,348</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 9,106,836</b>	<b>\$ 9,769,329</b>	<b>\$ 481,379</b>	<b>\$ 5,370,153</b>	<b>\$ 4,932,843</b>	<b>\$ 3,429,594</b>	<b>\$ 59,464,761</b>



**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>SPECIAL REVENUE FUNDS</b>							
	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture
<b>REVENUES</b>							
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	372,873	-
License and Permits	-	-	-	-	-	-	-
Fees and Fines	269,507	728,676	264,734	-	63,840	-	-
Uses of Money and Property	7,605	2,758	3,559	106,098	1,676	460	-
Charges for Current Services	264,734	-	-	3,266,766	-	116,127	-
Miscellaneous	-	237,692	-	8,401	-	347	13,437
<b>Total Revenues</b>	<b>541,846</b>	<b>969,126</b>	<b>268,293</b>	<b>3,381,265</b>	<b>65,516</b>	<b>489,807</b>	<b>13,437</b>
<b>EXPENDITURES</b>							
General Government	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Public Works	203,190	491,025	25,203	2,213,325	582	-	-
Fire	-	-	-	-	-	-	-
Police	-	-	-	-	-	604,467	13,408
Parks & Recreation	-	-	-	-	-	-	-
Capital Outlay	70,147	686,393	-	7,203	-	47,115	397
Debt Service:							
Principal Repayment	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>273,337</b>	<b>1,177,418</b>	<b>25,203</b>	<b>2,220,528</b>	<b>582</b>	<b>651,582</b>	<b>13,805</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	268,509	(208,292)	243,090	1,160,737	64,934	(161,775)	(368)
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of Debt	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	236,212	-
Transfers Out	(8,308)	(2,012)	(375,000)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(8,308)</b>	<b>(2,012)</b>	<b>(375,000)</b>	<b>-</b>	<b>-</b>	<b>236,212</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>260,201</b>	<b>(210,304)</b>	<b>(131,910)</b>	<b>1,160,737</b>	<b>64,934</b>	<b>74,437</b>	<b>(368)</b>
Fund Balance - Beginning of Year (Deficits)	971,156	470,252	455,788	2,424,476	194,736	41,389	7,967
<b>Fund Balance - End of Year (Deficits)</b>	<b>\$ 1,231,357</b>	<b>\$ 259,948</b>	<b>\$ 323,878</b>	<b>\$ 3,585,213</b>	<b>\$ 259,670</b>	<b>\$ 115,826</b>	<b>\$ 7,599</b>

**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
	Measure T	Measure T	Measure R	Measure R	Transportation	CASP	VPFA 2014	2015
	Police	Fire	Local	Regional	Grants	Program	Refunding Certificates of Participation	Certificates of Participation
<b>REVENUES</b>								
Sales Taxes	\$ 3,581,792	\$ 2,387,861	\$ 2,554,976	\$ 1,077,891	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	15,148	-	-
Subventions and Grants	10,640	-	-	150,398	2,509,244	-	-	-
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-	-	-
Uses of Money and Property	11,014	45,493	33,831	2,968	10,122	228	3	2
Charges for Current Services	-	-	-	-	-	-	-	-
Miscellaneous	70,535	223	9	-	296,747	133	-	-
<b>Total Revenues</b>	<b>3,673,981</b>	<b>2,433,577</b>	<b>2,588,816</b>	<b>1,231,257</b>	<b>2,816,113</b>	<b>15,509</b>	<b>3</b>	<b>2</b>
<b>EXPENDITURES</b>								
General Government	-	109	-	-	-	-	320	-
Community Development	-	-	-	-	-	5,451	-	-
Public Works	-	-	51,061	75	280	-	-	-
Fire	-	2,758,449	-	-	-	-	-	-
Police	3,120,480	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	-	1,321,025	2,656,635	1,435,999	3,626,687	-	-	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	80,800	589,759
Interest and Fiscal Charges	25,893	-	-	-	-	-	46,293	377,054
<b>Total Expenditures</b>	<b>3,146,373</b>	<b>4,079,583</b>	<b>2,707,696</b>	<b>1,436,074</b>	<b>3,626,967</b>	<b>5,451</b>	<b>127,413</b>	<b>966,813</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	527,608	(1,646,006)	(118,880)	(204,817)	(810,854)	10,058	(127,410)	(966,811)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	1,715,337	-	-	-	-	-	-	-
Bond Premium	101,556	-	-	-	-	-	-	-
Transfers In	-	-	-	-	2,012	-	125,915	937,152
Transfers Out	(121,420)	-	-	-	(2,217)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,695,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(205)</b>	<b>-</b>	<b>125,915</b>	<b>937,152</b>
<b>Net Changes in Fund Balance</b>	<b>2,223,081</b>	<b>(1,646,006)</b>	<b>(118,880)</b>	<b>(204,817)</b>	<b>(811,059)</b>	<b>10,058</b>	<b>(1,495)</b>	<b>(29,659)</b>
Fund Balance - Beginning of Year (Deficits)	1,935,570	7,636,314	5,307,209	304,771	2,029,349	28,417	(2,214)	-
<b>Fund Balance - End of Year (Deficits)</b>	<b>\$ 4,158,651</b>	<b>\$ 5,990,308</b>	<b>\$ 5,188,329</b>	<b>\$ 99,954</b>	<b>\$ 1,218,290</b>	<b>\$ 38,475</b>	<b>\$ (3,709)</b>	<b>\$ (29,659)</b>

**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>CAPITAL PROJECTS FUNDS</b>							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
<b>REVENUES</b>								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,602,520
Other Taxes	-	-	-	-	-	-	-	15,148
Subventions and Grants	-	5,912,295	-	-	-	-	30,301	8,985,751
License and Permits	-	-	-	-	-	-	13,560	13,560
Fees and Fines	-	-	1,719,111	943,782	603,915	403,587	-	4,997,152
Uses of Money and Property	-	62,751	65,883	513	2,982	31,749	34,021	423,716
Charges for Current Services	2,363	-	-	-	-	-	-	3,649,990
Miscellaneous	-	61	20	3,079	-	-	4,366	635,050
<b>Total Revenues</b>	<b>2,363</b>	<b>5,975,107</b>	<b>1,785,014</b>	<b>947,374</b>	<b>606,897</b>	<b>435,336</b>	<b>82,248</b>	<b>28,322,887</b>
<b>EXPENDITURES</b>								
General Government	-	-	-	-	-	-	13,187	13,616
Community Development	-	-	-	-	-	-	-	5,451
Public Works	125	777,865	36,051	48,980	28,181	15,993	-	3,891,936
Fire	-	-	-	-	-	-	-	2,758,449
Police	-	-	-	-	-	-	-	3,738,355
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	-	7,963,981	449,218	2,050,514	143,295	889	-	20,459,498
Debt Service:								
Principal Repayment	-	-	-	-	-	-	461,000	1,131,559
Interest and Fiscal Charges	-	-	-	-	70,966	-	67,937	588,143
<b>Total Expenditures</b>	<b>125</b>	<b>8,741,846</b>	<b>485,269</b>	<b>2,099,494</b>	<b>242,442</b>	<b>16,882</b>	<b>542,124</b>	<b>32,587,007</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,238	(2,766,739)	1,299,745	(1,152,120)	364,455	418,454	(459,876)	\$ (4,264,120)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Debt	-	-	-	-	4,701,375	-	-	6,416,712
Bond Premium	-	-	-	-	278,341	-	-	379,897
Transfers In	-	-	-	-	-	-	697,610	1,998,901
Transfers Out	-	-	-	-	(330,279)	-	-	(839,236)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,649,437</b>	<b>-</b>	<b>697,610</b>	<b>7,956,274</b>
<b>Net Changes in Fund Balance</b>	<b>2,238</b>	<b>(2,766,739)</b>	<b>1,299,745</b>	<b>(1,152,120)</b>	<b>5,013,892</b>	<b>418,454</b>	<b>237,734</b>	<b>3,692,154</b>
Fund Balance - Beginning 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
<b>Fund Balance - End of Year (Deficits)</b>	<b>\$ (5,646)</b>	<b>\$ 7,544,452</b>	<b>\$ 9,568,757</b>	<b>\$ (624,159)</b>	<b>\$ 3,809,628</b>	<b>\$ 4,613,987</b>	<b>\$ 3,406,199</b>	<b>\$ 50,757,348</b>





**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, 2016**

	Waterways			Groundwater Recharge		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	155,900	269,507	113,607	843,800	728,676	(115,124)
Uses of Money and Property	-	7,605	7,605	-	2,758	2,758
Charges for Current Services	-	264,734	264,734	-	-	-
Miscellaneous	-	-	-	88,000	237,692	149,692
<b>Total Revenues</b>	<u>155,900</u>	<u>541,846</u>	<u>385,946</u>	<u>931,800</u>	<u>969,126</u>	<u>37,326</u>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	39,500	203,190	(163,690)	-	491,025	(491,025)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	385,409	70,147	315,262	1,905,500	686,393	1,219,107
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>424,909</u>	<u>273,337</u>	<u>151,572</u>	<u>1,905,500</u>	<u>1,177,418</u>	<u>728,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(269,009)</u>	<u>268,509</u>	<u>234,374</u>	<u>(973,700)</u>	<u>(208,292)</u>	<u>(690,756)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(8,308)	(8,308)	-	(2,012)	(2,012)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(8,308)</u>	<u>(8,308)</u>	<u>-</u>	<u>(2,012)</u>	<u>(2,012)</u>
<b>Net Changes in Fund Balance</b>	<u>\$ (269,009)</u>	<u>260,201</u>	<u>\$ 226,066</u>	<u>\$ (973,700)</u>	<u>(210,304)</u>	<u>\$ (692,768)</u>
Fund Balance - Beginning of Year (Deficits)		<u>971,156</u>			<u>470,252</u>	
Fund Balance - End of Year (Deficits)		<u>\$ 1,231,357</u>			<u>\$ 259,948</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, 2016**

	Kaweah Lake and Local Storm Water Maintenance			Special Service Districts		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	264,734	264,734	-	-	-
Uses of Money and Property	-	3,559	3,559	-	106,098	106,098
Charges for Current Services	-	-	-	2,917,900	3,266,766	348,866
Miscellaneous	-	-	-	-	8,401	8,401
<b>Total Revenues</b>	<b>-</b>	<b>268,293</b>	<b>268,293</b>	<b>2,917,900</b>	<b>3,381,265</b>	<b>463,365</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	25,203	(25,203)	2,935,303	2,213,325	721,978
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	17,000	-	17,000	-	7,203	(7,203)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,000</b>	<b>25,203</b>	<b>(8,203)</b>	<b>2,935,303</b>	<b>2,220,528</b>	<b>714,775</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,000)	243,090	276,496	(17,403)	1,160,737	(251,410)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	250,000	(375,000)	(625,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>250,000</b>	<b>(375,000)</b>	<b>(625,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 233,000</b>	<b>(131,910)</b>	<b>\$ (348,504)</b>	<b>\$ (17,403)</b>	<b>1,160,737</b>	<b>\$ (251,410)</b>
Fund Balance - Beginning of Year (Deficits)		455,788			2,424,476	
Fund Balance - End of Year (Deficits)		<u>\$ 323,878</u>			<u>\$ 3,585,213</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, 2016**

	Northeast Area			Grant & Loan Funds		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	400,000	372,873	(27,127)
License and Permits	-	-	-	-	-	-
Fees and Fines	-	63,840	63,840	-	-	-
Uses of Money and Property	-	1,676	1,676	-	460	460
Charges for Current Services	-	-	-	116,100	116,127	27
Miscellaneous	-	-	-	-	347	347
<b>Total Revenues</b>	<b>-</b>	<b>65,516</b>	<b>65,516</b>	<b>516,100</b>	<b>489,807</b>	<b>(26,293)</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	582	(582)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	664,500	604,467	60,033
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	700	-	700	-	47,115	(47,115)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>700</b>	<b>582</b>	<b>118</b>	<b>664,500</b>	<b>651,582</b>	<b>12,918</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700)	64,934	65,398	(148,400)	(161,775)	(39,211)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	142,800	236,212	93,412
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,800</b>	<b>236,212</b>	<b>93,412</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (700)</b>	<b>64,934</b>	<b>\$ 65,398</b>	<b>\$ (5,600)</b>	<b>74,437</b>	<b>\$ 54,201</b>
Fund Balance - Beginning of Year (Deficits)		194,736			41,389	
Fund Balance - End of Year (Deficits)		<u>\$ 259,670</u>			<u>\$ 115,826</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, 2016**

	Narcotics Forfeiture			Measure T - Police		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ 3,391,600	\$ 3,581,792	\$ 190,192
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	10,640	10,640
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	-	-	-	11,014	11,014
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	75,000	13,437	(61,563)	-	70,535	70,535
<b>Total Revenues</b>	<b>75,000</b>	<b>13,437</b>	<b>(61,563)</b>	<b>3,391,600</b>	<b>3,673,981</b>	<b>282,381</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	75,397	13,408	61,989	3,348,400	3,120,480	227,920
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	397	(397)	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	25,893	25,893
<b>Total Expenditures</b>	<b>75,397</b>	<b>13,805</b>	<b>61,592</b>	<b>3,348,400</b>	<b>3,146,373</b>	<b>253,813</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397)	(368)	(123,155)	43,200	527,608	28,568
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	1,715,337	1,715,337
Bond Premium	-	-	-	-	101,556	101,556
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	300,000	(121,420)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>1,695,473</b>	<b>1,816,893</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (397)</b>	<b>(368)</b>	<b>\$ (123,155)</b>	<b>\$ 343,200</b>	<b>2,223,081</b>	<b>\$ 1,845,461</b>
Fund Balance - Beginning of Year (Deficits)		7,967			1,935,570	
Fund Balance - End of Year (Deficits)		<u>\$ 7,599</u>			<u>\$ 4,158,651</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, 2016**

	Measure T - Fire			Measure R - Local		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ 2,261,000	\$ 2,387,861	\$ 126,861	\$ 2,079,400	\$ 2,554,976	\$ 475,576
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	100,000	45,493	(54,507)	-	33,831	33,831
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	223	223	-	9	9
<b>Total Revenues</b>	<b>2,361,000</b>	<b>2,433,577</b>	<b>72,577</b>	<b>2,079,400</b>	<b>2,588,816</b>	<b>509,416</b>
<b>EXPENDITURES</b>						
General Government	100	109	(9)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	51,061	(51,061)
Fire	3,804,725	2,758,449	1,046,276	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	1,321,025	(1,321,025)	3,248,004	2,656,635	591,369
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,804,825</b>	<b>4,079,583</b>	<b>(274,758)</b>	<b>3,248,004</b>	<b>2,707,696</b>	<b>540,308</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,443,825)	(1,646,006)	347,335	(1,168,604)	(118,880)	(30,892)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (1,443,825)</b>	<b>(1,646,006)</b>	<b>\$ 347,335</b>	<b>\$ (1,168,604)</b>	<b>(118,880)</b>	<b>\$ (30,892)</b>
Fund Balance - Beginning of Year (Deficits)		7,636,314			5,307,209	
Fund Balance - End of Year (Deficits)		<u>\$ 5,990,308</u>			<u>\$ 5,188,329</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, 2016**

	Measure R - Regional			Transportation Grants		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ 8,255,500	\$ 1,077,891	\$ (7,177,609)	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	150,398	150,398	1,438,203	2,509,244	1,071,041
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	2,968	2,968	-	10,122	10,122
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	25,300	296,747	271,447
<b>Total Revenues</b>	<b>8,255,500</b>	<b>1,231,257</b>	<b>(7,024,243)</b>	<b>1,463,503</b>	<b>2,816,113</b>	<b>1,352,610</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	75	(75)	-	280	(280)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	4,485,463	1,435,999	3,049,464	3,980,737	3,626,687	354,050
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,485,463</b>	<b>1,436,074</b>	<b>3,049,389</b>	<b>3,980,737</b>	<b>3,626,967</b>	<b>353,770</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,770,037	(204,817)	(10,073,632)	(2,517,234)	(810,854)	998,840
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	-	2,012	2,012
Transfers Out	-	-	-	-	(2,217)	(2,217)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(205)</b>	<b>(205)</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 3,770,037</b>	<b>(204,817)</b>	<b>\$ (10,073,632)</b>	<b>\$ (2,517,234)</b>	<b>(811,059)</b>	<b>\$ 998,635</b>
Fund Balance - Beginning of Year (Deficits)		304,771			2,029,349	
Fund Balance - End of Year (Deficits)		\$ 99,954			\$ 1,218,290	

**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, 2016**

	CASP Program			VPFA 2014 Refunding Certificates of Participation		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	15,148	15,148	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	228	228	-	3	3
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	133	133	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>15,509</b>	<b>15,509</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	320	(320)
Community Development	-	5,451	(5,451)	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:				1519000		1,519,000
Principal Repayment	-	-	-	-	80,800	(80,800)
Interest and Fiscal Charges	-	-	-	-	46,293	(46,293)
<b>Total Expenditures</b>	<b>-</b>	<b>5,451</b>	<b>(5,451)</b>	<b>1,519,000</b>	<b>127,413</b>	<b>1,391,587</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	10,058	20,960	(1,519,000)	(127,410)	(1,391,584)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	1,519,000	125,915	(1,393,085)
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,519,000</b>	<b>125,915</b>	<b>(1,393,085)</b>
<b>Net Changes in Fund Balance</b>	<b>\$ -</b>	<b>10,058</b>	<b>\$ 20,960</b>	<b>\$ -</b>	<b>(1,495)</b>	<b>\$ (2,784,669)</b>
Fund Balance - Beginning of Year (Deficits)		28,417			(2,214)	
Fund Balance - End of Year (Deficits)		<u>\$ 38,475</u>			<u>\$ (3,709)</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, 2016**

	2015 Certificates of Participation			Softball Facility Development		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	2	2	-	-	-
Charges for Current Services	-	-	-	-	2,363	2,363
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2,363</b>	<b>2,363</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	125	(125)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	100	-	100
Debt Service:						
Principal Repayment	144,000	589,759	(445,759)	-	-	-
Interest and Fiscal Charges	-	377,054	(377,054)	-	-	-
<b>Total Expenditures</b>	<b>144,000</b>	<b>966,813</b>	<b>(822,813)</b>	<b>100</b>	<b>125</b>	<b>(25)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,000)	(966,811)	822,815	(100)	2,238	2,388
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	144,000	937,152	793,152	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>144,000</b>	<b>937,152</b>	<b>793,152</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ -</b>	<b>(29,659)</b>	<b>\$ 1,615,967</b>	<b>\$ (100)</b>	<b>2,238</b>	<b>\$ 2,388</b>
Fund Balance - Beginning of Year (Deficits)		-			(7,884)	
Fund Balance - End of Year (Deficits)		<u>\$ (29,659)</u>			<u>\$ (5,646)</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, 2016**

	Highway Users			Recreational Facilities		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	4,673,400	5,912,295	1,238,895	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	869,300	1,719,111	849,811
Uses of Money and Property	200	62,751	62,551	58,000	65,883	7,883
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	27,000	61	(26,939)	-	20	20
<b>Total Revenues</b>	<b>4,700,600</b>	<b>5,975,107</b>	<b>1,274,507</b>	<b>927,300</b>	<b>1,785,014</b>	<b>857,714</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	777,865	(777,865)	-	36,051	(36,051)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	8,947,147	7,963,981	983,166	1,047,402	449,218	598,184
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>8,947,147</b>	<b>8,741,846</b>	<b>205,301</b>	<b>1,047,402</b>	<b>485,269</b>	<b>562,133</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,246,547)	(2,766,739)	1,069,206	(120,102)	1,299,745	295,581
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (4,246,547)</b>	<b>(2,766,739)</b>	<b>\$ 1,069,206</b>	<b>\$ (120,102)</b>	<b>1,299,745</b>	<b>\$ 295,581</b>
Fund Balance - Beginning of Year (Deficits)		10,311,191			8,269,012	
Fund Balance - End of Year (Deficits)		<u>\$ 7,544,452</u>			<u>\$ 9,568,757</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, 2016**

	Storm Sewer Construction			Public Safety Impact Fee		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	693,100	943,782	250,682	-	603,915	603,915
Uses of Money and Property	-	513	513	-	2,982	2,982
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	3,079	3,079	-	-	-
<b>Total Revenues</b>	<b>693,100</b>	<b>947,374</b>	<b>254,274</b>	<b>-</b>	<b>606,897</b>	<b>606,897</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	48,980	(48,980)	-	28,181	(28,181)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	1,749,989	2,050,514	(300,525)	149,895	143,295	6,600
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	70,966	70,966
<b>Total Expenditures</b>	<b>1,749,989</b>	<b>2,099,494</b>	<b>(349,505)</b>	<b>149,895</b>	<b>242,442</b>	<b>49,385</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,056,889)	(1,152,120)	603,779	(149,895)	364,455	557,512
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	4,701,375	4,701,375
Bond Premium	-	-	-	-	278,341	278,341
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(330,279)	(330,279)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,649,437</b>	<b>4,649,437</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (1,056,889)</b>	<b>(1,152,120)</b>	<b>\$ 603,779</b>	<b>\$ (149,895)</b>	<b>5,013,892</b>	<b>\$ 5,206,949</b>
Fund Balance - Beginning of Year (Deficits)		527,961			(1,204,264)	
Fund Balance - End of Year (Deficits)		<u>\$ (624,159)</u>			<u>\$ 3,809,628</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, 2016**

	Government Facilities Impact Fee			Parking District		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	28,700	30,301	1,601
License and Permits	-	-	-	7,500	13,560	6,060
Fees and Fines	26,400	403,587	377,187	-	-	-
Uses of Money and Property	-	31,749	31,749	45,200	34,021	(11,179)
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	4,366	4,366
<b>Total Revenues</b>	<b>26,400</b>	<b>435,336</b>	<b>408,936</b>	<b>81,400</b>	<b>82,248</b>	<b>848</b>
<b>EXPENDITURES</b>						
General Government	-	-	-	85,000	13,187	71,813
Community Development	-	-	-	-	-	-
Public Works	-	15,993	(15,993)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	16,699	889	15,810	-	-	-
Debt Service:						
Principal Repayment	-	-	-	461,000	461,000	-
Interest and Fiscal Charges	-	-	-	-	67,937	(67,937)
<b>Total Expenditures</b>	<b>16,699</b>	<b>16,882</b>	<b>(183)</b>	<b>546,000</b>	<b>542,124</b>	<b>3,876</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,701	418,454	409,119	(464,600)	(459,876)	(3,028)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Transfers In	-	-	-	747,900	697,610	(50,290)
Transfers Out	-	-	-	1,100	-	(1,100)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>749,000</b>	<b>697,610</b>	<b>(51,390)</b>
<b>Net Changes in Fund Balance</b>	<b>\$ 9,701</b>	<b>418,454</b>	<b>\$ 409,119</b>	<b>\$ 284,400</b>	<b>237,734</b>	<b>\$ (54,418)</b>
Fund Balance - Beginning of Year (Deficits)		4,195,533			3,168,465	
Fund Balance - End of Year (Deficits)		<u>\$ 4,613,987</u>			<u>\$ 3,406,199</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, 2016**

	Total		Variance With Final Budget
	Final Budget	Actual	
<b>REVENUES</b>			
Sales Taxes	\$ 15,987,500	\$ 9,602,520	\$ (6,384,980)
Other Taxes	-	15,148	15,148
Subventions and Grants	6,540,303	8,985,751	2,445,448
License and Permits	7,500	13,560	6,060
Fees and Fines	2,588,500	4,997,152	2,408,652
Uses of Money and Property	203,400	423,716	220,316
Charges for Current Services	3,034,000	3,649,990	615,990
Miscellaneous	215,300	635,050	419,750
<b>Total Revenues</b>	<b>28,576,503</b>	<b>28,322,887</b>	<b>(253,616)</b>
<b>EXPENDITURES</b>			
General Government	85,100	13,616	71,484
Community Development	-	5,451	(5,451)
Public Works	2,974,803	3,891,936	(917,133)
Fire	3,804,725	2,758,449	1,046,276
Police	4,088,297	3,738,355	349,942
Parks & Recreation	-	-	-
Capital Outlay	25,934,045	20,459,498	5,474,547
Debt Service:			
Principal Repayment	605,000	1,131,559	(526,559)
Interest and Fiscal Charges	-	588,143	(588,143)
<b>Total Expenditures</b>	<b>37,491,970</b>	<b>32,587,007</b>	<b>4,904,963</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ (8,915,467)</b>	<b>\$ (4,264,120)</b>	<b>\$ (5,158,579)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt	-	6,416,712	6,416,712
Bond Premium	-	379,897	379,897
Transfers In	2,553,700	1,998,901	(554,799)
Transfers Out	551,100	(839,236)	(1,390,336)
<b>Total Other Financing Sources (Uses)</b>	<b>3,104,800</b>	<b>7,956,274</b>	<b>4,851,474</b>
<b>Net Changes in Fund Balance</b>	<b>\$ (5,810,667)</b>	<b>3,692,154</b>	<b>\$ (307,105)</b>
Fund Balance - Beginning of Year (Deficits)		<u>47,065,194</u>	
Fund Balance - End of Year (Deficits)		<u>\$ 50,757,348</u>	

# INTERNAL SERVICE FUNDS



## INTERNAL SERVICE FUNDS

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, 2016**

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 1,223,796	\$ 5,533,095	\$ 21,506	\$ 7,138,041
Restricted Cash and Investments	-	-	-	1,041,804
Accounts and Interest Receivables	21,409	32,020	-	-
Supplies	779,067	-	-	-
Prepaid Expenses	250	-	123,751	-
Capital Assets				
Building	654,910	-	-	-
Improvements Other Than Buildings	200,289	-	7,240	-
Machinery, Equipment and Vehicles	406,654	17,060,175	7,353,353	-
Construction in Progress	5,219	-	167	-
Accumulated Depreciation	(1,038,167)	(9,332,843)	(4,762,217)	-
<b>Total Assets</b>	<b>2,253,427</b>	<b>13,292,447</b>	<b>2,743,800</b>	<b>8,179,845</b>
<b>LIABILITIES</b>				
Accounts, Interest, and Contracts Payable	266,893	4,273	112,205	120,431
Compensated Absences	88,022	-	182,771	58,874
Advance from Other Funds	-	-	-	-
Accrued Personnel Costs	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	4,612,011
Notes Payable	-	-	3,829	-
<b>Total Liabilities</b>	<b>354,915</b>	<b>4,273</b>	<b>298,805</b>	<b>4,791,316</b>
<b>NET POSITIONS</b>				
Net Investments in Capital Assets	228,905	7,727,332	2,594,714	-
Restricted	1,100	-	182,465	-
Unrestricted	1,668,507	5,560,842	(332,184)	3,388,529
<b>Total Net Positions</b>	<b>\$ 1,898,512</b>	<b>\$ 13,288,174</b>	<b>\$ 2,444,995</b>	<b>\$ 3,388,529</b>



	Health Benefits	Compensated Absences	Building Maintenance	Totals
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 340,317	\$ 4,074,823	\$ 595,986	\$ 18,927,564
Restricted Cash and Investments	547,226	-	-	1,589,030
Accounts and Interest Receivables	304	-	-	53,733
Supplies	-	-	-	779,067
Prepaid Expenses	763,037	-	-	887,038
Capital Assets				
Building	-	-	-	654,910
Improvements Other Than Buildings	-	-	-	207,529
Machinery, Equipment and Vehicles	-	-	-	24,820,182
Construction in Progress	-	-	-	5,386
Accumulated Depreciation	-	-	-	(15,133,227)
Total Assets	1,650,884	4,074,823	595,986	32,791,212
<b>LIABILITIES</b>				
Accounts, Interest, and Contracts Payable	69,154	-	-	572,956
Compensated Absences	-	4,074,823	-	4,404,490
Advance from Other Funds	-	-	-	-
Accrued Personnel Costs	6,623	-	-	6,623
Liability for Self-Insurance Claims	101,000	-	-	4,713,011
Notes Payable	-	-	-	3,829
Total Liabilities	176,777	4,074,823	-	9,700,909
<b>NET POSITIONS</b>				
Net Investments in Capital Assets	-	-	-	10,550,951
Restricted	-	-	-	183,565
Unrestricted	1,474,107	-	595,986	12,355,787
Total Net Positions	\$ 1,474,107	\$ -	\$ 595,986	\$ 23,090,303

**CITY OF VISALIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
<b>OPERATING REVENUES</b>				
Service Charges and Fees	\$ 4,990,025	\$ 1,273,258	\$ 1,589,683	\$ 3,557,613
<b>OPERATING EXPENSES</b>				
Salaries, Wages and Employee Benefits	1,132,219	-	1,136,907	261,755
Maintenance and Operations	3,716,671	53,741	410,791	273,747
Insurance Premiums and Loss Provisions	-	-	-	2,091,528
Depreciation	51,104	1,217,430	543,955	-
Total Operating Expenses	4,899,994	1,271,171	2,091,653	2,627,030
Operating Income (Loss)	90,031	2,087	(501,970)	930,583
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	7,906	33,127	320	46,836
Interest (Expense)	-	(4,273)	-	(4,402)
Other Income	36,867	4,266	590,636	302,018
Other (Expenses)	(108,371)	(12,976)	(31,834)	-
Total Nonoperating Revenues (Expenses)	(63,598)	20,144	559,122	344,452
Income (Loss) Before Contributions and Transfers	26,433	22,231	57,152	1,275,035
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions	-	54,130	217,507	-
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Contributions and Transfers	-	54,130	242,507	-
Change in Net Position	26,433	76,361	299,659	1,275,035
Net Position - Beginning of Year	1,872,079	13,211,813	2,145,336	2,113,494
Net Position - End of Year	\$ 1,898,512	\$ 13,288,174	\$ 2,444,995	\$ 3,388,529

	Health Benefits	Compensated Absences	Building Maintenance	Totals
<b>OPERATING REVENUES</b>				
Service Charges and Fees	\$ 10,819,698	\$ -	\$ -	\$ 22,230,277
<b>OPERATING EXPENSES</b>				
Salaries, Wages and Employee Benefits	-	-	-	2,530,881
Maintenance and Operations	256,914	726	104	4,712,694
Insurance Premiums and Loss Provisions	10,474,534	-	-	12,566,062
Depreciation	-	-	-	1,812,489
Total Operating Expenses	10,731,448	726	104	21,622,126
Operating Income (Loss)	88,250	(726)	(104)	608,151
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	1,334	28,739	4,104	122,366
Interest (Expense)	-	-	-	(8,675)
Other Income	5,085	-	(4,494)	934,378
Other (Expenses)	-	-	-	(153,181)
Total Nonoperating Revenues (Expenses)	6,419	28,739	(390)	894,888
Income (Loss) Before Contributions and Transfers	94,669	28,013	(494)	1,503,039
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions	-	-	-	271,637
Transfers In	-	-	100,000	125,000
Transfers Out	-	(28,013)	-	(28,013)
Net Contributions and Transfers	-	(28,013)	100,000	368,624
Change in Net Position	94,669	-	99,506	1,871,663
Net Position - Beginning of Year	1,379,438	-	496,480	21,218,640
Net Position - End of Year	\$ 1,474,107	\$ -	\$ 595,986	\$ 23,090,303

**CITY OF VISALIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers or Other Funds	\$ 4,971,262	\$ 1,241,497	\$ 1,589,773	\$ 3,557,623
Cash Payments to Suppliers for Services	(3,742,152)	(53,741)	(446,023)	(3,176,046)
Cash Payments to Employees for Services	(1,124,382)	-	(1,139,179)	(265,879)
Other Income	36,867	4,266	590,636	302,018
Other Expenses	(108,371)	(12,976)	(31,834)	-
Net Cash Provided (Used) by Operating Activities	<u>33,224</u>	<u>1,179,046</u>	<u>563,373</u>	<u>417,716</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advance from Other Funds	-	-	(49,538)	-
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(24,538)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Expenses	(19,691)	(962,211)	(735,156)	-
Contributions	-	54,130	217,507	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(19,691)</u>	<u>(908,081)</u>	<u>(517,649)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	7,906	28,854	320	42,434
Cash Flows from Investing Activities	<u>7,906</u>	<u>28,854</u>	<u>320</u>	<u>42,434</u>
Net Increase (Decrease) in Cash and Cash Investments	21,439	299,819	21,506	460,150
Cash and Cash Investments at Beginning of Year	1,202,357	5,233,276	-	7,719,695
Cash and Cash Investments at End of Year	<u>\$ 1,223,796</u>	<u>\$ 5,533,095</u>	<u>\$ 21,506</u>	<u>\$ 8,179,845</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 90,031	\$ 2,087	\$ (501,970)	\$ 930,583
Other Income	36,867	4,266	590,636	302,018
Other Expenses	(108,371)	(12,976)	(31,834)	-
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	51,104	1,217,430	543,955	-
<b>Net Change in Assets and Liabilities:</b>				
Accounts and Interest Receivable	(18,763)	(31,761)	90	10
Supplies	(87,161)	-	-	-
Prepaid Expenses	-	-	(99,067)	-
Accounts Payable	61,680	-	63,835	115,726
Accrued Personnel Costs	-	-	(889)	-
Compensated Absences	7,837	-	(1,383)	(4,124)
Liability for Self-Insurance Claims	-	-	-	(926,497)
Cash Flows from Operating Activities	<u>\$ 33,224</u>	<u>\$ 1,179,046</u>	<u>\$ 563,373</u>	<u>\$ 417,716</u>

	Health Benefits	Compensated Absences	Building Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers or Other Funds	\$ 10,820,001	\$ -	\$ -	\$ 22,180,156
Cash Payments to Suppliers for Services	(10,791,229)	(726)	(104)	(18,210,021)
Cash Payments to Employees for Services	-	(43,557)	-	(2,572,997)
Other Income	5,085	-	(4,494)	934,378
Other Expenses	-	-	-	(153,181)
Net Cash Provided (Used) by Operating Activities	33,857	(44,283)	(4,598)	2,178,335
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advance from (to) Other Funds	-	-	-	(49,538)
Transfers In	-	-	100,000	125,000
Transfers Out	-	(28,013)	-	(28,013)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(28,013)	100,000	47,449
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Expenses, Net	-	-	-	(1,717,058)
Contributions	-	-	-	271,637
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(1,445,421)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	1,334	28,739	4,104	113,691
Cash Flows from Investing Activities	1,334	28,739	4,104	113,691
Net Increase (Decrease) in Cash and Cash Investments	35,191	(43,557)	99,506	894,054
Cash and Cash Investments at Beginning of Year	852,352	4,118,380	496,480	19,622,540
Cash and Cash Investments at End of Year	\$ 887,543	\$ 4,074,823	\$ 595,986	\$ 20,516,594
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 88,250	\$ (726)	\$ (104)	\$ 608,151
Other Income	5,085	-	-	938,872
Other Expenses	-	-	(4,494)	(157,675)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	-	-	-	1,812,489
<b>Net Change in Assets and Liabilities:</b>				
Accounts and Interest Receivable	303	-	-	(50,121)
Supplies	-	-	-	(87,161)
Prepaid Expenses	(70,786)	-	-	(169,853)
Accounts Payable	17,005	-	-	258,246
Accrued Personnel Costs	-	-	-	(889)
Compensated Absences	-	(43,557)	-	(41,227)
Liability for Self-Insurance Claims	(6,000)	-	-	(932,497)
Cash Flows from Operating Activities	\$ 33,857	\$ (44,283)	\$ (4,598)	\$ 2,178,335



# AGENCY FUNDS





## AGENCY FUNDS

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 District #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 issued 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 issued 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, 2016**

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
<b>Los Rios Assessment District</b>				
<b>Assets</b>				
Cash and Investments	\$ 155,556	\$ 71,931	\$ 62,680	\$ 164,806
Accounts Receivable	2,298	71,139	72,795	642
<b>Total Assets</b>	<b>\$ 157,853</b>	<b>\$ 143,070</b>	<b>\$ 135,475</b>	<b>\$ 165,448</b>
<b>Liabilities</b>				
Due to Others	\$ 157,853	\$ 143,070	\$ 135,475	\$ 165,448
<b>Total Liabilities</b>	<b>\$ 157,853</b>	<b>\$ 143,070</b>	<b>\$ 135,475</b>	<b>\$ 165,448</b>
<b>Property and Business Improvement District #4</b>				
<b>Assets</b>				
Cash and Investments	\$ 151,247	\$ 460,509	\$ 463,700	\$ 148,057
Accounts Receivable	15,175	318,510	314,139	19,545
<b>Total Assets</b>	<b>\$ 166,422</b>	<b>\$ 779,019</b>	<b>\$ 777,839</b>	<b>\$ 167,602</b>
<b>Liabilities</b>				
Due to Others	\$ 166,422	\$ 779,019	\$ 777,839	\$ 167,602
<b>Total Liabilities</b>	<b>\$ 166,422</b>	<b>\$ 779,019</b>	<b>\$ 777,839</b>	<b>\$ 167,602</b>
<b>Village West Improvement District</b>				
<b>Assets</b>				
Cash and Investments	\$ 2,992	\$ 6,632	\$ 6,808	\$ 2,817
Accounts Receivable	-	6,805	6,805	-
<b>Total Assets</b>	<b>\$ 2,993</b>	<b>\$ 13,437</b>	<b>\$ 13,612</b>	<b>\$ 2,817</b>
<b>Liabilities</b>				
Due to Others	\$ 2,992	\$ 13,437	\$ 13,612	\$ 2,817
<b>Total Liabilities</b>	<b>\$ 2,992</b>	<b>\$ 13,437</b>	<b>\$ 13,612</b>	<b>\$ 2,817</b>
<b>Orchard Walk Underground Utilities District</b>				
<b>Assets</b>				
Cash and Investments	\$ 69,234	\$ 80,825	\$ 81,550	\$ 68,509
Accounts Receivable	-	79,970	79,970	-
<b>Total Assets</b>	<b>\$ 69,234</b>	<b>\$ 160,795</b>	<b>\$ 161,520</b>	<b>\$ 68,509</b>
<b>Liabilities</b>				
Due to Others	\$ 69,234	\$ 160,795	\$ 161,520	\$ 68,509
<b>Total Liabilities</b>	<b>\$ 69,234</b>	<b>\$ 160,795</b>	<b>\$ 161,520</b>	<b>\$ 68,509</b>

**CITY OF VISALIA**  
**STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES**  
**AGENCY FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
<b>Atwood Water Main Assessment District</b>				
<b>Assets</b>				
Cash and Investments	\$ -	\$ 186,232	\$ 186,232	\$ -
Accounts Receivable	-	114,155	12,738	101,417
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 300,387</b>	<b>\$ 198,969</b>	<b>\$ 101,417</b>
<b>Liabilities</b>				
Due to Others	\$ -	\$ 300,387	\$ 198,969	\$ 101,417
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 300,387</b>	<b>\$ 198,969</b>	<b>\$ 101,417</b>
<b>Laura Water Main Assessment District</b>				
<b>Assets</b>				
Cash and Investments	\$ -	\$ 147,498	\$ 147,498	\$ -
Accounts Receivable	-	74,129	9,581	64,548
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 221,628</b>	<b>\$ 157,080</b>	<b>\$ 64,548</b>
<b>Liabilities</b>				
Due to Others	\$ -	\$ 221,628	\$ 157,080	\$ 64,548
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 221,628</b>	<b>\$ 157,080</b>	<b>\$ 64,548</b>
<b>TOTAL Agency Funds</b>				
<b>Assets</b>				
Cash and Investments	\$ 379,029	\$ 953,628	\$ 948,467	\$ 384,190
Accounts Receivable	17,473	664,707	496,028	186,152
<b>Total Assets</b>	<b>\$ 396,502</b>	<b>\$ 1,618,335</b>	<b>\$ 1,444,495</b>	<b>\$ 570,342</b>
<b>Liabilities</b>				
Due to Others	\$ 396,502	\$ 1,618,335	\$ 1,444,495	\$ 570,342
<b>Total Liabilities</b>	<b>\$ 396,502</b>	<b>\$ 1,618,335</b>	<b>\$ 1,444,495</b>	<b>\$ 570,342</b>



# Statistical Section



## 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				
	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 244,070	\$ 259,744	\$ 271,964	\$ 284,901	\$ 288,048
Restricted	34,283	39,249	45,363	52,401	56,417
Unrestricted	55,851	61,930	60,694	(2,230)	12,676
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 334,204</u></b>	<b><u>\$ 360,923</u></b>	<b><u>\$ 378,021</u></b>	<b><u>\$ 335,072</u></b>	<b><u>\$ 357,141</u></b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 206,947	\$ 203,346	\$ 198,310	\$ 212,853	\$ 242,950
Restricted	4,993	4,890	121,630	71,139	45,202
Unrestricted	49,791	70,743	(27,024)	5,135	24,631
<b>Total Business-type Activities Net Position</b>	<b><u>\$ 261,731</u></b>	<b><u>\$ 278,979</u></b>	<b><u>\$ 292,916</u></b>	<b><u>\$ 289,127</u></b>	<b><u>\$ 312,783</u></b>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 451,017	\$ 463,090	\$ 470,274	\$ 497,754	\$ 530,998
Restricted	39,276	44,139	166,993	123,540	101,619
Unrestricted	105,642	132,673	33,670	2,905	37,307
<b>Total Primary Government Net Position</b>	<b><u>\$ 595,935</u></b>	<b><u>\$ 639,902</u></b>	<b><u>\$ 670,937</u></b>	<b><u>\$ 624,199</u></b>	<b><u>\$ 669,924</u></b>

*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				
	2012	2013	2014	2015	2016
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 7,188	\$ 1,396	\$ 4,070	\$ 4,299	\$ 4,262
Community Development	6,154	6,133	5,266	5,985	4,768
Housing & Economic Development	822	608	-	-	-
<b>Public Safety</b>					
Police	29,475	30,407	31,714	30,378	31,182
Fire	12,508	13,548	14,308	13,858	15,331
Public Works	18,886	15,519	11,906	13,596	24,526
Parks & Recreation	6,866	6,455	9,000	8,999	799
Interest on Long-Term Debt	736	304	191	145	702
<b>Total Governmental Activities Expenses</b>	<b>82,635</b>	<b>74,370</b>	<b>76,455</b>	<b>77,260</b>	<b>81,570</b>
<b>Business-type Activities:</b>					
Convention Center	5,353	5,404	5,943	5,688	5,822
Airport	2,342	2,389	2,505	2,530	2,219
Valley Oaks Golf	2,403	2,350	2,574	2,756	2,502
<b>Wastewater and Storm</b>					
Sewer Maintenance	12,492	13,004	15,281	16,791	19,836
Solid Waste	15,059	15,348	18,589	17,969	16,309
Transit	10,979	11,929	13,670	14,702	14,772
Baseball	244	285	295	332	342
Animal Control	-	1,103	1,184	1,141	1,881
Building Safety	1,562	1,570	1,768	1,969	2,306
<b>Total Business-Type Activities Expenses</b>	<b>50,434</b>	<b>53,382</b>	<b>61,809</b>	<b>63,878</b>	<b>65,989</b>
<b>Total Primary Government Expenses</b>	<b>133,069</b>	<b>127,752</b>	<b>138,264</b>	<b>141,138</b>	<b>147,559</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	183	152	265	1,952	653
Community Development	873	778	1,503	1,633	2,142
Housing & Economic Development	270	199	-	-	-
<b>Public Safety</b>					
Police	2,808	2,135	2,516	2,690	2,804
Fire	657	667	626	802	1,256
Public Works	7,641	7,643	8,773	9,279	10,011
Parks & Recreation	1,550	1,875	2,974	3,068	3,468
Operating Grants and Contributions	3,222	3,983	3,184	4,581	3,660
Capital Grants and Contributions	10,038	22,621	12,152	8,556	9,625
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 27,242</b>	<b>\$ 40,053</b>	<b>\$ 31,993</b>	<b>\$ 32,561</b>	<b>\$ 33,619</b>

*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				
	2012	2013	2014	2015	2016
Business-Type Activities:					
Charges for Services:					
Convention Center	\$ 3,339	\$ 3,446	\$ 4,099	\$ 3,617	\$ 3,587
Airport	1,611	1,647	1,734	1,708	1,925
Valley Oaks Golf	2,323	2,389	2,409	2,401	2,405
Wastewater and Storm					
Sewer Maintenance	19,150	21,465	22,365	26,210	26,033
Solid Waste	17,931	17,945	19,570	19,222	18,852
Transit	2,964	4,051	3,974	4,366	6,004
Baseball	119	102	8	17	18
Animal Control	-	104	219	309	430
Building Safety	1,429	2,102	2,948	3,274	3,873
Operating Grants and Contributions	7,189	6,433	6,588	9,841	4,183
Capital Grants and Contributions	16,296	5,370	4,045	2,691	17,291
	<u>72,351</u>	<u>65,054</u>	<u>67,959</u>	<u>73,656</u>	<u>84,601</u>
Total Business-Type Activities					
Program Revenues	<u>72,351</u>	<u>65,054</u>	<u>67,959</u>	<u>73,656</u>	<u>84,601</u>
Total Primary Government					
Program Revenues	<u>99,593</u>	<u>105,107</u>	<u>99,952</u>	<u>106,217</u>	<u>118,220</u>
Net Revenues (Expenses):					
Governmental Activities	(55,393)	(34,317)	(44,462)	(44,699)	(47,951)
Business-Type Activities	21,917	11,672	6,150	9,778	18,612
	<u>(33,476)</u>	<u>(22,645)</u>	<u>(38,312)</u>	<u>(34,921)</u>	<u>(29,339)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Sales Taxes	25,488	30,342	28,791	32,237	36,145
Property Taxes	17,649	23,886	27,306	27,708	26,810
Incremental Property Taxes	7,929	-	-	-	-
Other Taxes	6,133	6,276	6,921	8,306	7,638
Investment Earnings	1,390	993	513	1,894	725
Gain from Sale of Capital Assets	-	-	-	5	7
Miscellaneous	679	2,892	1,317	1,587	2,563
Transfers and Extraordinary Items	4,138	(3,355)	(4,322)	(4,265)	(4,138)
Total Governmental Activities	<u>63,406</u>	<u>61,034</u>	<u>60,526</u>	<u>67,472</u>	<u>69,750</u>
Business-Type Activities:					
Investment Earnings	439	457	454	440	576
Miscellaneous	2,663	1,764	3,349	2,622	3,439
Transfers	2,598	3,355	4,322	4,265	4,138
Total Business-Type Activities	<u>5,700</u>	<u>5,576</u>	<u>8,125</u>	<u>7,327</u>	<u>8,153</u>
Total Primary Government	<u>69,106</u>	<u>66,610</u>	<u>68,651</u>	<u>74,799</u>	<u>77,903</u>
Changes in Net Position:					
Governmental Activities	8,013	26,717	16,064	22,773	21,799
Business-Type Activities	27,617	17,248	14,275	17,105	26,765
Total Primary Government	<u>\$ 35,630</u>	<u>\$ 43,965</u>	<u>\$ 30,339</u>	<u>\$ 39,878</u>	<u>\$ 48,564</u>

*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		
	2007	2008	2009
General Fund:			
Reserved	\$ 30,775	\$ 16,898	\$ 12,121
Unreserved	24,881	39,412	34,440
<b>Total General Fund</b>	<b>\$ 55,656</b>	<b>\$ 56,310</b>	<b>\$ 46,561</b>
All Other Governmental Funds:			
Reserved	\$ 16,525	\$ 11,025	\$ 15,816
Unreserved, Reported in:			
Special Revenue Funds	7,880	13,480	9,191
Capital Projects Funds	13,748	31,698	27,245
<b>Total All Other Governmental Funds</b>	<b>\$ 38,153</b>	<b>\$ 56,203</b>	<b>\$ 52,252</b>

	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
General Fund:							
Nonspendable	\$ 2,228	\$ 1,916	\$ 1,519	\$ 1,168	\$ 580	\$ 435	\$ 357
Committed	17,999	16,264	14,930	12,186	16,330	17,719	28,018
Assigned	10,412	10,341	10,776	21,665	18,629	19,486	18,781
Unassigned	11,056	5,108	1,363	1,305	1,387	4,043	4,787
<b>Total General Fund</b>	<b>41,695</b>	<b>33,629</b>	<b>28,588</b>	<b>36,324</b>	<b>36,926</b>	<b>41,683</b>	<b>51,943</b>
All Other Governmental Funds:							
Nonspendable	-	44	41	7	15	-	-
Restricted	47,244	49,260	55,905	44,392	44,817	45,965	50,857
Committed	9,932	5,717	347	-	5,318	7,271	15,903
Assigned	-	-	1,960	1,632	1,632	1,632	1,243
Unassigned	(9,229)	(8,679)	(23,970)	(6,782)	(6,419)	(2,471)	(11,627)
<b>Total All Other Governmental Funds</b>	<b>47,947</b>	<b>46,342</b>	<b>34,283</b>	<b>39,249</b>	<b>45,363</b>	<b>52,397</b>	<b>56,376</b>
<b>Total Governmental Fund Balance</b>	<b>\$ 89,642</b>	<b>\$ 79,971</b>	<b>\$ 62,871</b>	<b>\$ 75,573</b>	<b>\$ 82,289</b>	<b>\$ 94,080</b>	<b>\$ 108,319</b>

*(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				
	2012	2013	2014	2015	2016
<b>Revenues:</b>					
Sales Tax	\$ 25,488	\$ 30,342	\$ 28,791	\$ 32,237	\$ 36,144
Property Tax	25,578	23,886	27,306	26,711	26,880
Other Taxes	6,134	6,276	6,920	7,662	7,608
Subventions and Grants	13,260	26,604	15,336	13,137	13,286
Licenses and Permits	93	109	61	109	87
Fees and Fines	6,007	6,433	8,751	9,199	10,520
Use of Money and Property	1,389	1,087	907	2,334	1,133
Charges for Current Services	5,584	5,042	5,589	6,257	7,014
Miscellaneous	1,875	4,256	2,253	2,067	2,477
<b>Total Revenues</b>	<b>85,408</b>	<b>104,035</b>	<b>95,914</b>	<b>99,713</b>	<b>105,149</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	5,099	270	2,477	2,896	3,102
Community Development	4,586	5,384	5,209	6,684	5,119
Housing & Economic Development	822	598	-	-	-
<b>Public Safety:</b>					
Police	29,138	29,412	13,708	13,598	15,070
Fire	12,123	13,130	30,228	30,469	31,728
Public Works	8,174	7,875	3,239	5,563	8,958
Parks and Recreation	5,630	5,777	7,956	8,104	3,231
Capital Outlay	25,218	24,708	22,429	17,378	32,435
<b>Debt Service:</b>					
Principal Retirement	938	615	649	2,229	1,178
Interest and Fiscal Charges	723	294	189	138	694
<b>Total Expenditures</b>	<b>92,451</b>	<b>88,063</b>	<b>86,084</b>	<b>87,059</b>	<b>101,515</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(7,044)</b>	<b>15,972</b>	<b>9,830</b>	<b>12,654</b>	<b>3,634</b>
<b>Other Financing Sources (Uses):</b>					
Sales of Real Property	33	96	11	12	655
Proceeds from Sale of Capital	-	-	-	5	7
Issuance of Debt	-	-	-	1,558	13,121
Bond Premium	-	-	-	-	785
Transfers In	5,867	1,424	970	2,482	2,070
Transfers Out	(8,464)	(4,760)	(5,300)	(7,254)	(6,304)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,564)</b>	<b>(3,240)</b>	<b>(4,319)</b>	<b>(3,197)</b>	<b>10,334</b>
<b>Extraordinary Items</b>	<b>(7,296)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (16,904)</b>	<b>\$ 12,732</b>	<b>\$ 5,511</b>	<b>\$ 9,457</b>	<b>\$ 13,968</b>

Debt Service as a Percentage of

Noncapital Expenditures <sup>1</sup>	2.2%	1.3%	1.2%	3.2%	2.4%
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*The City of Visalia has elected to show only five years of data for this schedule.*

<sup>1</sup> The calculation of debt service as a percentage of noncapital expenditures excludes capital outlays.

In 2007 the City created the Housing & Economic Development Department and in 2014 it was absorbed in Community Development.

**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 <sup>1</sup>
	Secured	Unsecured			
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%
2016	8,672,154	438,480		9,110,634	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.

<sup>1</sup> 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)**

	2012	2013	2014	2015	2016
City Direct Rate:					
City Basic Rate	\$ 0.1154	\$ 0.1152	\$ 0.1152	\$ 0.1150	\$ 0.1150
Total City Direct Rate	0.1154	0.1152	0.1152	0.1150	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	0.1840	0.1832	0.1832	0.1834
Tulare County Schools	0.0248	0.0248	0.0248	0.0248	0.0248
Tulare County Flood Control District	0.0022	0.0022	0.0022	0.0022	0.0022
Air Pollution Control District	0.0004	0.0004	0.0004	0.0004	0.0004
Library Fund	0.0156	0.0156	0.0156	0.0158	0.0158
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	0.0142	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	0.2420	0.2429	0.2430	0.2430
Visalia Unified School District Bonds	0.0300	0.0300	0.0300	0.0300	0.0226
Kaweah Delta Hospital Bonds	0.0272	0.0253	0.0282	0.0209	0.0237
Kaweah Delta Water Assessment	0.0005	0.0001	0.0004	0.0005	0.0004
Land and Improvements	-	-	-	-	-
Total Direct Rate <sup>1</sup>	\$ 1.0578	\$ 1.0554	\$ 1.0588	\$ 1.0517	\$ 1.0472

**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.

<sup>1</sup> 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	2016			2007		
	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.	\$ 184,312	2.02%	1	-	-	-
Imperial Bondware Corp.	61,893	0.68%	2	-	-	-
Target Corporation	50,446	0.55%	3	-	-	-
Perfection Pet Foods	45,515	0.50%	4	-	-	-
Visalia Mall LP	43,719	0.48%	5	-	-	-
VF Outdoor Inc.	37,559	0.41%	6	-	-	-
Bank of America	37,242	0.41%	7	-	-	-
VWR International LLC	36,947	0.41%	8	-	-	-
J Beast LP	36,067	0.40%	9	-	-	-
Cottonwood Fresno Holdings LLC	36,000	0.40%	10	-	-	-
JoAnn Stores Supply	-	-	-	41,181	0.60%	1
Visalia Mall LP	-	-	-	37,713	0.55%	2
Kraft Foods Inc.	-	-	-	32,139	0.47%	3
Midstate 99 Distribution Center LLC	-	-	-	29,738	0.43%	4
King Mineral LLC	-	-	-	29,687	0.43%	5
Moore Business Forms Inc.	-	-	-	28,367	0.41%	6
Imperial Bondware Corp.	-	-	-	27,990	0.41%	7
Ennis Homes Inc.	-	-	-	22,385	0.32%	8
Tenneco PPI Company	-	-	-	22,228	0.32%	9
Centex Homes	-	-	-	21,535	0.31%	10
Total Ten Largest Tax Payers	\$ 569,700	6.25%		\$ 292,963	4.25%	
All Other Tax Payers	<u>\$ 8,540,934</u>	<u>93.75%</u>		<u>\$ 6,595,235</u>	<u>95.75%</u>	
Total Assessed Valuation - All Tax Payers	<u>\$ 9,110,634</u>	<u>100.00%</u>		<u>\$ 6,888,198</u>	<u>100.00%</u>	

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

Source: Tulare County Auditor Controller

**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
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	18,755	18,755	100.00%	-	18,755	100.00%
2016	19,764	19,764	100.00%	-	19,764	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**  
**2011-2015 CALENDAR YEARS**  
(Dollars in Thousands)

	<u>2011<sup>(1)</sup></u>	<u>2012<sup>(2)</sup></u>	<u>2013<sup>(2)</sup></u>	<u>2014<sup>(2)</sup></u>	<u>2015<sup>(2)</sup></u>
Retail Stores					
Apparel Stores	\$ 103,275	\$ 106,654	\$ 117,386	\$ 123,465	\$ 128,885
General Merchandise Stores	344,630	360,708	372,736	382,040	392,404
Food Stores	76,380	101,802	100,028	109,234	108,996
Eating and Drinking Places	186,877	201,736	212,084	227,906	247,406
Home Furnishings and Appliances	78,303	62,602	61,870	65,265	83,136
Bldg. Material and Farm Implements	106,110	166,037	177,376	180,519	203,921
Auto Dealers and Auto Supplies	205,609	218,065	308,334	320,499	370,884
Service Stations	126,341	259,272	212,292	210,790	155,270
Other Retail Stores	166,099	170,604	234,172	266,053	208,015
Retail Stores Totals	<u>1,393,624</u>	<u>1,647,480</u>	<u>1,796,277</u>	<u>1,885,770</u>	<u>1,898,917</u>
All Other Outlets	<u>626,829</u>	<u>581,045</u>	<u>648,625</u>	<u>642,282</u>	<u>742,120</u>
Totals All Outlets	<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>	<u><u>2,641,037</u></u>

Source:

(1) California Department of Finance

(2) MuniServices

Note: 2015 is latest available year.

**CITY OF VISALIA**  
**TOP 25 SALES TAX CONTRIBUTORS**  
**2015 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	Visalia Ford
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: 2015 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		
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
2016	13,678	-	1,479	-		15,157

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

NOTES:

<sup>1</sup>US 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 <sup>1</sup>	Debt Per Capita	
\$ 9,365	\$ 16,636	\$ 1,602	\$ 13	\$ 27,616	\$ 47,937	0.39%	\$ 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	0.25%	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	0.22%	268	
-	12,442	56,979	-	69,421	72,714	0.00%	566	
-	16,053	84,995	-	101,048	116,205	0.00%	892	

**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 <sup>1</sup>	Debt Per Capita
	Certificates of Participation	Notes Payable	Capital Lease Obligations	Total		
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
2016	13,678	-	-	13,678	0.15%	105

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

<sup>1</sup>Assessed 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, 2016  
(In Thousands)**

2015-16 City Assessed Valuation		\$ 9,912,457	
Successor Agency Incremental Valuation		<u>(801,823)</u>	
 Total Assessed Valuation		 <u>\$ 9,110,634</u>	
	Percentage Applicable <sup>1</sup>	Outstanding Debt 6/30/16	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	0.605%	\$ 34,148	\$ 207
College of the Sequoias Visalia School Facilities Improvement District	66.854%	26,090	17,442
Visalia Unified School District	86.120%	59,250	51,026
Tulare Joint Union High School District	0.780%	28,904	225
Liberty School District	25.681%	778	200
Kaweah Delta Hospital District	84.937%	46,470	39,470
City of Visalia 1915 Act Bonds	100.000%	<u>721</u>	<u>721</u>
 Total Overlapping Tax and Assessment Debt		 <u>196,361</u>	 <u>109,291</u>
Direct and Overlapping General Fund Debt:			
Tulare County Certificates of Participation	32.422%	35,545	11,524
Tulare County Board of Education Certificates of Participation	32.422%	36,145	11,719
College of The Sequoias Certificates of Participation	35.217%	5,650	1,990
Visalia Unified School District Certificates of Participation	86.102%	17,615	15,168
Liberty School District Certificates of Participation	25.681%	2,490	639
<b>City of Visalia General Fund Obligations</b>	<b>100.000%</b>	<b><u>15,157</u></b>	<b><u>15,157</u></b>
 Total Direct and Overlapping General Fund Debt		 <u>112,602</u>	 <u>56,197</u>
Overlapping Tax Increment Debt (Successor Agency)	100.000%	<u>2,260</u>	<u>2,260</u>
 <b>Total Direct Debt</b>		 <b><u>15,157</u></b>	 <b><u>15,157</u></b>
 Total Overlapping Debt		 <u>296,066</u>	 <u>152,591</u>
 Combined Total Debt		 <u>\$ 311,223</u>	 <u>\$ 167,748</u>

Notes:

<sup>1</sup>Percentage 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			
	2007	2008	2009	2010
Assessed valuation	\$ 6,888,198	\$ 8,051,588	\$ 8,478,042	\$ 7,974,070
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,722,049	2,012,897	2,119,510	1,993,518
Debt limit percentage	15%	15%	15%	15%
Debt limit	258,307	301,935	317,927	299,028
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 258,307</u>	<u>\$ 301,935</u>	<u>\$ 317,927</u>	<u>\$ 299,028</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						
2011	2012	2013	2014	2015	2016	
\$ 7,995,968	\$ 7,906,416	\$ 7,700,933	\$ 8,079,201	\$ 8,628,953	\$ 9,110,634	
25%	25%	25%	25%	25%	25%	
1,998,992	1,976,604	1,925,233	2,019,800	2,157,238	2,277,659	
15%	15%	15%	15%	15%	15%	
299,849	296,491	288,785	302,970	323,586	341,649	
-	-	-	-	-	-	
<u>\$ 299,849</u>	<u>\$ 296,491</u>	<u>\$ 288,785</u>	<u>\$ 302,970</u>	<u>\$ 323,586</u>	<u>\$ 341,649</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**CITY OF VISALIA**  
**PLEGDED 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		
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	-	-	-
2016	25,504	11,778	13,726	-	-	-

(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)
2007	117,138	\$ 6,888,198	\$ 58,804	\$ 12,170,508	\$ 28,831	9.4% *
2008	120,958	8,051,588	66,565	12,297,505	28,647	10.4% *
2009	123,670	8,478,042	68,554	12,028,629	27,526	17.1% *
2010	124,184	7,974,070	64,212	12,819,638	28,919	16.9% *
2011	125,770	7,995,968	63,576	13,903,753	31,047	17.1% *
2012	127,061	7,906,416	62,225	14,400,560	31,895	16.5% *
2013	128,443	7,700,933	59,956	15,194,558	33,415	14.5% *
2014	129,481	8,079,201	62,397	16,147,060	35,240	13.2% *
2015	128,447	8,628,953	67,179	NA	NA	11.8% *
2016	130,231	9,110,634	69,957	NA	NA	10.7% *

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:  
Personal Income & Per Capita Personal Income Data from the Bureau of Economic Analysis is only available through 2014.

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

Employer	2016			2014		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Tulare (1)	4,892	1	2.64%	4,801	1	2.69%
Visalia Unified School District (2)	2,527	2	1.36%	2,278	2	1.28%
Kaweah Delta Healthcare (4)	2,132	3	1.15%	2,000	3	1.12%
College of the Sequoias (4)	1,160	4	0.63%	745	4	0.42%
CIGNA Health Care (4)	700	5	0.38%	700	6	0.39%
City of Visalia (3)	591	6	0.32%	576	7	0.32%
VF Outdoor Inc (4)	450	7	0.24%	400	8	0.22%
Walmart (4)	400	8	0.22%			
International Paper (4)	350	9	0.19%	300	9	0.17%
Jostens (4)	320	10	0.17%	720	5	0.40%
California Pretzel Co. Inc. (5)				225	10	0.13%
Number of Employed	185,600			178,400		

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

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	39	41	40	41	41	41	46	44	46	46
Administrative Services	39	37	37	32	32	32	31	NA	NA	NA
Community Development	50	35	35	49	49	49	55	61	64	65
Finance	NA	NA	NA	NA	NA	NA	NA	16	16	16
Fire	69	70	70	70	70	70	81	81	82	82
Housing & Economic Development	NA	8	8	11	11	11	NA	NA	NA	NA
Parks & Recreation	42	43	44	34	34	34	32	32	34	34
Police	183	196	202	198	198	198	198	206	208	208
Public Works	141	142	142	115	115	115	115	118	121	122
Transportation & General Services	NA	NA	NA	NA	NA	NA	NA	18	18	18
<b>Total</b>	<b>563</b>	<b>572</b>	<b>578</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>558</b>	<b>576</b>	<b>589</b>	<b>591</b>

(NA) - Function was not active in this year

Source: City Budget

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Police:					
Calls for service - Calendar Year	<u>111,661</u>	<u>112,984</u>	<u>121,997</u>	<u>120,452</u>	<u>123,883</u>
Fire:					
Calls for service - Calendar Year	<u>9,625</u>	<u>10,959</u>	<u>10,443</u>	<u>10,339</u>	<u>10,606</u>
Refuse:					
Number of Residential Accounts	32,359	33,107	33,713	34,878	34,944
Number of Commercial Accounts	<u>3,397</u>	<u>3,395</u>	<u>2,789</u>	<u>2,913</u>	<u>2,895</u>
Total Refuse Accounts	<u>35,756</u>	<u>36,502</u>	<u>36,502</u>	<u>37,791</u>	<u>37,839</u>
Sewer:					
Number of Accounts Billed	<u>32,147</u>	<u>34,638</u>	<u>34,638</u>	<u>35,965</u>	<u>36,475</u>
Business Licenses:					
New licenses issued during the year	1,206	1,304	988	1,110	1,532
Total business licenses	<u>9,863</u>	<u>10,257</u>	<u>10,338</u>	<u>10,554</u>	<u>11,065</u>
Building Permits:					
Residential	3,326	2,374	1,399	1,438	1,241
Commercial	525	555	418	392	331
Miscellaneous	<u>1,803</u>	<u>1,786</u>	<u>1,348</u>	<u>1,311</u>	<u>1,271</u>
Total Building Permits	<u>5,654</u>	<u>4,715</u>	<u>3,165</u>	<u>3,141</u>	<u>2,843</u>

Source: City of Visalia

Fiscal Year				
2012	2013	2014	2015	2016
<u>130,980</u>	<u>126,767</u>	<u>129,828</u>	<u>134,287</u>	<u>144,856</u>
<u>11,241</u>	<u>12,140</u>	<u>12,482</u>	<u>12,518</u>	<u>14,065</u>
35,541	35,797	36,144	37,538	37,884
<u>2,944</u>	<u>3,020</u>	<u>3,731</u>	<u>3,747</u>	<u>3,758</u>
<u>38,485</u>	<u>38,817</u>	<u>39,875</u>	<u>41,285</u>	<u>41,642</u>
<u>36,635</u>	<u>37,180</u>	<u>36,962</u>	<u>38,801</u>	<u>39,195</u>
2,160	1,194	1,261	1,098	1,201
<u>11,450</u>	<u>11,533</u>	<u>11,784</u>	<u>11,920</u>	<u>12,145</u>
1,507	1,602	2,019	2,478	3,152
375	367	353	381	349
<u>1,187</u>	<u>1,242</u>	<u>1,474</u>	<u>1,673</u>	<u>1,648</u>
<u>3,069</u>	<u>3,211</u>	<u>3,846</u>	<u>4,532</u>	<u>5,149</u>

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Police:					
Stations	3	3	3	3	3
Fire:					
Fire stations	5	5	5	5	5
Public Works:					
City Area in Square Miles	35	36	36	36	37
Streets (miles)	384	408	483	520	524
Traffic Signalized Intersections	104	105	107	112	115
Parks and Recreation:					
Developed City Park Acreage	NA	294	296	265	270
City Owned Open Space Acreage	NA	164	164	182	180
Public Libraries	NA	1	1	1	1
Recreation Centers	6	6	6	3	3
Swimming Pools	NA	4	4	4	4
Parks	36	37	37	40	42
Acres of Parks	293	NA	NA	NA	NA
Wastewater:					
Sanitary sewers (miles)	471	472	472	468	468
Storm sewers (miles)	236	272	272	240	240
Golf Course:					
Municipal golf courses	1	1	1	1	1

Source: Various City Departments



Fiscal Year				
2012	2013	2014	2015	2016
3	3	3	3	3
5	5	5	5	6
37	37	37	37	37
492	493	493	512	512
115	118	118	120	120
291	291	288	281	281
180	205	231	282	282
1	1	1	1	1
3	5	5	5	5
4	0	0	0	0
42	50	50	52	52
NA	493	493	290	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, 2016**

Coverage	Underwriter	Limits of Coverage	Deductibles	Policy Number	Period of Policy
<b>PRIMARY POLICIES</b>					
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		07/01/15 to 06/30/16
Commercial Property Policy	American Insurance	Bldg limits \$184 mil, deduct \$50k; Bus Pers Prop \$27 mil, Deduct \$5k; Extra Exp \$10m	\$50,000 bldg; \$5k contents;	DXJ80956976	07/01/15 to 06/30/16
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	07/01/15 to 06/30/16
Excess Health & Medical Coverage	CSAC EIA	Potential pool assessments when total pool claims exceed excess ins.	None		1/1/16 to 12/31/16
<b>SPECIAL COVERAGES</b>					
Aviation Liability	Allianz Global	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	TBD	7/14/15 to 7/14/16
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 ea tool/\$5k per occurrence; Fine arts/Valuable papers & records \$500k blanket all locations; Commercial Fine Arts Floater, \$85k limit,	\$500 deductible	MXJ93042476	7/1/15 to 7/1/16
Crime Policy/ Bond - General	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	CCP004781613	4/27/16 to 4/27/17
Crime Policy/Bond - Police	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	CCP612789115	4/27/13 to 4/27/17
Special Events Insurance	Diversified Risk	Liability policy available to citizens holding events in city facilities/parks			
EAP	Kawah Delta Assistance Program				1/1/16 to 12/31/17
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	1/1/16 to 12/31/16
Vision	Vision Service Plan	Annual benefits with VSP provider			1/1/15 to 12/31/17

# Compliance Section





# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2016. 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, 2016, 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 2015-16, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2014-15, unless the council declares an economic emergency by a 4/5<sup>ths</sup> vote.

General Fund support for police and fire services during the fiscal year 2015-16, 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.

REBECCA AGREDANO, C.P.A.

LARRY W. AYERS, C.P.A.

MARLA D. BORGES, C.P.A.

WM. KENT JENSEN, C.P.A.

KATHLEEN M. LAMPE, C.P.A., C.M.A.

LYNN M. LAMPE, C.P.A., C.F.E.

ALAN S. MOORE, C.P.A.

BLAINE D. REULE, C.P.A., C.F.E.

GIUSEPPE SCALIA, C.P.A.

NATALIE H. SEIGEL, C.P.A.

HORGO A. ANDBREY, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

BRENDA A. DADDINO, C.P.A.

JASON A. FRY, C.P.A., M.S.A.

TRACY L. MCINTYRE, C.P.A.

R. IAN PARKER, C.P.A.

MARY L. QUILLIN, C.P.A.

RACHEL L. SCHROEDER, C.P.A.

ROSALIND WONG, C.P.A.

JAMES G. DWYER, C.P.A.

Controller

KEVIN M. GREEN, C.P.A.

Controller

KENNETH R. NUNES, C.P.A.

Controller

KENNETH W. WHITE, JR., C.P.A.

Controller

Dinuba  
Hanford  
Tulare  
Visalia

**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, 2016, were \$624,921 and \$849,619, respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$27,966 and \$1,719, 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 2015-16, 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 2014-15, unless the Council declared an economic emergency by a 4/5<sup>th</sup> 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 2015-16, prepared by the City.

**Finding:**

Our review indicated that 23 police officers and 15 firemen were hired as of June 30, 2016 in accordance with plan objectives. Due to reduced sales tax revenue compared to original Plan projections 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 project was completed during the current fiscal year.

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 completed the design phase of the project and began construction of the project during the current fiscal year. Management anticipates the project to be completed in fiscal year 2017-18. The expenditures made towards the project were not charged to Fire and Police Measure T Funds, as the project is a multi-funded project which is being funded with current year Certificates of Participation (COP) proceeds. Therefore, expenditures related to the construction of the Visalia Emergency Communication Center, were recorded in another fund where all project expenditures will be accounted for. COP in the amount of \$17,910,000 were issued in the current year to fund the project. Measure T's portion of the COP proceeds and debt service payments is 9.577540%. Measure T's portion of the current year COP proceeds in the amount of \$1,816,893 were recorded in the Police Measure T Fund. Police Measure T Funds paid \$121,420 of debt service payments and \$25,893 in issuance costs in the current year and is budgeted to pay for their percentage of the project through an additional 14 years of debt service payments ending in fiscal year 2029-30.

- (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,



M. GREEN AND COMPANY LLP  
Certified Public Accountants

November 17, 2016  
Visalia, California



**CITY OF VISALIA**  
**BOND DISCLOSURE REQUIREMENTS**

The City of Visalia (the City) 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 Visalia 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, principal 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

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, 27% is allocable to the Convention Center and 73% 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 Visalia 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 Visalia Community 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 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 2015-16 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 former redevelopment agency have been paid in full and all assets have been liquidated.***

The only outstanding bonded debt of the former Visalia Community Redevelopment Agency 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**

<b>Fiscal Year Ended June 30</b>	<b>Locally- Assessed Secured Value</b>	<b>Unsecured Value</b>	<b>State-Assessed Value</b>	<b>Total Assessed Value</b>	<b>Incremental Assessed Value</b>
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
2016	154,685,059	17,744,471	521,796	172,951,326	71,719,119

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 Visalia Community Redevelopment Agency 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 2015-16 ASSESSED VALUATION**

<u>Property Owner</u>	<u>Fiscal Year 2015-16 Total Assessed Value</u>	<u>Percentage of Total <sup>(1)</sup></u>
1 Hotel Circle GL Holding LLC	\$ 13,013,542	7.52%
2 Donald John & Shelly Kaye Groppetti	10,504,206	6.07%
3 Willow Street Development Co LLC	9,176,052	5.31%
4 Kenneth J. Curti (TR)	8,129,262	4.70%
5 Mark Whittlesey (TR)	5,784,626	3.34%
6 Three Ten Center Street LLC	4,037,331	2.33%
7 Scott A & Tani M McMillan	2,046,592	1.18%
8 Pile Partners #1 LLC	2,029,081	1.17%
9 Anthony G & Ilene Leonardo	1,975,500	1.14%
10 Co-Tenancy Group	1,844,512	1.07%
	<u>\$ 58,540,704</u>	

<sup>(1)</sup> Fiscal Year 2015-16 assessed valuation: \$172,951,326

Source: Tulare County Auditor Controller's Office

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

<b>Fiscal Year</b>	<b>Total Assessed Valuation</b>	<b>Tax Increment</b>	<b>Senior Tax Sharing</b>	<b>Section 33676 Adjustment</b>	<b>County Admin Fees</b>	<b>Housing Set-Aside</b>	<b>Tax Revenues</b>
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 Visalia Community Redevelopment Agency on February 1, 2012

Source: County of Tulare and City of Visalia Finance Department

With the dissolution of redevelopment agencies, 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)**

<b>Fiscal Year</b>	<b>Tax Revenues</b>	<b>Debt Service</b>	<b>Coverage</b>
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**	1,065	1,065	100%
2021-2025**	1,005	1,005	100%
2025-2027**	460	460	100%

\* Partial Year due to the dissolution of The Visalia Community Redevelopment Agency 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, 2016 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 January 1, 2016 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.

