

State of California

City of Visalia



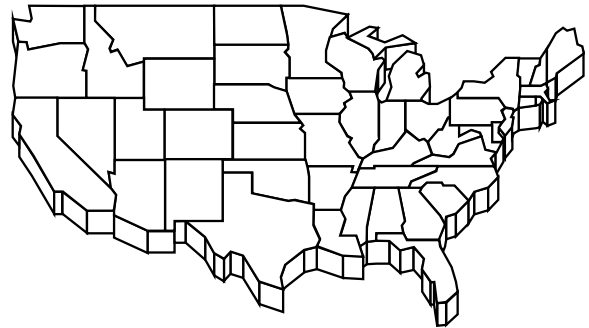
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

CITY OF VISALIA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



Prepared by the Finance Department

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



Table of Contents

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal.....	i
Organization Chart.....	xv
GFOA Certificate of Achievement.....	xvi
FINANCIAL SECTION:	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	24
Statement of Activities.....	25
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	28
Reconciliation of Governmental Funds – Fund Balance with Governmental Net Position.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32
Reconciliation of the Net Changes in Fund Balances – Governmental Funds with the Change in Net Position of Governmental Activities	35
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	36
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Measure N.....	38
Proprietary Funds:	
Statement of Net Position.....	40
Statement of Revenues, Expenses, and Changes in Fund Net Position	42
Statement of Cash Flows.....	44
Fiduciary Funds:	
Statement of Fiduciary Net Position	49
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	50
Notes to Basic Financial Statements	51
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability Miscellaneous Plan.....	97
Schedule of Proportionate Share of the Net Pension Liability Safety Plan.....	98
Schedule of Contributions	99
Supplementary Information: Combining Statements and Budgetary Comparison Schedules	
Major Governmental Funds, Other Than General Fund and Major Special Revenue Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Community Development Fund	106
Housing Successor Agency Fund	107
Transportation Fund.....	108
Non-major Governmental Funds:	
Combining Balance Sheets.....	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	117

Table of Contents

FINANCIAL SECTION: (Continued)	<u>Page</u>
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	121
Internal Service Funds:	
Combining Statement of Net Position	136
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	138
Combining Statement of Cash Flows	140
Agency Funds:	
Statement of Changes in Fiduciary Net Position – Agency Funds.....	146
STATISTICAL SECTION:	
Net Position by Component – Last Five Fiscal Years.....	152
Changes in Net Position – Last Five Fiscal Years	153
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	155
Changes in Fund Balances of Governmental Funds – Last Five Fiscal Years	156
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	157
Direct and Overlapping Property Tax Rates – Last Five Fiscal Years	158
Principal Property Tax Payers – Current Year and Nine Years Ago.....	159
Property Tax Levies and Collections – Last Ten Fiscal Years	160
Historical Sales and Use Tax Rates.....	161
Taxable Sales Transactions By Type – Last Five Calendar Years	162
Top 25 Sales Tax Contributors – 2017 Calendar Year	163
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	164
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	166
Direct and Overlapping Debt	167
Legal Debt Margin Information – Last Ten Fiscal Years	168
Pledged Revenue Coverage – Last Ten Fiscal Years.....	170
Demographic and Economic Statistics – Last Ten Fiscal Years	171
Principal Employers – Current Year and Two Years Ago.....	172
Full-Time City Employees by Function – Last Ten Fiscal Years.....	173
Operating Indicators by Function – Last Ten Fiscal Years.....	174
Capital Asset Statistics by Function – Last Ten Fiscal Years	176
Insurance in Force.....	178
COMPLIANCE SECTION:	
Measure T:	
Independent Accountant’s Report:	
Report on Applying Agreed-Upon Procedures.....	181
Measure N:	
Independent Accountant’s Report:	
Report on Applying Agreed-Upon Procedures.....	185
Bond Disclosure Requirements	188

Introductory Section

Introductory Section





December 19, 2018

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, 2017 through June 30, 2018. 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 establishing and maintaining internal controls designated to ensure that the assets of the city are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designated to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within the stated framework. City management believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 2017-2018 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, the Measure N Agreed Upon Procedures Audit, and Bond Disclosure Requirements. The citizens of the City of Visalia, in 2004, passed a sales tax ballot measure for public safety operations and in 2016, passed a sales tax ballot measure for essential City services. An annual compliance audit was required as part of the measures 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 one of the most productive agricultural counties in the United States. The City currently has a land area of approximately 38 square miles with a population of 136,246 as of May 2018, 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 with the 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 2017-18 resulted in an overall increase of \$2,197,658 in the total economic-sensitive revenue sources for the General Fund as shown in Table 1 – Economic Sensitive Revenues.

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

Description	FY 16/17	FY 17/18	Increase Over	
			Prior Year	% Increase
Sales Tax	\$ 31,498,610	\$ 31,837,698	\$ 339,088	1%
Property Tax	22,370,180	23,694,329	1,324,149	6%
Transient Occupancy Tax	2,776,037	3,101,249	325,212	12%
Franchise Fees	2,567,191	2,657,874	90,683	4%
Business License	2,321,596	2,440,122	118,526	5%
Total	\$ 61,533,614	\$ 63,731,272	\$ 2,197,658	3%

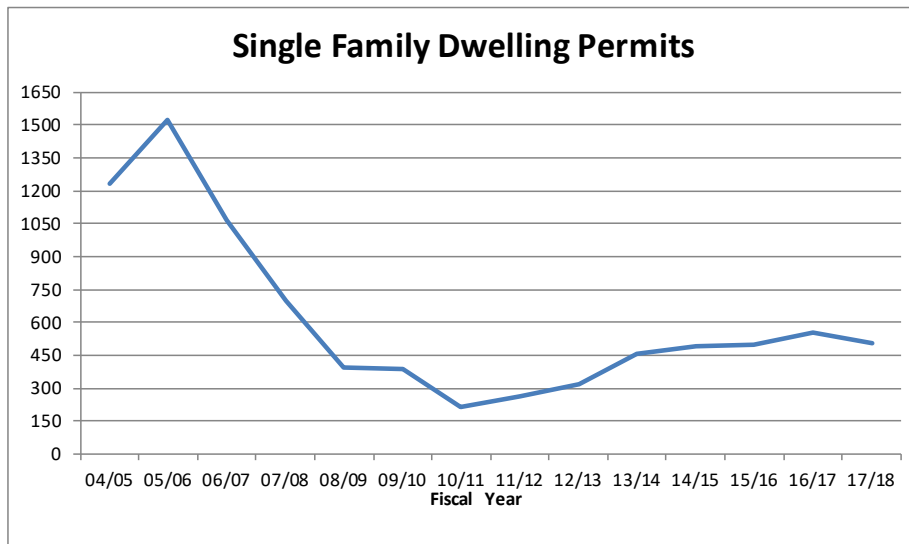
Sales Tax continued to show growth for fiscal year 2017-18 growing at 1% but at a slower pace than the other revenues. Property Tax maintained its upward trend growing 6% as property values, growth and sales continued in Visalia. Transient Occupancy Tax had the largest % increase in revenue at 12% as business continued to increase for this sector as well as part of the growth attributed to the addition of a new Holiday Inn Express. Franchise Fee revenue increased in fiscal year 2017-18 mainly due to increases in both gas and electricity franchise fee revenue received. Business License revenue increased this fiscal year as the number of licenses increased by 170 and collection efforts remained strong.

Visalia has 12,268 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.

Construction activity in the City was down slightly in fiscal year 2017-18. The total valuation for all permits issued was \$246 million, a 2.8% decrease from the prior year. Excluding last year, this is the strongest construction activity since Fiscal Year 2007-08 as shown in Table 2 – New Single Family

Dwelling Permits Comparison. The new single family dwelling permits were down from prior year by 9.2%. The construction value for 505 new single family dwelling permits was \$131 million, which was down 10.6% from the prior year valuation level.

Table 2 – New Single Family Dwelling Permits Comparison



With the exception of the slight decrease this fiscal year, new housing permits have steadily risen over the last several years since the Great Recession. However, 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 still improvement needed to return to pre-boom levels, the City is pleased with the average gradual growth over the last few years 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

Diversified Development Group (DDG) has completed a 402,000 square foot building located at American Street and Riggin Avenue and has fully leased out the space. DDG is proposing another 689,000 square feet of space to be located at the southeast corner of Plaza Drive and Riggin Avenue. The site would be comprised of four new buildings, the smallest being 120,000 square feet and the largest at 236,400 square feet.

The Housley Corporation is looking to expand into a new location on Kelsey Street, south of Goshen Avenue. The new site will be utilized for crushing and grinding of materials, general trucking delivery, and general engineering.

ServiceMaster by Benevento is looking to expand with four new buildings at its Visalia location at 744 E. Douglas Avenue. One of the buildings will be leased out to a separate tenant.

Sunrise Laboratories will be locating to 8020 W. Doe Avenue. The location will bring 50 new employees to the park who will be conducting dry sample tests for various milk processors across the greater region.

Replanet Packaging will be adding a new 100,000 square foot warehouse addition to their existing facility at 6941 W. Goshen Avenue. The company converts recycled plastics from its various retail collection facilities across the state into AG product packaging materials.

A new 25,000 square foot warehousing space is to be constructed at 7732 W. Sunnyview Avenue which is currently a vacant industrial lot.

A 10 acre, 170,000 square foot distribution project is being proposed at the southeast corner of Riggin Avenue & Kelsey Street.

Compac Sorting Equipment will be constructing a new facility located at 10012 W. Legacy Avenue. The space will also include more room for the training of staff. Compac is currently located at 751 N. Elko Street.

Local manufacturer, Voltage Multipliers is expanding its main building and is proposing a 20,000 square foot two phase expansion that will allow for future growth.

In addition, this past year, there has been a great deal of smaller industrial development interest including:

- Breck's Electric Motors to occupy a new 8,850 square foot building in the American Industrial Park at American Street and Grove Ct.
- Two new industrial shell buildings are proposed to be built near the southeast corner of Plaza Drive and Goshen Avenue. Both new buildings would be approximately 16,124 square feet each.
- Moose Dog Brewing is proposing to expand at 9626 W. Nicholas Avenue, adding more production and potential tap room space.
- Gill, Reeves Co. to construct a new 10,250 square foot building at 7824 W. Sunnyview Avenue. The site plan identifies a similar sized building expansion for the future.
- A new 10,000 square foot spec building has started the process for construction at 1105 N. Nevada Street.
- Four new warehouse buildings totaling over 26,000 square feet have been proposed on Sunnyview Avenue just west of Shirk Road.
- A new 5,000 square foot warehouse has been proposed at the southwest corner of Freedom Street and Nicholas Avenue.

- Two new 5,500 square foot buildings have been proposed at the southwest corner of Goshen Avenue and Kelsey Street.
- Two new storage/warehouse spaces (4,000 and 5,000 square feet) have been proposed on Plaza Drive east of Pershing Avenue.

Business Research Park Highlights

A local AG tech company, Valley Ag Software (VAS), will be moving to a new 31,000 square foot office space in The Square, a master planned development just north of Highway 198 and west of Plaza Drive. VAS will be a much welcomed addition to this area as we have hoped to attract and grow tech companies just like VAS in this area.

A new 7,172 square foot office building is under construction for Brandman University just north of the Marriott Residence Inn which is currently finishing construction. The project features two buildings with one of the buildings consisting of nine offices and four classrooms.

A Hilton Home 2 Suites is being proposed in The Square. The four story, 83 room hotel is an environment and pet friendly extended stay concept in the Hilton family of hotels.

Inland Empire based Cowboy Burgers and BBQ is proposing a new location adjacent to the ARCO AM/PM recently constructed in The Square. The popular burger chain will be a welcomed addition in this area adding more food options for our numerous Industrial Park and Business Research Park employers.

A Jack in the Box is being proposed near the corner of Plaza Drive and Crowley Avenue in the master planned, Gateway Business Park. This would be the first project of this development but most recent of many projects moving forward in the Business Research Park.

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

The former Baja Fresh location on Mooney Boulevard near Kohl's has been backfilled by a new poke brand restaurant, LemonShark Poke. LemonShark Poke creates poke with only the finest line-caught fish available.

The Great Escape, an escape room themed entertainment concept has opened at 3300 S. Fairway Street, near Bowlero and Tokyo Garden. The location offers different escape ‘puzzles’ for friends and families or for corporate team building exercises.

The Walmart on Mooney Boulevard will be undergoing improvements to be able to offer a grocery pickup service. Shoppers will be able to purchase groceries online then conveniently pick them up without having to go into the store.

Best Buy will be moving across Mooney Boulevard to the old Sport Chalet location in early 2019. The move will provide more space for the company and will leave a high quality 30,000 square foot retail location available for new use.

Seritage, the real estate arm of Sears, is now looking to lease 35,000 square feet of the south portion of the store (including the Auto Center) and reduce the Sears footprint to the remaining 35,000 square feet connected to the Sequoia Mall. This presents an interesting opportunity, though redevelopment of the entire Sequoia Mall property is somewhat contingent on how Sears moves forward with their brick and mortar locations.

Plans for a new 15,600 square foot La-Z-Boy Furniture Gallery have been submitted for the Grove at Packwood Creek development. This is one of several new retail locations planned for this development in between Costco and Lowe’s. Others include an oil changer, a new 30,000 square foot anchor store and several smaller pads.

The former Central Valley Community Bank located adjacent to Dick’s Sporting Goods will soon be the new home of the Central CA Blood Center. This will be a move from their current site at 1515 S. Mooney Boulevard.

Downtown Developments

Stacked Bar and Grill is coming to east downtown. The concept that has proven popular in Kingsburg will be expanding into Visalia. The new location will be adjacent to Barrelhouse Brewing and feature a similar family friendly environment.

How We Roll is a new hand rolled ice cream shop that will find its home downtown at 104 S. Church Street. The shop will offer ice cream made ‘on demand’ right in front of the customer with various ingredient options.

Another downtown mixed use residential project is under construction at 117 E. Main Street. The former home of Midtown Sports will one day consist of a new restaurant space on the ground floor and two apartments on the 2nd floor. The site plan shows units at around 1,535 square feet each.

An indoor shooting range has been proposed by Smokin' Barrel Firearms to be located in the old Gropetti Auto site at Burke Street and Mineral King Avenue. Smokin' Barrel is proposing a new retail location there that will eventually include the indoor shooting range. The retail portion can proceed at this time since it is a permitted use at this site.

RTO Systems Inc., which is affiliated with Elite Corporate Medical Services, is renovating the building at 319 N. Church Street for use as a corporate office for the management staff.

Crescent Valley Public Charter is proposing to move its existing office and student resource center at 116 E. Main Street to the 2nd floor which could open up more Main Street retail frontage.

A Barber College has been approved at 320 S. Bridge Street across from the Convention Center. The co-owners of the East to West Hair Artistry barber shop on Main Street are the applicants. The facility will provide the space to acquire the necessary hours required for licensing and will offer curriculum and workshops on advanced barbering skills.

Las Palmas Restaurant on Main Street has closed and will be backfilled with Visalia restaurant, Casa Grande. Casa Grande will continue to maintain its existing restaurant off Mooney Boulevard at 2131 W. Whitendale Avenue.

Kawah Delta is moving forward with additional parking lot construction, expanding parking availability at the former Doc's Restaurant and Checker's Restaurant sites.

The old Tulare County courthouse redevelopment project, the Darling Hotel, continues to progress with construction currently under way. The 33 room boutique hotel will feature several meeting rooms, a rooftop lounge, and a ground level courtyard with an enclosed pool and canopy along Court Street.

North Visalia

Ripped by Rivas Training Center has moved to 1936 N. Dinuba Boulevard near the Northside Shopping Center.

A new shopping center is being proposed just south of the Riverway Sports Park on Dinuba Boulevard north of Riggan Avenue. The Shops at Shannon Ranch, a shopping center project comprising of two anchors, several shop spaces and restaurant pads has started the process.

A new Starbuck's and Deli Delicious will be coming to the Shannon Village shopping center found at Mooney Boulevard and Riggan Avenue. The new locations will be the first phase of additional retail that will be on the east side of Mooney Boulevard. Additionally, a new dialysis clinic is proposed on the other side of Mooney Boulevard in the existing Shannon Village neighborhood commercial center.

A new community garden is going in the vacant lot near the Wittman Community Center in the Community Campus. This is a City of Visalia project that will be operated by ProYouth.

A new approximately 6,000 square foot commercial space is being proposed by the property owner at the corner of NE 3rd Avenue and N. Court Street just north of the Oval Park.

Other Openings/Developments

A new 3,256 square foot office building is being proposed at 4234 W. Mineral King Avenue. The new office space will house the law office for local firm, Mitchell and Powell.

The Salad Shop is a new popular eating establishment located in the former Fat Darin's site in the Mineral King Plaza. The owners are expressing interest in a second location as well.

The Mineral King Plaza has been experiencing a renaissance with several new entertainment and fitness users generating traffic. The newest concepts include D'Gala Hair & Spa Salon and a new pizza restaurant in the old Trish Café end cap site.

A 4,000 square foot medical office is being proposed at 120 E. Murray Avenue for ophthalmologist Dr. Bianco. The building is currently used as an office for an insurance company.

Motel 6 is moving forward with a west wing expansion at its location along Noble Avenue just west of Linwood Street. The expansion will add 28 rooms with an additional parking lot and accessibility improvements.

32,500 square feet of new office space has started its way through the entitlement process for the remaining portion of the Mission Oaks Plaza office park near Akers Street and Mineral King Avenue. There are 4 office buildings proposed with additional common areas and parking.

Two new medical offices are proposed along Noble Avenue east of Akers Street. This site has been planned for office development and the approximate 14,000 square foot project is closest to Atwood Street.

A Reiki and therapeutic healing center is being proposed at 521 W. Noble Avenue. Reiki is a Japanese technique for stress reduction and relaxation that also promotes healing.

A new 4,000 square foot warehouse is being proposed along Goshen Avenue east of Ben Maddox Way and northwest of Cain Street.

A new 5,000 square foot commercial building is being proposed along Caldwell Avenue just north of the WinCo shopping center.

Ongoing Capital Projects

The City's Capital Improvement Program has a number of significant projects currently underway that will continue into fiscal year 2019 and beyond.

Riverway Sports Park Phase V

- Development of Phase V of the Riverway Sports Park is underway. The \$10 million project includes four lighted adult/youth softball fields with concessions, restrooms, additional parking, and picnic amenities. The project will also include an additional irrigation system and new pump system.

Demaree & Goshen Street Project

- The \$6.5 million project will widen the intersection of Demaree Street at Goshen Avenue. It includes upgrading the railroad tracks and equipment, replacing the traffic signals, and upgrading sidewalk and ramps to meet accessibility requirements.

Aircraft Hangars Project

- The \$4.1 million project will construct new aircraft hangars and T-hangars to meet growing demand and will increase revenues in hangar leases for the Airport.

Downtown Street Light Project

- The \$4.5 million project will replace the downtown street light system to meet current standards as the current street light system was installed in the 1930's and is significantly deteriorated.

FINANCIAL CONDITION

Fiscal year 2017-18 ended with a steady growth in revenue categories such as Sales Tax, Property Tax, Transient Occupancy Tax, and development-related fees. With continued revenue increases from an improving 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 \$4.7 million change in fund balance with \$4.6 million remaining as a surplus. The main contributors to this year’s surplus were increases in sales tax, property tax, and transient occupancy tax of 1%, 6%, and 12% respectively and a decrease in capital projects of \$8.2 million as compared to last year.

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

	<u>FY 17/18</u>
Revenues	\$ 73.0
Expenditures	<u>64.7</u>
Over/(Under) Expenditures	\$ 8.3
Other Financing Sources (Uses)	<u>\$ (3.6)</u>
Net Change in Fund Balance	\$ 4.7
Less Sale of Land (75% -Building Improv., 25%-Emergency Reserve)*	<u>\$ (0.1)</u>
Surplus	<u><u>\$ 4.6</u></u>
Transfer surplus to Emergency Reserve Fund **	\$ (0.2)
Transfer remaining surplus to Civic Center Reserve Fund**	\$ (4.4)

*Note - Prior to March 19, 2018, all property sales are split 75% to the Building Improvement Fund and 25% to the GF Emergency Reserve as was directed by Council.

**Note - After March 19, 2018, all one time monies and land sales are to be deposited into the Civic Center Reserve Fund for future buildings. Also, after the GF Emergency Reserve is funded to the 25% of operating expenditures level, all remaining surplus is to be deposited into the Civic Center Reserve Fund.

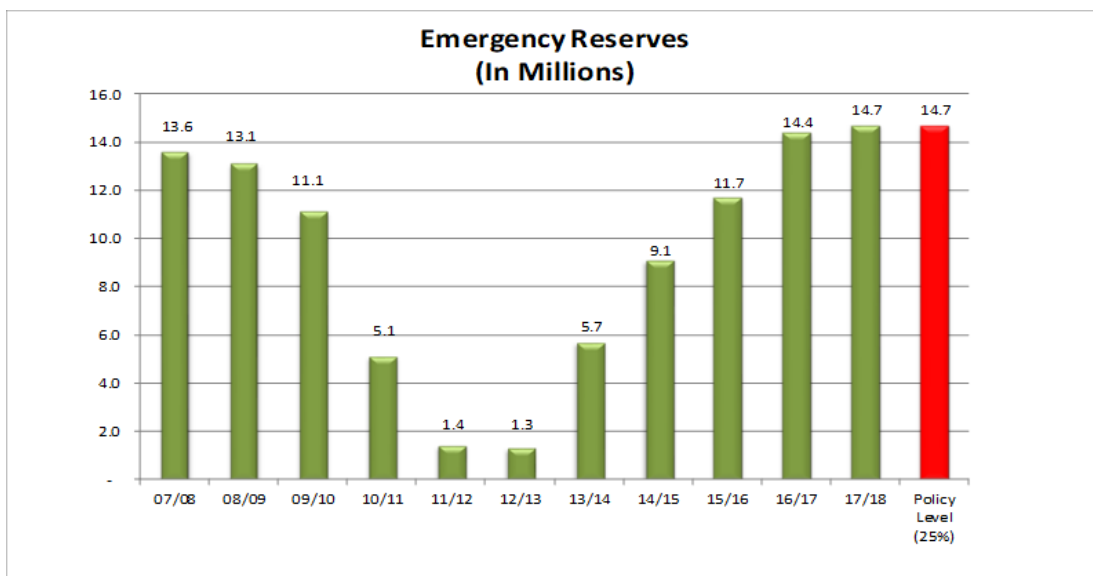
This is the fifth consecutive year the General Fund has ended the year with a surplus. However, the balance between revenues and expenditures still continues to remain fragile. The City must continue to monitor increasing costs (i.e. rising pension costs), the economy for a possible downturn (recession), and to seek new opportunities to increase tax base revenues to maintain fiscal sustainability.

In June 2016, the City Council adopted a balanced biennial budget for fiscal years 2016-2017 and 2017-2018. 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) Increase resources directed at maintaining City facilities; and
- 4) Replenish General Fund Emergency Reserves.

Both fiscal years budgets transfer a small 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.

Table 4 – General Fund Emergency Reserves



As with fiscal year 2016-17, the City has met City Council's goal of funding the Emergency Reserves with a balance of 25% of General Fund operating expenditures for fiscal year 2017-18. For this fiscal year, the Emergency Reserves increased by \$286,085 which is derived from \$154,706 from the General Fund surplus, \$23,057 from a land sale, and \$108,322 from emergency reserve interest earnings, which has brought the Emergency Reserves to \$14.7 million (25% of operating expenditures).

Now that we have met our Emergency Reserve percentage goal, we must make an effort to maintain the percentage level goal going forward. In addition, we must continue to strive to achieve other City Council goals of rebuilding organizational capacity lost due to the great recession, address infrastructure needs that have been deferred, and handle increasing pension costs as CalPERS has begun implementing two items to address the unfunded status of most pension plans statewide. First, CalPERS is reducing the investment earnings target from 7.5% to 7% in hopes of better reflecting the current earnings rate

environment. By lowering the earnings rate, the City's pension contributions will increase in order to make up for the loss of projected earnings. In addition, CalPERS is accelerating contributions towards unfunded liabilities in an effort to bring all pension plans closer to a fully funded status.

One new funding source that will help Council achieve its goals is Measure N. Measure N, Visalia's half-cent Essential City Services Measure was approved by voters on the November 8, 2016 election, and became effective April 1, 2017. The proceeds of this tax will provide the City with a reliable and ongoing local source of funding for public safety, maintenance for streets, parks, trailways, and City facilities. Funds will be controlled directly by the City of Visalia, with citizen oversight, and not subject to control by the State of California. Fiscal year 2017-18 was the first full year of operation of Measure N. Sales Tax proceeds received for the year totaled \$12.4 million, \$1.4 million more than budgeted for the year. As of June 30, 2018, Measure N had enabled the City to hire 8 police officers, 2 community service officers, 1 police technician, 1 urban forest employee, and 1 recreation coordinator. Vehicles and equipment purchased to date have been 4 fully equipped Dodge Charger police units, 2 Chevrolet 2500 pickup trucks, 1 Arial Ladder Fire Truck, and 1 Air/Light/Rehab Mobile response unit for the Fire Department. In addition, the City was also able to do \$2.7 million in road rehabilitation in fiscal year 2017-18 due to Measure N funding.

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, 2017. 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.

Letter of Transmittal

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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,



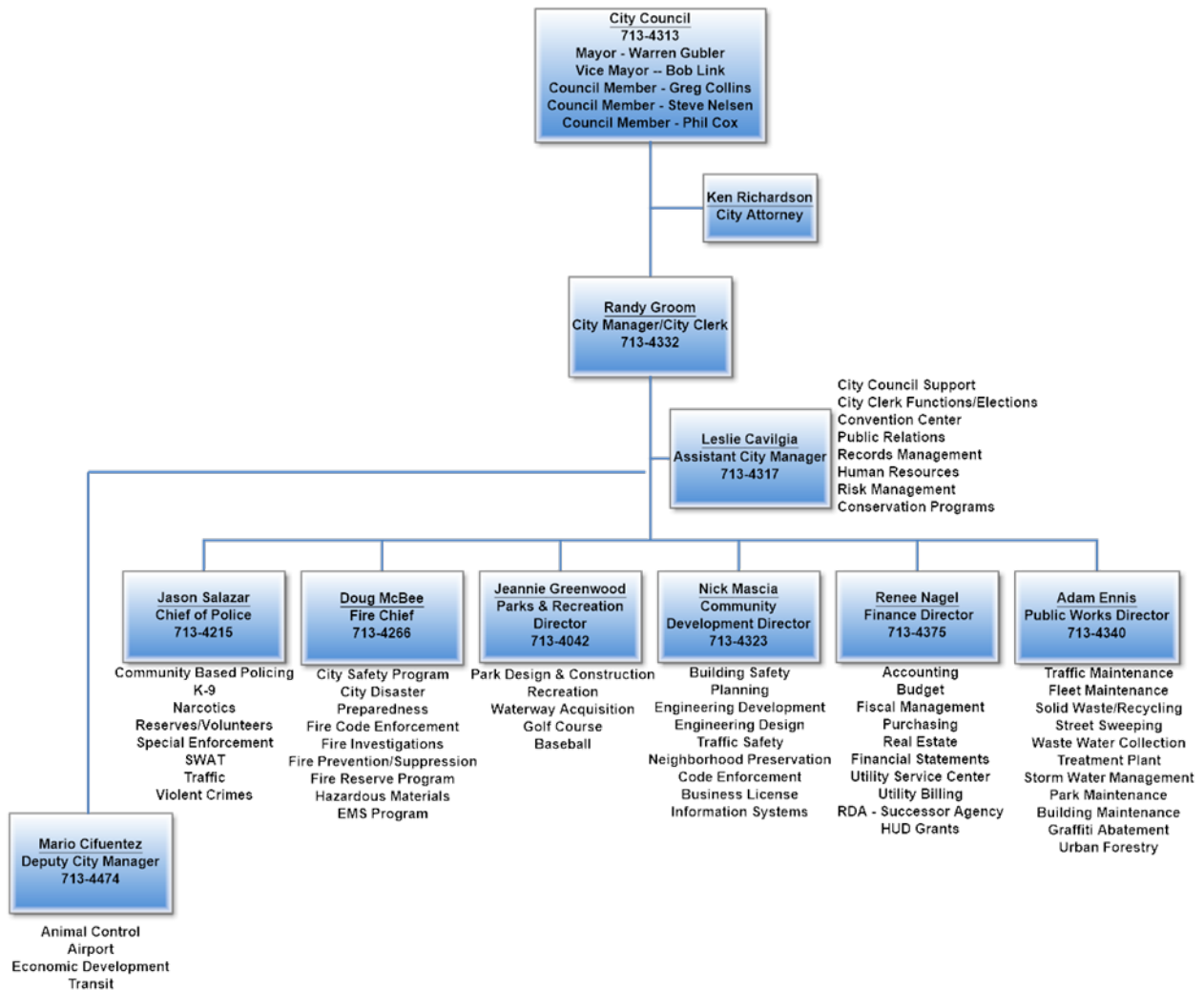
Randy Groom
City Manager



Renee Nagel
Finance Director

Organizational Chart

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018



As of June 30, 2018



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, 2017

Christopher P. Morill

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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

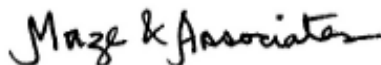
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional 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, Statistical and Compliance 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 19, 2018, 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 19, 2018

**CITY OF VISALIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2018**

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, Measure N 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.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

4. Assigned Fund Balance - amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the City Council itself or by an official to which the governing body has delegated the authority.
5. Unassigned Fund Balance - the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

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

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

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

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

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

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, seven fiduciary funds are maintained: the Los Rios

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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, Visalia Tourism & Marketing District, and the Visalia Redevelopment Successor Agency.

Notes to the Financial Statements

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

FINANCIAL HIGHLIGHTS

Visalia's population increased to 136,246 an increase of 2.3% this past fiscal year. The California Consumer Price Index for All Urban Consumers for the same period increased by 2.94%. The major factors driving the City's financial results this fiscal year are the following:

- Increased Sales Tax Revenues of \$9.5 million, up 21% from last year. The majority of this growth was due to the first full year of the implementation of the Measure N sales tax, which generated an additional \$9.4 million in sales tax revenue. Measure N, a half-cent sales tax override approved by the citizens of Visalia in November 2016, began April 1, 2017 and revenues generated from Measure N for fiscal year 2016-17 totaled \$3 million. Removing Measure N from the Sales Tax Revenue figures yields sales tax growth of 1%.
- Increased property taxes, up 6% from last year.
- Increase in Charges for Services, up 5% from last year as the economy continues to grow.

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)

	<u>FY 17-18</u>	<u>FY 16-17</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Assets	\$ 1,046.5	\$ 983.6	\$ 62.9	6%
Deferred Outflows of Resources	37.4	37.7	(0.3)	-1%
Liabilities	284.1	272.7	11.4	4%
Deferred Inflows of Resources	8.4	14.0	(5.6)	-40%
Net Position	791.4	734.6	56.8	8%
Revenues	219.1	219.6	(0.5)	-0.2%
Expenses	158.8	154.6	4.2	3%

- The City's Total Assets increased by \$62.9 million (6%) during the current fiscal year mainly due to increases in cash and investments of \$39.5 million, interest receivable of \$0.4 million, notes and loans receivable of \$4.1 million, supplies of \$0.1 million, grants due from other governmental units of \$1.4 million and capital assets of \$19.3 million. Increases in Total Assets included reductions in accounts

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

receivable of \$0.2 million and taxes receivable of \$1.8 million. The increase in capital asset changes of \$19.3 million include additions, deletions, and depreciation of \$0.3 million in land, \$2.4 million in vehicles and equipment, \$14.8 million in buildings (VECC \$12.6 million), \$21.5 million in infrastructure, \$4.0 million in improvements, as well as a decrease of \$23.7 million in construction in progress mainly due to the capitalization of the VECC project as well as various other projects throughout the City.

- The City's Deferred Outflows of Resources decreased by \$0.3 million (1%) due to annual adjustments for GASB 68 recording of deferred pensions.
- The City's Liabilities increased by \$11.4 million (4%) during the current fiscal year. This was mainly due to increases in the Net Pension Liability of \$11.5 million, \$3.9 million in new debt in the Wastewater Fund for the funding of the wastewater treatment plant upgrade and \$1.1 million in accounts and contracts payable, in combination with a decrease to advances from grantors and third parties of \$2.3 million and scheduled debt service payments of \$2.5 million.
- The City's Deferred Inflows of Resources decreased by \$5.6 million due to annual adjustments by CalPERS for GASB 68 recording of deferred pensions. The decrease is mainly due to CalPERS investment earnings coming in greater than projected.
- The City's Total Net Position (assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources) were \$791.4 million as of June 30, 2018.
- The City's Total Revenues, including program and general revenues, were \$219.1 million for fiscal year 2017-18, a slight decrease of \$0.5 million (0.2%) from last year, while total City expenses were \$158.8 million, an increase of \$4.2 million (3%) from last year. The revenue decrease is due to a combination of increases in tax revenue of \$11.3 million, charges for services of \$0.7 million, and investment earnings of \$0.5 million with decreases in grants and contributions of \$12.5 million and miscellaneous revenue of \$0.5 million.
- Revenues can be divided between Program Revenues related to work activities and General or Tax Revenues. For fiscal year 2017-18, Program Revenues were \$125.7 million (revenues derived from specific activities) and General Revenues (e.g., taxes and investment earnings) were \$93.4 million. These same revenues can be classified as either Governmental activity revenues or Business-type activity revenues. For fiscal year 2017-18, Governmental activity revenues and Business-type activity revenues were \$118.9 million (54.3%) and \$100.2 million (45.7%), respectively.
- Expenses for governmental activities and for business-type activities were \$88.3 million (a 7% increase from last year) and \$70.5 million (a 2% decrease from last year), respectively.

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 \$417.7 million. The largest portion of the net position, \$325.4 million (77.9%), is Net Investment in Capital Assets (net of debt to acquire those assets). The remaining portions of the City's net position are: \$69.6 million (16.7%) represents resources that are subject to restrictions and the remaining \$22.7 million (5.4%) being unrestricted.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

Table 2
Governmental Net Position
(in millions)

	FY 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 127.3	\$ 106.4	\$ 20.9	20%
Current and Other Assets	58.3	56.4	1.9	3%
Adv. To Other Funds & Internal Balances	4.6	4.4	0.2	5%
Capital Assets, Net of Accum. Deprec.	337.8	326.0	11.8	4%
Total Assets	528.0	493.2	34.8	7%
Deferred Outflows of Resources				
Deferred Pensions	30.0	29.9	0.1	0.4%
Total Deferred Outflows of Resources	30.0	29.9	0.1	0.4%
Liabilities				
Other Liabilities	16.3	15.5	0.8	5%
Long-Term Obligations	117.1	109.8	7.3	7%
Total Liabilities	133.4	125.3	8.1	6%
Deferred Inflows of Resources				
Deferred Pensions	6.9	10.7	(3.8)	-36%
Unamortized Gain on Refunding of Debt	-	0.1	(0.1)	-100%
Total Deferred Inflows of Resources	6.9	10.8	(3.9)	-36%
Net Position				
Net Investment in Capital Assets	325.4	312.2	13.2	4%
Restricted	69.6	57.0	12.6	22%
Unrestricted	22.7	17.8	4.9	28%
Total Net Position	\$ 417.7	\$ 387.0	\$ 30.7	8%

- *Cash and Investments* of \$127.3 million increased \$20.9 million from last year mainly due to an increase in tax revenues and revenues exceeding expenses for the year.
- *Capital Assets, Net of Accumulated Depreciation* totaling \$337.8 million are categorized in [Table 8, Capital Assets, Net of Accumulated Depreciation](#). This amount increased by \$11.8 million over last year as capital projects were constructed or in progress.
- *Long-Term Obligations* totaling \$117.1 million is comprised of Net Pension Liability, Certificates of Participation, government loans, and compensated absences. There were \$1.4 million in long term debt payments made by the City during the year. Net pension liability adjustments increased by \$8.4 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* of \$325.4 million represents the City’s capital assets less accumulated depreciation and any debt used to finance its construction or purchase.
- *Restricted Net Position* of \$69.6 million is primarily found in Capital Projects funds which have been restricted for related capital projects.
- *Unrestricted Net Position* of \$22.7 million is the remaining part of the assets. Of this amount, \$58.5 is the General Fund’s net position. Of the General Fund’s portion, all but \$10.2 million is either nonspendable (\$1.4 million), committed (\$22.0 million) or assigned as advances and budgeted projects (\$24.9 million). Additional information on the General Fund’s Fund Balance can be found in the following Statistical Section.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

Analysis of Changes in Governmental Net Position

Governmental activities are summarized on Table 3, Changes in Governmental Net Position, showing that during fiscal year 2017-18 the City's net position increased by \$30.6 million.

Table 3
Changes in Governmental Net Position
(in millions)

	FY 17-18	FY 16-17	Increase (Decrease)	
			\$	%
REVENUES				
Program Revenues:				
Charges for Services	\$ 22.1	\$ 21.1	\$ 1.0	5%
Operating Grants & Contributions	2.6	3.1	(0.5)	-16%
Capital Grants & Contributions	9.2	14.7	(5.5)	-37%
General Revenues:				
Taxes				
Sales	54.1	44.6	9.5	21%
Property	23.7	22.4	1.3	6%
Other	8.4	7.8	0.6	8%
Investment Earnings	1.4	1.1	0.3	27%
Miscellaneous	1.5	1.9	(0.4)	-21%
Total Revenues	<u>123.0</u>	<u>116.7</u>	<u>6.3</u>	<u>5%</u>
EXPENSES				
General Government	5.8	3.7	2.1	57%
Community Development	2.1	3.5	(1.4)	-40%
Police	38.7	34.7	4.0	12%
Fire	16.8	16.9	(0.1)	-1%
Public Works	19.6	19.3	0.3	2%
Parks & Recreation	4.8	4.0	0.8	20%
Interest on Long-Term Debt	0.5	0.6	(0.1)	-17%
Total Expenses	<u>88.3</u>	<u>82.7</u>	<u>5.6</u>	<u>7%</u>
Increase (Decrease) in Net Position				
Before Transfers	34.7	34.0	0.7	2%
Transfers				
Total Transfers	<u>(4.1)</u>	<u>(3.9)</u>	<u>(0.2)</u>	<u>5%</u>
Increase (Decrease) in Net Position				
Net Position at Beg. of Year, as Restated	<u>387.1</u>	<u>356.9</u>	<u>30.2</u>	<u>8%</u>
Net Position at End of Year	<u>\$ 417.7</u>	<u>\$ 387.0</u>	<u>30.7</u>	<u>8%</u>

Total Revenues of \$123.0 million, increased by \$6.3 million (5%) and total governmental expenses of \$88.3 million, increased by \$5.6 million (7%) when compared to last year. The most significant revenue changes were the increases in sales taxes of \$9.5 million and a decrease of \$5.5 million in capital grants and contributions. The change in expenditures was mainly due to increases in Police of \$4.0 million (Measure N, and GASB68 pension adjustments), General Government of \$2.1 million, and Parks & Recreation of \$0.8 million, with decreases in Community Development of \$1.4 million.

PROGRAM REVENUES

Charges for Services

These charges increased \$1.0 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 decreased this year, down from last year by \$6.0 million, for a total of \$11.8 million for fiscal year 2017-18.

GENERAL REVENUES

- **Sales Tax** - Sales tax increased \$9.5 million from last year mainly due to first full year of the implementation of Measure N, a voter approved sales tax override approved by the citizens of Visalia in November 2016, which began April 1, 2017. Sales tax collected for Measure N for fiscal year 2017-18 totaled \$12.4 million compared to the previous year (Apr-Jun) of \$3.0 million. The City also saw growth in general sales tax of \$0.3 million (1%). The current year overall sales tax total is \$54.1 million.
- **Property Taxes** - Property tax revenues increased \$1.3 million (6%) over last year currently totaling \$23.7 million.
- **Investment Earnings** - Investment earnings increased \$0.3 million over last year mainly due to interest rates on allowable investments increasing as the economy continues to have growth.

EXPENSES

- **General Government** - There were \$5.8 million in expenses, an increase of \$2.1 (57%) million as compared to last year which was mainly due to GASB 68 pension adjustments of \$0.5 million, and an increase in salaries and benefits offset by lower capital related projects of \$0.3 million.
- **Community Development** - There were \$2.1 million in expenses, a decrease of \$1.4 (40%) as compared to last year mainly due to a reduction in the affordable housing programs of \$1.5 million, lower capital related projects of \$0.3 million and an increase in GASB 68 pension adjustments of \$0.4 million.
- **Police** - There were \$38.7 million in expenses, an increase of \$4.0 million (12%) as compared to last year which was mainly due to increases in salaries and benefits of \$2.0 million as a result of the implementation of Measure N as well as wage increases and a GASB 68 pension adjustment of \$2.2 million.
- **Fire** - There were \$16.8 million in expenses, a decrease of \$0.1 million (1%) as compared to last year which was mainly due to an increase in salaries and benefits of \$0.3 million as a result of wage increases and decreases in the GASB 68 pension adjustments of \$0.1 million and capital related projects of \$0.3 million.
- **Public Works** - There were \$19.6 million in expenses, an increase of \$0.3 million (2%) mainly due to increases in salaries and benefits of \$0.2 million as a result of wage increases, GASB 68 pension adjustments of \$0.6 million and depreciation expense of \$0.2 million with decreases in capital related projects of \$0.8 million.
- **Parks and Recreation** - There were \$4.8 million in expenses, an increase in \$0.8 million (20%) mainly due to GASB 68 pension adjustments of \$0.5 million and capital related projects of \$0.1 million.
- **Interest on Long-Term Debt** - There were \$0.5 million in interest expense for fiscal year 2017-18. 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.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

Analysis of Business-Type Net Position

The City's business-type net position, shown in [Table 4, Business-Type Net Position](#), exceeded liabilities by \$373.8 million. The largest portion of the net position, Net Investment in Capital Assets, is \$271.7 million (72.7%). \$8.0 million (2.1%) represents resources that are subject to restrictions. The remaining balance of \$94.1 million (25.2%) represents unrestricted net position.

Table 4
Business-Type Net Position
(in millions)

	FY 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 110.4	\$ 91.7	\$ 18.7	20%
Current and Other Assets	30.9	28.8	2.1	7%
Internal Balances	(4.6)	(4.4)	(0.2)	4%
Capital Assets	381.8	374.4	7.4	2%
Total Assets	518.5	490.5	28.0	6%
Deferred Outflows of Resources				
Deferred Pensions	7.4	7.7	(0.3)	-4%
Total Deferred Outflows of Resources	7.4	7.7	(0.3)	-4%
Liabilities				
Other Liabilities	9.5	12.1	(2.6)	-21%
Long-Term Debt Outstanding	141.1	135.2	5.9	4%
Total Liabilities	150.6	147.3	3.3	2%
Deferred Inflows of Resources				
Deferred Pensions	1.1	2.8	(1.7)	-61%
Unamortized Gain on Refunding of Debt	0.4	0.5	(0.1)	-20%
Total Deferred Inflows of Resources	1.5	3.3	(1.8)	-55%
Net Position				
Net Investment in Capital Assets	271.7	266.9	4.8	2%
Restricted	8.0	16.7	(8.7)	-52%
Unrestricted	94.1	64.0	30.1	47%
Total Net Position	\$ 373.8	\$ 347.6	\$ 26.2	8%

- **Cash and Investments** increased \$18.7 million (20%), as these funds are accumulating cash for capital projects. Increases included funds in Wastewater of \$10.2 million, Storm Sewer Maintenance of \$0.2 million, Solid Waste of \$3.0 million, Transit of \$4.6 million and in Building Safety of \$0.7 million.
- **Capital Assets** totaling \$381.8 million increased by \$7.4 million (2%). Construction in progress increases included the treatment plant upgrade of \$4.4 million, aviation reconstruction of \$1.3 million and other miscellaneous projects. There were increases in infrastructure of \$8.7 million as Storm Sewer added \$5.5 million and Wastewater added \$3.2 million. Accumulated depreciation increased by \$6.3 million. See [Table 8, Capital Assets, Net of Accumulated Depreciation](#) below for additional detail.
- **Long-Term Debt** totaling \$141.1 million is composed of Net Pension Liability, Certificates of Participation, Capital Lease, Clean Water State Revolving Fund Loan, and Compensated absences. Regularly scheduled payments of \$1.2 million coupled with additions to the clean water state revolving fund loan of \$3.9 million and adjustments to the Net Pension Liability of \$3.2 million increased the long term debt by \$5.9 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 \$271.7 million (2% increase) represents capital assets less accumulated depreciation and net of 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, 2018

- **Restricted Net Position** of \$8.0 million is primarily found in Capital Projects funds which have been restricted for related capital projects and debt service reserves.
- **Unrestricted Net Position** of \$94.1 million experienced an increase of \$30.1 million. Unrestricted Net Position is normally the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. The majority of the increase can be traced to the Wastewater fund along with the Solid Waste, and Transit 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 2017-18 increased the City's net position by \$29.7 million (9%). Total Business-type revenues of \$96.1 million decreased by \$6.7 million (7%) when compared to last year. Total Business-type expenses totaled \$70.5 million, a decrease of \$1.3 million (2%) as compared to last year.

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

	FY 17-18	FY 16-17	Increase (Decrease)	
			\$	%
REVENUES				
Program Revenues:				
Charges for Services	\$ 63.1	\$ 63.4	\$ (0.3)	-0.5%
Operating Grants & Contributions	16.5	14.0	2.5	18%
Capital Grants & Contributions	12.2	21.2	(9.0)	-42%
Investment Earnings	0.9	0.7	0.2	29%
Miscellaneous	3.4	3.5	(0.1)	-3%
Total Revenues	<u>96.1</u>	<u>102.8</u>	<u>(6.7)</u>	<u>-7%</u>
EXPENSES				
Convention Center	5.5	5.5	-	0%
Airport	2.0	2.0	-	0%
Golf Course	1.6	2.4	(0.8)	-33%
Wastewater	16.3	21.7	(5.4)	-25%
Storm Sewer	2.2	2.2	-	0%
Solid Waste	18.8	17.4	1.4	8%
Transit	18.4	14.7	3.7	25%
Baseball	0.4	0.3	0.1	33%
Animal Control	2.0	2.5	(0.5)	-20%
Building Safety	3.3	3.1	0.2	6%
Total Expenses	<u>70.5</u>	<u>71.8</u>	<u>(1.3)</u>	<u>-2%</u>
Increase in Net Position Before Transfers	25.6	31.0	(5.4)	-17%
Transfers	4.1	3.9	0.2	5%
Increase in Net Position	<u>29.7</u>	<u>34.9</u>	<u>(5.2)</u>	<u>-15%</u>
Net Position at Beg. of Year, as restated	<u>344.0</u>	<u>312.7</u>	<u>31.3</u>	<u>10%</u>
Net Position at End of Year	<u>\$ 373.7</u>	<u>\$ 347.6</u>	<u>\$ 26.1</u>	<u>8%</u>

Revenues

- **Charges for Services** – These revenues were down collectively by \$0.3 million mainly as a result of increased activity in Solid Waste of \$0.4 million, Wastewater of \$0.2 million (Industrial Fees), Convention Center of \$0.2 million, Airport of \$0.1 million, Transit of \$0.1 million and decreased activity in Valley Oaks Golf of \$1.0 million (Course Co taking over operations in February), and Building Safety of \$0.3 million (Construction Permits).

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

- **Operating and Capital Grants and Contributions** – The combined revenue from operating and capital grants & contributions decreased this year \$6.5 million mainly due to a decrease for Wastewater of \$11.9 million, and an increase in Airport of \$0.8 million, Storm Sewer Maintenance of \$2.5 million and Transit of \$2.1 million.

Expenses

- **Convention Center** – There were \$5.5 million in expenses, a decrease of \$12K mainly due to an increase in salaries and benefits of \$0.1 million offset by a decrease in expenses for Valdivia events of \$0.1 million due to fewer events being held.
- **Airport** There were \$2.0 million in expenses, a slight decrease of \$19K mainly due to higher expenses in advertising of \$9K, building and equipment supplies of \$30K, and bad debt expense of \$298K offset by decreases in services provided of \$71K, aviation fuel of \$155K and salaries and benefits of \$118K due to pension and compensated absences annual adjustments, wage increases, and vacancies.
- **Valley Oaks Golf Course** – There were \$1.6 million in expenses, a slight decrease of \$0.8 million (-33%) this year mainly due to Course Co taking over full operation of the Golf Course in February as the result of a new agreement between the City and Course Co.
- **Wastewater** – There were \$16.3 million in expenses, a decrease of \$5.4 million (25%) mainly due to lower capital expenses of \$6.4 million offset by higher interest expense of \$0.4 million and operation and maintenance costs of \$0.7 million consisting of increases in utilities of \$541K, chemical expenses of \$313K, equipment supply and maintenance repair of \$155K, professional services of \$87K, instrument repair of \$45K, landfill dump charges of \$41K, and harvesting costs of \$33K offset by decreases to allocations and services provided of \$209K, bad debt expense of \$244K, depreciation of \$18K and salaries and benefits of \$54K due to pension annual adjustments, wage increases and vacancies.
- **Storm Sewer Maintenance** – There were \$2.2 million in expenses reflecting a slight decrease of \$41K from the prior year.
- **Solid Waste** – There were \$18.8 million in expenses, an increase of \$1.4 million (8%) mainly due to an increase in operating and maintenance costs in services provided of \$0.7 million, bad debts of \$23K, professional services of \$134K for the transitional job programs 1st year, street sweeping of \$27K, salaries and benefits of \$0.9 million due to pension annual adjustments and wage increases, and decreases in landfill dump charges of \$176K, compost fees of \$40K, and depreciation expense of \$0.2 million.
- **Transit** – There were \$18.4 million in expenses, an increase of \$3.7 million (25%) mainly due to an increase of federal grant funding passed through to the City of Tulare for operating and preventative maintenance of \$3.2 million, contracted bus services of \$153K, Vanpool of \$35K, contract equipment repairs of \$48K, services provided of \$74K, and salaries and benefits of \$0.4 million due to pension annual adjustments and wage increases offset by decreases in CNG fuel of \$120K, promotional campaigns of \$30K, equipment & maintenance of \$69K and lower capital expenses of \$0.1 million.
- **Baseball** – There were \$0.4 million in expenses reflecting a slight increase of \$26K from the prior year.
- **Animal Control** – There were \$2.0 million in expenses, a decrease of \$0.5 million (20%) mainly due to a decrease in salaries and benefits of \$0.5 million due to pension annual adjustments offset by wage increases and a slight increase of \$72K in maintenance and operations costs for allocated expenses and services provided.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

- **Building Safety** – There were \$3.3 million in expenses, an increase of \$0.2 million (6%) mainly due to capital expenses of \$0.2 million.

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 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 103.3	\$ 83.8	19.5	23%
Other Assets	55.6	51.4	4.2	8%
Intergovernmental Balances	7.2	9.4	(2.2)	-23%
Total Assets	<u>166.1</u>	<u>144.6</u>	<u>21.5</u>	<u>15%</u>
Liabilities				
Advances From Grantors and Third Parties	0.6	0.5	0.1	20%
Advances From Other Funds	3.1	3.7	(0.6)	-16%
Other Liabilities	9.4	8.7	0.7	8%
Total Liabilities	<u>13.1</u>	<u>12.9</u>	<u>0.2</u>	<u>2%</u>
Deferred Inflows of Resources				
Unavailable Revenue	25.6	20.9	4.7	22%
Total Deferred Inflows of Resources	<u>25.6</u>	<u>20.9</u>	<u>4.7</u>	<u>22%</u>
Fund Balances				
Nonspendable	2.2	1.4	0.8	57%
Restricted	54.2	52.7	1.5	3%
Committed	40.2	29.4	10.8	37%
Assigned	26.6	23.1	3.5	15%
Unassigned	4.2	4.2	0.0	0%
Total Fund Balances	<u>\$ 127.4</u>	<u>\$ 110.8</u>	<u>16.6</u>	<u>15%</u>

Assets – The composition of assets changed by \$21.5 million during the year with increases in cash and other assets and a decrease in intergovernmental balances. Cash increased \$19.5 million mainly due to revenues exceeding expenditures and other sources & (uses) of \$16.6 million, repayments from other funds of \$1.7 million and repayments from other governmental agencies of \$0.5 million. Other assets increased \$4.2 million mainly as the result of notes and loan receivables increasing by \$4.2 million. Intergovernmental balances decreased \$2.2 million as a result of decreases in due from other funds of \$1.7 million and a decrease in amounts due from other governmental agencies of \$0.5 million.

Liabilities – Liabilities have increased \$0.2 million mainly due to an increase in other liabilities of \$0.7 million consisting of accounts payable of \$1.4 million offset by decreases of customer deposits of \$0.2 million and accrued personnel costs of \$0.5 million. Also, increase in advances from grantors and third parties of \$0.1 million and a decrease in advances from other funds of \$0.6 million.

Deferred Inflows of Resources – Deferred Inflows of Resources increased \$4.7 million mainly due to an increase in notes and loans receivable.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

Fund Balance - By June 30, 2018, the City’s Governmental Funds had a total fund balance of \$127.4 million, an increase of \$16.6 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.

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

	FY 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Revenues	\$ 120.0	\$ 111.3	\$ 8.7	8%
Expenditures	99.4	106.2	(6.8)	-6%
Excess (Deficiency) of Revenues Over (Under) Expenditures	20.6	5.1	15.5	304%
Other Sources & (Uses)	(4.0)	(2.5)	(1.5)	60%
Net Change	\$ 16.6	\$ 2.6	\$ 14.0	538%

Revenues increased \$8.7 million from the prior year with most of the increase coming from sales tax of \$9.5 million which includes an increase of Measure N sales tax of \$9.4 due to the first full year of tax. The City saw growth in general sales tax of 1% or \$0.3 million. Measure R sales tax revenues had a slight decrease of \$0.2 million as funding for projects in those funds were received. Property tax revenue saw an increase of \$1.3 million. Other increases in revenues included charges for current services \$0.5 million, uses of money and property \$0.3 million, fees and fines \$0.4 million and other taxes \$0.6 million. Decreases in revenues included subventions and grants of \$3.8 million and miscellaneous \$0.3 million. Expenditures were down by \$6.8 million mainly due to a decrease in capital related projects of \$9.9 million and increases in Police of \$2.0 million, General Government of \$0.6 million, Fire of \$0.3 million, and Public Works of \$0.2 million.

Other Financing Uses in the governmental funds had an increase of \$1.5 million, as transfers out exceeded transfers in.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

General Fund - The General Fund saw a change in fund balance with an increase of \$4.6 million.

The General Fund saw an overall increase in revenues of \$1.1 million as compared to last year. The increases included sales tax of \$0.3 million, property taxes of \$1.3 million, other taxes of \$0.5 million, charges for current services of \$0.2 million, and decreases in subventions and grants of \$1.2 million, and fees and fines of \$0.1 million.

The largest transfer out from the General Fund is to the Convention Center Fund totaling \$2.0 million. This transfer is for operations (\$0.9 million), and debt payments (\$1.1 million).

Measure N – The Measure N fund is used to account for the increased Police, Fire, Streets and Parks essential services. Funding is provided by a half-cent sales tax override approved by the citizens of Visalia in November 2016. The Measure N Fund’s fund balance increased \$7.6 million to \$9.4 million as a result of revenues exceeding expenditures for the year.

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 \$12.1 million in notes and loans receivable. All loans are fully offset by deferred inflows of resources as the loans are not expected to be repaid within the next year. The notes and loans receivable are for housing assistance through the various grant programs as well as past rental rehabilitation loans. Community Development's revenues exceeded expenditures by \$0.8 million for the year, mainly due to a decrease in capital projects of \$0.9 million. The net change in fund balance for the year was \$0.2 million, increasing total fund balance 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 \$67 thousand. The net change in fund balance increased \$67 thousand from last fiscal year to \$2.8 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 \$1.6 million to \$3.8 million as a result of revenues exceeding capital projects for the year.

All Other Governmental Funds - These funds (referred to as Non-Major Funds) are not presented separately in the Basic Financial Statements, but are individually presented in Supplementary Information. Combined they received \$28.6 million in revenue and have a combined Fund Balance at year-end of \$51.0 million.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Business-Type Funds

By June 30, 2018, the City's Proprietary Funds combined net position totaled \$375.3 million, an increase of \$30.0 million from the prior fiscal year, which was a combination of increases and decreases in various funds and prior period adjustments of \$3.6 million.

Enterprise revenues were \$79.6 million this year, an increase of \$16.1 million from last year with majority of the increases due to a change in reporting the operating grants and contributions revenue line from nonoperating to operating revenues. If we had reported fiscal year 2016-17 this way the revenues increase would be \$2.1 million with charges for services having a decrease of \$0.3 million and grants and contributions an increase of \$2.4 million. The increase for grants and contributions of \$2.4 million is mainly due to pass through grant revenue for the City of Tulare of \$2.1 million received by Transit. Charges for services decrease of \$0.3 million is mainly due to decreases in Valley Oaks Golf of \$1.0 million due to Course Co taking over the operation of the Golf Course in February and a decrease in Building Safety of \$0.3 million due to a reduction in construction permits. Increases in activity included Solid Waste of \$0.4 million, Wastewater of \$0.2 million, Transit of \$0.1 million, Airport of \$0.1 million and Convention Center of \$0.2 million. Operating expenses were \$66.3 million this year, an increase of \$4.8 million from last year mainly due to the pass through grant payment to the City of Tulare of \$3.7 million.

Convention Center - Operating revenues increased by \$0.2 million mainly due to increased conference room rentals. Overall operating expenses slightly decreased by \$12K mainly due to an increase in salaries and benefits of \$0.1 million offset by a decrease in expenses for Valdivia events of \$0.1 million due to fewer events being held.

Airport - Operating revenues increased by \$0.1 million mainly due to increased into plane fuel sales of \$71K, fuel flowage fees of \$30K, cargo fees of \$55K, and electric fees of \$50K offset by a decrease in fuel sales of \$118K and services provided of \$44K. There were \$2.0 million in expenses, a slight decrease of \$19K mainly due to higher expenses in advertising of \$9K, building and equipment supplies of \$30K, and bad debt expense of \$298K offset by decreases in services provided of \$71K, aviation fuel of \$155K and salaries and benefits of \$118K due to pension annual adjustments, wage increases and vacancies.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

Valley Oaks Golf Course - Operating revenues decrease by \$1.0 million and operating expenditures decreased by \$0.8 million due to Course Co taking over the operation of the Golf Course in February as the result of a new agreement between the City and Course Co.

Wastewater - Operating revenues increased \$0.2 million mainly due to an increase in industrial fees of \$253K, trunkline fees of \$77K, front footage fees of \$174K, and decreases in residential fees of \$176K and sale of property of \$235K from the previous year. Operating expense had an increase of \$0.7 million due to maintenance and operational costs including increases in utilities of \$541K, chemical expenses of \$313K, equipment supply and maintenance repair of \$155K, professional services of \$87K, instrument repair of \$45K, landfill dump charges of \$41K, and harvesting costs of \$33K offset by decreases to allocations and services provided of \$209K, bad debt expense of \$244K, depreciation of \$18K and salaries and benefits of \$54K due to pension annual adjustments, wage increases and vacancies.

Storm Sewer Maintenance - Operating revenues had a slight increase of \$29K. Operating expenses had a slight decrease of \$39K mainly due to a decrease in salaries and benefits due to pension annual adjustments and wage and benefit increases of \$12K, and maintenance and operations costs for allocated expenses and services provided of \$30K.

Solid Waste - Operating revenues increased \$0.4 million mainly due to increases in services provided revenue of \$0.6 million, and commercial recycling fee revenue of \$67K offset by decreases in commercial fee revenues of \$0.1 million, 30 yard temp bins of \$75K, single family fee revenue of \$37K, and 2-3 yard temp bin fee revenue of \$37K. Operation expenses increased this year by \$1.4 million mainly due to increases in operating and maintenance costs in services provided of \$0.7 million, bad debts of \$23K, professional services of \$134K for the transitional job programs 1st year, street sweeping of \$27K, salaries and benefits of \$0.9 million due to pension annual adjustments and wage increases, and decreases in landfill dump charges of \$176K million, compost fees of \$40K, and depreciation expense of \$0.2 million.

Transit – Operating revenues increased \$16.5 million from last year with a majority of the increases due to a change in reporting the operating grants and contributions revenue line from nonoperating to operating revenues. If we had reported fiscal year 2016-17 this way the revenues increase would be \$2.5 million mainly due to operating grant revenue of \$2.1 million for the pass through grant due to the City of Tulare and charges for services of \$0.1 million for CNG sales of \$120K, carbon credits of \$78K, Seki ticket sales of \$70K, ticket sales of \$18K, farebox sales of \$10K, facility rentals of \$14K and services provided of \$47K offset by decreases in Seki grant operations of \$57K and reimbursement of overpayment for CNG rebates of \$0.2 million. Operating expenses increased \$3.7 million mainly due to an increase of federal grant funding passed through to the City of Tulare for operating and preventative maintenance of \$3.2 million, contracted bus services of \$153K, Vanpool of \$35K, contract equipment repairs of \$48K, services provided of \$74K, and salaries and benefits of \$0.4 million due to pension annual adjustments and wage increases offset by decreases in CNG fuel of \$120K, promotional campaigns of \$30K and equipment & maintenance of \$69K.

Building Safety – Operating revenues decreased by \$0.3 million due to a decrease in single-family dwellings compared to prior years activity. Operating expenses remained constant compared to the prior year.

Animal Control – Operating revenues had a slight decrease of \$45K. Operating expenses decrease \$0.5 million mainly due to a decrease in salaries and benefits of \$0.5 million due to pension annual adjustments and wage increases and a slight increase of \$72K in maintenance and operations costs for allocated expenses and services provided.

Baseball – Operating revenues were \$67,727 and expenses had a slight increase of \$26K 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 \$1.7 million, to a final budgeted amount of \$69.4 million, mainly due to additional federal, state and county grant funding secured by the City.

Budgeted total expenditures increased by \$6.8 million to a final budgeted amount of \$69.4 million, mainly due to an increase of \$6.9 million in Capital Outlay (Projects).

General Fund - Final Budget and Actual Comparison

Total revenues were \$3.6 million higher than the final budgeted amount, as detailed below:

Sales Tax – was \$1.0 million more than budgeted as the economy continues to have growth.

Property Tax – was \$1.9 million more than budgeted as valuation increased more than anticipated.

Transient Occupancy Tax – was \$0.5 million more than budgeted as a new hotel was added and the economy improved more than anticipated as well as revenue owed for prior years had been collected.

Subventions and Grants – was \$1.2 million less than budgeted due to grant funding not being accessed at this time.

Local Ordinance Vehicle Code and Parking Violations – was \$0.2 million less than budgeted as violations were less than projected.

Interest Earned – was \$0.4 million more than budgeted due to slightly higher interest earnings rates.

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 \$0.6 million more than budgeted as these specialized services were higher than anticipated for the year.

Recreation Programs – was \$0.1 million more than budgeted due to increased participation in the City's recreation programs.

Other Revenue – was \$0.7 million more than budgeted mainly due to \$0.2 million in walnut and pecan money received, an increase in subrogation recovery of \$0.1 million, an increase in temporary disability of \$0.3 million and \$0.1 million in miscellaneous other items.

Total expenditures were \$4.6 million less than budget. This difference was due to \$1.9 million in lower capital outlay and \$ 2.7 million in vacancies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its Governmental and Business-Type activities as of June 30, 2018 totaled \$719.6 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 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Governmental Activities				
Land	\$ 40.4	\$ 40.1	\$ 0.3	1%
Buildings	50.3	34.4	15.9	46%
Improvements	48.2	42.4	5.8	14%
Equipment	17.7	14.0	3.7	26%
Infrastructure	131.9	117.4	14.5	12%
Construction in Progress	49.3	77.7	(28.4)	-37%
Total	\$ 337.8	\$ 326.0	\$ 11.8	4%
Business-Type Activities				
Land	\$ 27.1	\$ 27.1	\$ 0.0	0%
Buildings	36.8	38.0	(1.2)	-3%
Improvements	30.4	32.3	(1.9)	-6%
Equipment	20.0	21.3	(1.3)	-6%
Infrastructure	108.0	100.9	7.1	7%
Construction in Progress	159.5	154.8	4.7	3%
Total	\$ 381.8	\$ 374.4	\$ 7.4	2%
Total City-Wide	\$ 719.6	\$ 700.4	\$ 19.2	3%

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

Governmental

- Completion of the Visalia Emergency Communication Center (VECC).
- City wide computer replacement.
- City wide copier replacement

Business-type

- Wastewater Treatment Plant Upgrade continued.
- Purchased two 30 ft low floor busses.
- Addition of storm drain infrastructure.

Debt Administration

The City's total long-term debt increased by \$1.5 million (1%) during the fiscal year, as shown in [Table 9, Outstanding Debt](#). This was due the Wastewater Fund entering into a Clean Water State Revolving Fund Loan in fiscal year 14-15 for its treatment plant upgrade and increases to the loan by \$3.8 million for this fiscal year for new debt being issued and payment of the City's regularly scheduled debt service payments. See the

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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 17-18	FY 16-17	Increase (Decrease)	
			\$	%
Governmental Activities				
Certificates of Participation	\$ 12.0	\$ 12.8	\$ (0.8)	-6%
Notes Payable	0.4	0.9	(0.5)	-56%
Compensated Absences	5.1	4.9	0.2	4%
Total	<u>17.5</u>	<u>18.6</u>	<u>(1.1)</u>	-6%
Business-Type Activities				
Certificates of Participation	8.8	9.7	(0.9)	-9%
Lease	4.8	5.1	(0.3)	-6%
Notes Payable	96.5	92.7	3.8	4%
Compensated Absences	1.0	1.0	(0.0)	0%
Total	<u>\$ 111.1</u>	<u>\$ 108.5</u>	<u>\$ 2.6</u>	2%
Total City-Wide	<u>\$ 128.6</u>	<u>\$ 127.1</u>	<u>\$ 1.5</u>	1%

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.

BASIC FINANCIAL STATEMENTS



Statement of Net Position and Statement of Activities

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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 deferred outflows of resources and deferred inflows of resources 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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Note 3)	\$ 126,336,821	\$ 105,459,050	\$ 231,795,871
Restricted Cash and Investments (Note 3)	944,343	4,892,742	5,837,085
Accounts Receivable	5,506,652	8,230,462	13,737,114
Interest Receivable	868,852	-	868,852
Taxes Receivable	12,892,993	6,043,782	18,936,775
Notes and Loans Receivable (Note 5)	35,155,483	-	35,155,483
Supplies	984,188	75,329	1,059,517
Inventory (Note 11)	221,595	40,819	262,414
Internal Balances (Note 4D)	4,590,260	(4,590,260)	-
Due from Other Governmental Units	1,016,851	16,494,730	17,511,581
Land Held for Redevelopment (Note 1G)	815,227	-	815,227
Prepays and Deposits	900,415	24,066	924,481
Capital Assets, Net of Accumulated Depreciation (Note 6):			
Capital Assets Not Being Depreciated	89,725,240	186,583,713	276,308,953
Capital Assets Being Depreciated	248,061,601	195,229,977	443,291,578
Total Assets	528,020,521	518,484,410	1,046,504,931
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related (Note 10)	30,033,639	7,379,118	37,412,757
Total Deferred Outflows of Resources	30,033,639	7,379,118	37,412,757
LIABILITIES			
Accounts, Interest, and Contracts Payable	8,283,188	2,801,376	11,084,564
Advances from Grantors and Third Parties	622,715	5,447,765	6,070,480
Customer Deposits	683,073	1,162,319	1,845,392
Unearned Revenue	314,387	54,222	368,609
Accrued Personnel Costs	533,821	-	533,821
Long-Term Obligations (Note 7):			
Due Within One Year	2,139,989	3,724,338	5,864,327
Due in More Than One Year	15,283,396	107,050,597	122,333,993
Liability for Self-Insurance Claims (Note 11):			
Due Within One Year	535,421	-	535,421
Due in More Than One Year	5,362,257	-	5,362,257
Net Pension Liability Due in More Than One Year (Note 10)	99,713,842	30,383,186	130,097,028
Total Liabilities	133,472,089	150,623,803	284,095,892
DEFERRED INFLOWS OF RESOURCES			
Pension Related (Note 10)	6,894,120	1,133,855	8,027,975
Unamortized Gain on Refunding of Debt (Note 7)	26,491	335,347	361,838
Total Deferred Inflows of Resources	6,920,611	1,469,202	8,389,813
NET POSITION (Note 9)			
Net Investment in Capital Assets	325,420,511	271,695,669	597,116,180
Restricted for:			
Capital Projects	33,925,591	7,967,046	41,892,637
Debt Service	8,970	4,818,203	4,827,173
Waterways/Groundwater Projects	3,478,802	-	3,478,802
Landscape & Lighting Districts	6,180,622	-	6,180,622
Public Safety	17,392,456	-	17,392,456
Roadway Projects	8,584,265	-	8,584,265
Golf Course Maintenance Projects	37,500	-	37,500
Total Restricted Net Position	69,608,206	12,785,249	82,393,455
Unrestricted	22,632,743	89,289,605	111,922,348
Total Net Position	\$ 417,661,460	\$ 373,770,523	\$ 791,431,983

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

**CITY OF VISALIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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	
Governmental Activities								
General Government	\$ 5,778,082	\$ 793,729	\$ 23,000	\$ 33,970	\$ (4,927,383)	\$ -	\$ (4,927,383)	
Community Development	2,028,134	1,955,242	1,603,192	614,374	2,144,674	-	2,144,674	
Public Safety								
Police	38,719,729	2,635,807	992,371	338,181	(34,753,370)	-	(34,753,370)	
Fire	16,880,750	1,874,961	-	457,623	(14,548,166)	-	(14,548,166)	
Public Works	19,578,995	11,344,160	-	7,759,593	(475,242)	-	(475,242)	
Parks & Recreation	4,820,100	3,509,401	-	2,282	(1,308,417)	-	(1,308,417)	
Interest on Long-Term Debt	507,893	-	-	-	(507,893)	-	(507,893)	
Total Governmental Activities	88,313,683	22,113,300	2,618,563	9,206,023	(54,375,797)	-	(54,375,797)	
Business-Type Activities								
Convention Center	5,516,823	3,657,007	-	-	-	(1,859,816)	(1,859,816)	
Airport	2,016,512	1,816,522	-	886,397	-	686,407	686,407	
Valley Oaks Golf	1,571,135	1,337,261	-	-	-	(233,874)	(233,874)	
Wastewater	16,329,405	25,842,946	-	3,173,140	-	12,686,681	12,686,681	
Storm Sewer Maintenance	2,159,514	1,217,152	-	3,724,852	-	2,782,490	2,782,490	
Solid Waste	18,846,767	20,216,230	35,917	10,875	-	1,416,255	1,416,255	
Transit	18,359,961	5,055,266	16,461,784	4,364,531	-	7,521,620	7,521,620	
Baseball	354,328	67,727	-	-	-	(286,601)	(286,601)	
Animal Control	1,993,129	440,588	1,614	-	-	(1,550,927)	(1,550,927)	
Building Safety	3,302,747	3,465,116	-	-	-	162,369	162,369	
Total Business-Type Activities	70,450,321	63,115,815	16,499,315	12,159,795	-	21,324,604	21,324,604	
Total	\$ 158,764,004	\$ 85,229,115	\$ 19,117,878	\$ 21,365,818	(54,375,797)	21,324,604	(33,051,193)	
General Revenues								
Taxes:								
					54,103,796	-	54,103,796	
					23,687,392	-	23,687,392	
					8,341,010	-	8,341,010	
					1,408,515	872,014	2,280,529	
					1,504,860	3,431,280	4,936,140	
					(4,140,051)	4,140,051	-	
Transfers								
Total General Revenues and Transfers								
					84,905,522	8,443,345	93,348,867	
Change in Net Position								
					30,529,725	29,767,949	60,297,674	
					Net Position - Beginning of Year, As Restated (Note 14)	387,131,735	344,002,574	731,134,309
					Net Position - End of Year	\$ 417,661,460	\$373,770,523	\$791,431,983

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 2017-18. 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.

MEASURE N

Measure N is used to account for increased Police, Fire, Streets, and Parks essential services. Financing is provided by the ½ cent sales tax ballot measure (N) approved by voters during the November 8, 2016 election.

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, 2018**

	General Fund	Measure N	Community Development
ASSETS			
Cash and Investments (Note 3)	\$ 33,751,560	\$ 7,738,550	\$ 1,847,683
Restricted Cash and Investments (Note 3)	-	-	-
Accounts Receivable	935,595	-	9,409
Interest Receivable	868,852	-	-
Taxes Receivable	9,084,609	1,967,014	5,812
Notes and Loans Receivable (Note 5)	12,681,563	-	12,051,972
Supplies	7,833	-	-
Inventory (Note 1I)	136,564	-	-
Due from Other Funds (Note 4C)	73,190	-	-
Advances to Other Funds (Note 4B)	6,216,701	-	-
Due from Other Governmental Units	573,134	-	149,922
Land Held for Redevelopment (Note 1G)	-	-	-
Prepays and Deposits	47,139	-	-
Total Assets	<u>\$ 64,376,740</u>	<u>\$ 9,705,564</u>	<u>\$ 14,064,798</u>
LIABILITIES			
Accounts, Interest & Contracts Payable	\$ 1,403,560	\$ 315,908	\$ 36,928
Due to Other Funds (Note 4C)	-	-	73,190
Advances from Grantors and Third Parties	622,715	-	-
Advances from Other Funds (Note 4B)	-	-	-
Customer Deposits	454,711	-	-
Unearned Revenue	229,356	-	-
Accrued Personnel Costs (Note 10)	526,702	-	-
Total Liabilities	<u>3,237,044</u>	<u>315,908</u>	<u>110,118</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	978,807	-	-
Unavailable Revenue - Business Tax	861,280	-	-
Unavailable Revenue - Impact Fees	524,501	-	-
Unavailable Revenue - Misc	294,352	-	26,268
Unavailable Revenue - Notes	-	-	12,051,972
Unavailable Revenue - Asset Forfeiture	-	-	-
Total Deferred Inflows of Resources	<u>2,658,940</u>	<u>-</u>	<u>12,078,240</u>
FUND BALANCES (Note 9)			
Nonspendable	1,365,400	-	-
Restricted	-	7,981,315	1,843,504
Committed	21,920,950	1,408,341	32,936
Assigned	24,981,052	-	-
Unassigned	10,213,354	-	-
Total Fund Balances	<u>58,480,756</u>	<u>9,389,656</u>	<u>1,876,440</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 64,376,740</u>	<u>\$ 9,705,564</u>	<u>\$ 14,064,798</u>

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

	Housing Successor Agency	Transportation	All Other Governmental Funds	Total
ASSETS				
Cash and Investments (Note 3)	\$ 156,422	\$ 5,771,800	\$ 54,070,936	\$ 103,336,951
Restricted Cash and Investments (Note 3)	-	-	8,970	8,970
Accounts Receivable	200,445	3,021,495	1,324,848	5,491,792
Interest Receivable	-	-	-	868,852
Taxes Receivable	-	-	1,835,558	12,892,993
Notes and Loans Receivable (Note 5)	10,014,767	-	407,181	35,155,483
Supplies	-	-	-	7,833
Inventory (Note 1I)	-	-	85,031	221,595
Due from Other Funds (Note 4C)	-	-	-	73,190
Advances to Other Funds (Note 4B)	-	-	-	6,216,701
Due from Other Governmental Units	-	-	230,795	953,851
Land Held for Redevelopment (Note 1G)	815,227	-	-	815,227
Prepays and Deposits	-	-	-	47,139
Total Assets	\$ 11,186,861	\$ 8,793,295	\$ 57,963,319	\$ 166,090,577
LIABILITIES				
Accounts, Interest & Contracts Payable	\$ 2,538	\$ 3,674,938	\$ 2,338,507	\$ 7,772,379
Due to Other Funds (Note 4C)	-	-	-	73,190
Advances from Grantors and Third Parties	-	-	-	622,715
Advances from Other Funds (Note 4B)	-	-	3,140,892	3,140,892
Customer Deposits	-	-	228,362	683,073
Unearned Revenue	-	-	85,031	314,387
Accrued Personnel Costs (Note 10)	-	-	-	526,702
Total Liabilities	2,538	3,674,938	5,792,792	13,133,338
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	-	-	-	978,807
Unavailable Revenue - Business Tax	-	-	-	861,280
Unavailable Revenue - Impact Fees	-	1,274,758	600,045	2,399,304
Unavailable Revenue - Misc	-	-	-	320,620
Unavailable Revenue - Notes	8,382,494	-	218,980	20,653,446
Unavailable Revenue - Asset Forfeiture	-	-	335,234	335,234
Total Deferred Inflows of Resources	8,382,494	1,274,758	1,154,259	25,548,691
FUND BALANCES (Note 9)				
Nonspendable	815,227	-	-	2,180,627
Restricted	354,340	1,998,311	42,075,378	54,252,848
Committed	-	1,845,288	14,945,582	40,153,097
Assigned	1,632,262	-	-	26,613,314
Unassigned	-	-	(6,004,692)	4,208,662
Total Fund Balances	2,801,829	3,843,599	51,016,268	127,408,548
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,186,861	\$ 8,793,295	\$ 57,963,319	\$ 166,090,577

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, 2018

Total Fund Balances - Governmental Funds \$127,408,548

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:	\$439,893,473	
Accumulated Depreciation:	<u>(117,201,796)</u>	322,691,677

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.

30,951,264

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	(11,994,068)	
Notes Payable	<u>(370,329)</u>	(12,364,397)

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.

25,548,691

GASB 68 Pension Items

(76,574,323)

Total Net Position - Governmental Activities

\$417,661,460

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, 2018

	General Fund	Measure N	Community Development
REVENUES			
Sales Taxes	\$ 31,837,698	\$ 12,438,183	\$ -
Property Taxes	23,694,329	-	-
Other Taxes	8,199,245	-	-
Subventions and Grants	1,156,238	2,404	1,527,692
License and Permits	73,597	-	-
Fees and Fines	1,120,470	-	49,798
Uses of Money and Property	1,120,067	27,115	71,814
Charges for Current Services	3,922,872	-	-
Miscellaneous	1,893,660	12,858	2,274
Total Revenues	73,018,176	12,480,560	1,651,578
EXPENDITURES			
Current:			
General Government	3,760,327	138,264	-
Community Development	4,474,800	-	599,998
Public Safety:			
Fire	12,922,013	-	-
Police	29,933,843	1,077,708	-
Public Works	4,267,098	49,538	-
Parks & Recreation	3,369,086	108,313	-
Capital Outlay	5,996,289	3,542,331	274,189
Debt Service (Note 7):			
Principal	49,419	-	-
Interest and Fiscal Charges	1,375	-	-
Total Expenditures	64,774,250	4,916,154	874,187
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>8,243,926</u>	<u>7,564,406</u>	<u>777,391</u>
Other Financing Sources (Uses)			
Sale of Land	109,359	-	-
Proceeds From Sale of Capital Assets	700	-	-
Transfers In (Note 4A)	1,181,019	-	11
Transfers Out (Note 4A)	(4,887,140)	-	(541,262)
Total Other Financing Sources (Uses)	(3,596,062)	-	(541,251)
Net Change in Fund Balances	4,647,864	7,564,406	236,140
Fund Balances - Beginning of Year	53,812,999	1,825,250	1,640,300
Prior Period Adjustment (Note 14)	19,893	-	-
Fund Balances - Beginning of Year, as Restated	<u>53,832,892</u>	<u>1,825,250</u>	<u>1,640,300</u>
Fund Balances - End of Year	<u>\$ 58,480,756</u>	<u>\$ 9,389,656</u>	<u>\$ 1,876,440</u>

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

	Housing Successor Agency	Transportation	All Other Governmental Funds	Total
REVENUES				
Sales Taxes	\$ -	\$ -	\$ 9,827,915	\$ 54,103,796
Property Taxes	-	-	-	23,694,329
Other Taxes	-	-	73,130	8,272,375
Subventions and Grants	75,500	-	7,593,321	10,355,155
License and Permits	-	-	14,010	87,607
Fees and Fines	-	3,912,251	5,908,392	10,990,911
Uses of Money and Property	153,648	33,535	436,354	1,842,533
Charges for Current Services	-	-	4,444,209	8,367,081
Miscellaneous	149	-	351,279	2,260,220
Total Revenues	229,297	3,945,786	28,648,610	119,974,007
EXPENDITURES				
Current:				
General Government	-	-	13,929	3,912,520
Community Development	132,745	-	64,302	5,271,845
Public Safety:				
Fire	-	-	3,238,176	16,160,189
Police	-	-	4,370,314	35,381,865
Public Works	-	15,394	4,720,783	9,052,813
Parks & Recreation	-	-	32,239	3,509,638
Capital Outlay	29,301	2,259,420	12,146,648	24,248,178
Debt Service (Note 7):				
Principal	-	-	1,314,842	1,364,261
Interest and Fiscal Charges	-	-	505,879	507,254
Total Expenditures	162,046	2,274,814	26,407,112	99,408,563
Excess (Deficiency) of Revenues over (Under) Expenditures	67,251	1,670,972	2,241,498	20,565,444
Other Financing Sources (Uses)				
Sale of Land	-	-	4,086	113,445
Proceeds From Sale of Capital Assets	-	-	-	700
Transfers In (Note 4A)	-	-	2,090,496	3,271,526
Transfers Out (Note 4A)	(11)	-	(1,969,545)	(7,397,958)
Total Other Financing Sources (Uses)	(11)	-	125,037	(4,012,287)
Net Change in Fund Balances	67,240	1,670,972	2,366,535	16,553,157
Fund Balances - Beginning of Year	2,734,589	2,172,627	48,571,121	110,756,886
Prior Period Adjustment (Note 14)	-	-	78,612	98,505
Fund Balances - Beginning of Year, as Restated	2,734,589	2,172,627	48,649,733	110,855,391
Fund Balances - End of Year	\$ 2,801,829	\$ 3,843,599	\$ 51,016,268	\$ 127,408,548

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, 2018

Total Net Changes in Fund Balances - Governmental Funds \$ 16,553,157

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:	\$ 17,900,547	
Depreciation Expense (Net of Internal Service Fund Depreciation Expense):	<u>(7,260,480)</u>	10,640,067

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	1,364,261
-------------------------------------	-----------

In governmental funds, principal repayments for notes and loans receivable are recognized as revenue. In government-wide statements, principal repayments of notes and loans receivable are recorded as reduction of notes receivable.

Change in unavailable revenue relating to notes and loans receivable	4,592,075
--	-----------

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.

42,625

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:

1,871,138

Pension Related Expenses

(4,533,598)

Total Change in Net Position - Governmental Activities

\$ 30,529,725

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, 2018

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Taxes				
Sales	\$ 30,880,300	\$ 30,880,300	\$ 31,837,698	\$ 957,398
Property	21,835,200	21,835,200	23,694,329	1,859,129
Transient Occupancy	2,651,300	2,651,300	3,101,249	449,949
Franchise	2,834,300	2,834,300	2,657,874	(176,426)
Business License	2,545,000	2,545,000	2,440,122	(104,878)
Total Taxes	60,746,100	60,746,100	63,731,272	2,985,172
Subventions and Grants				
Police and Other	698,000	2,359,821	1,086,149	(1,273,672)
Motor Vehicle License In-Lieu	-	-	70,089	70,089
Total Subventions and Grants	698,000	2,359,821	1,156,238	(1,203,583)
License and Permits				
Other License and Permits	62,000	62,000	73,597	11,597
Total License and Permits	62,000	62,000	73,597	11,597
Fees and Fines				
Vehicle Code and Parking Violations	1,078,000	1,078,000	735,355	(342,645)
Local Ordinance Violations	306,400	306,400	385,115	78,715
Total Fees and Fines	1,384,400	1,384,400	1,120,470	(263,930)
Use of Money and Property				
Interest Earned	311,330	311,330	701,991	390,661
Rents and Concessions	431,200	431,200	418,076	(13,124)
Total Use of Money and Property	742,530	742,530	1,120,067	377,537
Charges for Services				
Engineering and Subdivision Fees	600,000	600,000	990,644	390,644
Zoning Fees	158,700	158,700	174,650	15,950
Special Public Safety Services	738,400	738,400	1,332,191	593,791
Recreation Programs	1,371,050	1,371,050	1,425,387	54,337
Total Charges for Services	2,868,150	2,868,150	3,922,872	1,054,722
Other Revenue	1,190,110	1,217,560	1,893,660	676,100
Total Revenues	67,691,290	69,380,561	73,018,176	3,637,615

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	\$ 3,839,450	\$ 3,792,130	\$ 3,760,327	\$ 31,803
Community Development	4,834,720	4,834,720	4,474,800	359,920
Public Safety:				
Fire	12,874,530	12,869,608	12,922,013	(52,405)
Police	30,742,980	30,751,151	29,933,843	817,308
Public Works	5,502,040	5,502,040	4,267,098	1,234,942
Parks & Recreation	3,723,100	3,721,900	3,369,086	352,814
Capital Outlay	1,010,560	7,903,834	5,996,289	1,907,545
Debt Service (Note 7)				
Principal	-	-	49,419	(49,419)
Interest and Fiscal Charges	-	-	1,375	(1,375)
Total EXPENDITURES	<u>62,527,380</u>	<u>69,375,383</u>	<u>64,774,250</u>	<u>4,601,133</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>5,163,910</u>	<u>5,178</u>	<u>8,243,926</u>	<u>(963,518)</u>
Other Financing Sources (Uses)				
Sale of Land	-	-	109,359	109,359
Proceeds From Sale of Capital Assets	-	-	700	700
Transfers In	-	-	1,181,019	1,181,019
Transfers Out	-	-	(4,887,140)	(4,887,140)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(3,596,062)</u>	<u>(3,596,062)</u>
Net Change in Fund Balance	<u>\$ 5,163,910</u>	<u>\$ 5,178</u>	<u>4,647,864</u>	<u>\$ 4,642,686</u>
Fund Balance Beginning of Year			53,812,999	
Prior Period Adjustment (Note 14)			<u>19,893</u>	
Fund Balance - Beginning of Year, as Restated			<u>53,832,892</u>	
Fund Balance - End of Year			<u>\$ 58,480,756</u>	

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

CITY OF VISALIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MEASURE N - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
REVENUES				
Taxes				
Sales	\$ 11,000,000	\$ 11,000,000	\$ 12,438,183	\$ 1,438,183
Total Taxes	11,000,000	11,000,000	12,438,183	1,438,183
Subventions and Grants				
Police and Other	-	-	2,404	2,404
Total Subventions and Grants	-	-	2,404	2,404
Use of Money and Property				
Interest Earned	-	-	27,115	27,115
Total Use of Money and Property	-	-	27,115	27,115
Other Revenue	-	-	12,858	12,858
Total Revenues	11,000,000	11,000,000	12,480,560	1,480,560
EXPENDITURES				
Current:				
General Government	-	-	138,264	(138,264)
Community Development	-	-	-	-
Public Safety:				
Fire	100,000	100,000	-	100,000
Police	2,022,379	2,022,379	1,077,708	944,671
Public Works	437,000	437,000	49,538	387,462
Parks & Recreation	192,000	192,000	108,313	83,687
Capital Outlay	4,788,103	4,788,103	3,542,331	1,245,772
Total EXPENDITURES	7,539,482	7,539,482	4,916,154	2,623,328
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,460,518	3,460,518	7,564,406	(1,142,768)
Net Change in Fund Balance	<u>\$ 3,460,518</u>	<u>\$ 3,460,518</u>	7,564,406	<u>\$ 4,103,888</u>
Fund Balance Beginning of Year			<u>1,825,250</u>	
Fund Balance - End of Year			<u>\$ 9,389,656</u>	

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 2017-18.

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. February 1, 2018 Course Co took over full operation of the Golf Course.

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 services.

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, 2018

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 62,321	\$ 350	\$ 29	\$ 54,454,860	\$ 1,358,189	\$ 30,107,966
Accounts Receivable	459,174	186,064	14,210	3,511,967	-	2,853,084
Taxes Receivable	-	-	-	103,672	63,963	83,324
Supplies	-	75,329	-	-	-	-
Inventory (Note 11)	-	-	-	20,053	20,766	-
Due from Other Governmental Units	-	6,137	-	1,741	-	61,643
Prepaid Expenses	2,324	21,742	-	-	-	-
Total Current Assets	<u>523,819</u>	<u>289,622</u>	<u>14,239</u>	<u>58,092,293</u>	<u>1,442,918</u>	<u>33,106,017</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	74,612	-	-	4,365,228	-	-
Capital Assets (Note 6)						
Land	829,047	3,000,590	914,971	6,952,363	9,437,692	1,567,372
Construction in Progress	12,086	1,377,298	264,401	154,153,304	1,721,890	1,238,750
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	1,821,599	981,520
Machinery, Equipment and Vehicles	1,653,096	1,394,693	1,532,354	8,112,571	564,808	17,912,892
Infrastructure	-	-	-	81,051,676	55,964,916	-
Accumulated Depreciation	(16,545,710)	(11,782,831)	(3,829,724)	(65,364,280)	(12,427,904)	(13,707,296)
Total Non-Current Assets	<u>13,869,706</u>	<u>8,045,192</u>	<u>5,206,644</u>	<u>252,608,071</u>	<u>57,083,001</u>	<u>8,190,368</u>
Total Assets	<u>14,393,525</u>	<u>8,334,814</u>	<u>5,220,883</u>	<u>310,700,364</u>	<u>58,525,919</u>	<u>41,296,385</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related (Note 10)	932,605	192,906	-	1,806,625	210,325	2,379,148
Total Deferred Outflows of Resources	<u>932,605</u>	<u>192,906</u>	<u>-</u>	<u>1,806,625</u>	<u>210,325</u>	<u>2,379,148</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	43,861	233,177	11,099	961,883	16,561	187,362
Advances from Grantors and Third Parties	-	-	-	-	-	142,868
Accrued Personnel Costs (Note 10)	-	-	-	-	-	-
Customer Deposits	8,050	-	-	941,537	-	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	19,487	18,340	-	48,438	-	73,098
Certificates of Participation and Loans	739,306	-	-	2,340,101	-	-
Notes Payable	9,362	6,467	3,069	-	-	513
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Total Current Liabilities	<u>820,066</u>	<u>257,984</u>	<u>14,168</u>	<u>4,291,959</u>	<u>16,561</u>	<u>403,841</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4B)	-	277,605	2,798,204	-	-	-
Unearned Revenue	-	-	-	20,053	20,766	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	142,100	16,421	-	170,242	13,533	306,001
Certificates of Participation and Loans	7,763,118	-	-	94,094,496	-	-
Notes Payable	9,456	6,532	3,099	-	-	518
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Net Pension Liability (Note 10)	3,839,961	794,282	-	7,438,697	866,002	9,796,034
Total Non-Current Liabilities	<u>11,754,635</u>	<u>1,094,840</u>	<u>2,801,303</u>	<u>101,723,488</u>	<u>900,301</u>	<u>10,102,553</u>
Total Liabilities	<u>12,574,701</u>	<u>1,352,824</u>	<u>2,815,471</u>	<u>106,015,447</u>	<u>916,862</u>	<u>10,506,394</u>
DEFERRED INFLOWS OF RESOURCES						
Pension Related (Note 10)	143,302	29,641	-	277,601	32,318	365,573
Unamortized Gain on Refunding of Debt	335,347	-	-	-	-	-
Total Deferred Inflows of Resources	<u>478,649</u>	<u>29,641</u>	<u>-</u>	<u>277,601</u>	<u>32,318</u>	<u>365,573</u>
NET POSITION (Note 9)						
Net Investment in Capital Assets	5,273,852	8,032,193	5,200,476	151,808,246	57,083,001	8,189,338
Restricted for:						
Debt Service	73	-	-	4,365,228	-	-
Capital Projects	177,079	439,069	114,682	157,866	138,936	518,246
Unrestricted	(3,178,224)	(1,326,007)	(2,909,746)	49,882,601	565,127	24,095,982
Total Net Position	<u>\$ 2,272,780</u>	<u>\$ 7,145,255</u>	<u>\$ 2,405,412</u>	<u>\$ 206,213,941</u>	<u>\$ 57,787,064</u>	<u>\$ 32,803,566</u>

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

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 12,849,035	\$ 6,556,051	\$ 200	\$ 70,049	\$ 105,459,050	\$ 22,999,870
Accounts Receivable	822,708	7,271	294,764	81,220	8,230,462	14,860
Taxes Receivable	5,792,823	-	-	-	6,043,782	-
Supplies	-	-	-	-	75,329	976,355
Inventory (Note 11)	-	-	-	-	40,819	-
Due from Other Governmental Units	16,425,209	-	-	-	16,494,730	63,000
Prepaid Expenses	-	-	-	-	24,066	853,276
Total Current Assets	<u>35,889,775</u>	<u>6,563,322</u>	<u>294,964</u>	<u>151,269</u>	<u>136,368,238</u>	<u>24,907,361</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	-	-	452,902	-	4,892,742	935,373
Capital Assets (Note 6)						
Land	4,361,902	-	-	-	27,063,937	-
Construction in Progress	752,047	-	-	-	159,519,776	1,491,129
Buildings	19,589,783	-	6,750,891	-	54,954,521	654,910
Improvements Other Than Buildings	2,602,376	-	-	151,472	88,704,118	207,529
Machinery, Equipment and Vehicles	30,395,019	174,121	4,384	-	61,743,938	30,585,756
Infrastructure	-	-	-	-	137,016,592	-
Accumulated Depreciation	(22,849,486)	(129,787)	(508,537)	(43,637)	(147,189,192)	(17,844,160)
Total Non-Current Assets	<u>34,851,641</u>	<u>44,334</u>	<u>6,699,640</u>	<u>107,835</u>	<u>386,706,432</u>	<u>16,030,537</u>
Total Assets	<u>70,741,416</u>	<u>6,607,656</u>	<u>6,994,604</u>	<u>259,104</u>	<u>523,074,670</u>	<u>40,937,898</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related (Note 10)	495,977	962,212	399,320	-	7,379,118	-
Total Deferred Outflows of Resources	<u>495,977</u>	<u>962,212</u>	<u>399,320</u>	<u>-</u>	<u>7,379,118</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	598,918	739,399	7,950	1,166	2,801,376	510,809
Advances from Grantors and Third Parties	5,304,897	-	-	-	5,447,765	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	7,118
Customer Deposits	-	211,402	1,330	-	1,162,319	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	-	35,154	3,235	-	197,752	1,003,419
Certificates of Participation and Loans	-	-	406,452	-	3,485,859	-
Notes Payable	17,056	962	-	3,298	40,727	962
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	535,421
Total Current Liabilities	<u>5,920,871</u>	<u>986,917</u>	<u>418,967</u>	<u>4,464</u>	<u>13,135,798</u>	<u>2,057,729</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4B)	-	-	-	-	3,075,809	-
Unearned Revenue	-	13,403	-	-	54,222	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	56,858	66,577	22,776	-	794,508	4,080,128
Certificates of Participation and Loans	-	-	4,357,341	-	106,214,955	-
Notes Payable	17,227	971	-	3,331	41,134	971
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	5,362,257
Net Pension Liability (Note 10)	2,042,162	3,961,864	1,644,184	-	30,383,186	-
Total Non-Current Liabilities	<u>2,116,247</u>	<u>4,042,815</u>	<u>6,024,301</u>	<u>3,331</u>	<u>140,563,814</u>	<u>9,443,356</u>
Total Liabilities	<u>8,037,118</u>	<u>5,029,732</u>	<u>6,443,268</u>	<u>7,795</u>	<u>153,699,612</u>	<u>11,501,085</u>
DEFERRED INFLOWS OF RESOURCES						
Pension Related (Note 10)	76,210	147,851	61,359	-	1,133,855	-
Unamortized Gain on Refunding of Debt	-	-	-	-	335,347	-
Total Deferred Inflows of Resources	<u>76,210</u>	<u>147,851</u>	<u>61,359</u>	<u>-</u>	<u>1,469,202</u>	<u>-</u>
NET POSITION (Note 9)						
Net Investment in Capital Assets	34,817,358	42,401	1,482,945	101,206	272,031,016	15,093,231
Restricted for:						
Debt Service	-	-	452,902	-	4,818,203	-
Capital Projects	6,303,228	117,940	-	-	7,967,046	627,343
Unrestricted	22,003,479	2,231,944	(1,046,550)	150,103	90,468,709	13,716,239
Total Net Position	<u>\$ 63,124,065</u>	<u>\$ 2,392,285</u>	<u>\$ 889,297</u>	<u>\$ 251,309</u>	<u>375,284,974</u>	<u>\$ 29,436,813</u>
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds						
					(1,514,451)	
Net Position of Business-Type Activities						
					<u>\$ 373,770,523</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, 2018

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
OPERATING REVENUES						
Charges for Services	\$ 3,657,007	\$ 1,816,522	\$ 1,337,261	\$ 25,842,946	\$ 1,217,152	\$ 20,216,230
Grants and Contributions	-	-	-	-	-	35,917
Total Operating Revenues	3,657,007	1,816,522	1,337,261	25,842,946	1,217,152	20,252,147
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	2,321,693	296,654	-	3,469,320	516,139	5,490,270
Maintenance and Operations	2,102,085	1,377,804	1,335,341	8,719,615	855,595	11,329,153
Insurance Premiums and Loss Provisions	-	-	-	-	-	-
Depreciation and Amortization	733,991	292,704	209,666	2,633,938	628,748	1,098,993
Total Operating Expenses	5,157,769	1,967,162	1,545,007	14,822,873	2,000,482	17,918,416
Operating Income (Loss)	(1,500,762)	(150,640)	(207,746)	11,020,073	(783,330)	2,333,731
NONOPERATING REVENUES (EXPENSES)						
Interest Income	1,582	-	35	424,476	9,719	256,163
Interest Expense	(331,938)	(2,306)	(1,170)	(394,238)	-	-
Other Income	141,192	225,493	165,856	1,162,646	116,456	722,197
Other Expenses	(12,763)	(38,734)	(24,958)	(1,085,854)	(155,255)	(828,636)
Total Nonoperating Revenues (Expenses)	(201,927)	184,453	139,763	107,030	(29,080)	149,724
Income (Loss) Before Contributions and Transfers	(1,702,689)	33,813	(67,983)	11,127,103	(812,410)	2,483,455
Grants and Contributions	-	886,397	-	3,173,140	3,724,852	10,875
Transfers In (Note 4A)	1,971,199	-	-	-	250,000	-
Transfers Out (Note 4A)	-	-	-	-	-	-
Net Contributions and Transfers	1,971,199	886,397	-	3,173,140	3,974,852	10,875
Change in Net Position	268,510	920,210	(67,983)	14,300,243	3,162,442	2,494,330
Net Position - Beginning	2,004,270	6,225,045	2,473,395	195,484,885	54,624,622	30,309,236
Prior Period Adjustment (Note 14)	-	-	-	(3,571,187)	-	-
Net Position - Beginning, as restated	2,004,270	6,225,045	2,473,395	191,913,698	54,624,622	30,309,236
Net Position - Ending	\$ 2,272,780	\$ 7,145,255	\$ 2,405,412	\$ 206,213,941	\$ 57,787,064	\$ 32,803,566

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	
OPERATING REVENUES						
Charges for Services	\$ 5,055,266	\$ 3,465,116	\$ 440,588	\$ 67,727	\$ 63,115,815	\$ 23,462,477
Grants and Contributions	16,461,784	-	1,614	-	16,499,315	-
Total Operating Revenues	21,517,050	3,465,116	442,202	67,727	79,615,130	23,462,477
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	1,107,261	1,937,675	965,962	-	16,104,974	2,693,997
Maintenance and Operations	14,114,898	692,714	666,015	348,181	41,541,401	4,850,375
Insurance Premiums and Loss Provisions	-	-	-	-	-	14,600,535
Depreciation and Amortization	2,879,070	5,259	169,046	6,147	8,657,562	2,072,993
Total Operating Expenses	18,101,229	2,635,648	1,801,023	354,328	66,303,937	24,217,900
Operating Income (Loss)	3,415,821	829,468	(1,358,821)	(286,601)	13,311,193	(755,423)
NONOPERATING REVENUES (EXPENSES)						
Interest Income	131,808	48,008	142	81	872,014	168,359
Interest Expense	-	-	(174,543)	-	(904,195)	(639)
Other Income	762,759	446	32,551	101,684	3,431,280	811,142
Other Expenses	(232,292)	(655,768)	(5,476)	-	(3,039,736)	(328,249)
Total Nonoperating Revenues (Expenses)	662,275	(607,314)	(147,326)	101,765	359,363	650,613
Income (Loss) Before Contributions and Transfers	4,078,096	222,154	(1,506,147)	(184,836)	13,670,556	(104,810)
Grants and Contributions	4,364,531	-	-	-	12,159,795	1,787,115
Transfers In (Note 4A)	-	-	1,624,846	294,306	4,140,351	25,000
Transfers Out (Note 4A)	(300)	-	-	-	(300)	(38,619)
Net Contributions and Transfers	4,364,231	-	1,624,846	294,306	16,299,846	1,773,496
Change in Net Position	8,442,327	222,154	118,699	109,470	29,970,402	1,668,686
Net Position - Beginning	54,681,738	2,170,131	770,598	141,839	348,885,759	27,768,127
Prior Period Adjustment (Note 14)	-	-	-	-	(3,571,187)	-
Net Position - Beginning, as restated	54,681,738	2,170,131	770,598	141,839	345,314,572	27,768,127
Net Position - Ending	\$ 63,124,065	\$ 2,392,285	\$ 889,297	\$ 251,309	375,284,974	\$ 29,436,813
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(202,453)	
Change in Net Position of Business-Type Activities					\$ 29,767,949	

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, 2018**

	Business-Type Activities - Enterprise Funds					
	Convention Center	Airport	Valley Oaks Golf	Wastewater	Storm Sewer Maintenance	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 3,344,432	\$ 2,180,206	\$ 1,323,051	\$ 25,551,403	\$ 1,217,152	\$ 20,192,066
Cash Payments to Employees for Services	(2,129,622)	(364,523)	-	(3,316,793)	(437,257)	(4,732,989)
Cash Payments to Suppliers for Services	(2,099,711)	(1,412,065)	(1,497,850)	(8,344,573)	(860,967)	(11,444,213)
Cash Received from (Payments to) Other Governments	-	(6,137)	-	434,410	15,952	(33,126)
Other Income	141,192	225,493	165,856	1,162,646	116,456	722,197
Other Payments	(12,763)	(38,734)	(24,958)	(1,085,854)	(155,255)	(828,636)
Net Cash Provided (Used) by Operating Activities	(756,472)	584,240	(33,901)	14,401,239	(103,919)	3,875,299
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance (to) from Other Funds	-	(177,188)	169,357	-	-	-
Due (to) from Other Funds	-	-	-	-	-	-
Transfers In	1,971,201	-	-	-	250,000	-
Transfers (Out)	-	(2,306)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,971,201	(179,494)	169,357	-	250,000	50,726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Payments	(32,270)	(1,284,740)	(233,697)	(7,686,150)	(3,684,650)	(1,223,553)
Capital Grants Received	-	886,397	-	2,008,335	-	10,875
Contributions	-	-	-	1,164,805	3,724,852	-
Long-Term Debt Payments - Principal	(726,427)	(6,403)	(3,038)	-	-	(508)
Long-Term Debt Payments - Interest	(454,127)	-	(1,170)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,212,824)	(404,746)	(237,905)	(4,513,010)	40,202	(1,213,186)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	1,582	-	35	424,476	9,719	256,163
Net Cash Provided by Investing Activities	1,582	-	35	424,476	9,719	256,163
Net Increase (Decrease) in Cash and Investments	3,487	-	(102,414)	10,312,705	196,002	2,969,002
Cash and Investments - Beginning of Year, as Restated	133,446	350	102,443	48,507,383	1,162,187	27,138,964
Cash and Investments - End of Year	<u>\$ 136,933</u>	<u>\$ 350</u>	<u>\$ 29</u>	<u>\$ 58,820,088</u>	<u>\$ 1,358,189</u>	<u>\$ 30,107,966</u>
Consisting of:						
Unrestricted	\$ 62,321	\$ 350	\$ 29	\$ 54,454,860	\$ 1,358,189	\$ 30,107,966
Restricted	74,612	-	-	4,365,228	-	-
Total Cash and Investments	<u>\$ 136,933</u>	<u>\$ 350</u>	<u>\$ 29</u>	<u>\$ 58,820,088</u>	<u>\$ 1,358,189</u>	<u>\$ 30,107,966</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)	\$ (1,500,762)	\$ (150,640)	\$ (207,746)	\$ 11,020,073	\$ (783,330)	\$ 2,333,731
Other Income	141,192	225,493	165,856	1,162,646	116,456	722,197
Other Payments	(12,763)	(38,734)	(24,958)	(1,085,854)	(155,255)	(828,636)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flows from Operating Activities:						
Depreciation and Amortization	733,991	292,704	209,666	2,633,938	628,748	1,098,993
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	(312,575)	363,684	(14,210)	(291,543)	-	(24,568)
Taxes Receivable	-	-	-	434,410	15,952	(35,513)
Supplies	-	(25,859)	48,576	(20,053)	8,129	-
Due from Other Governments	-	(6,137)	-	-	-	(33,126)
Prepaid Expenses	-	(8,962)	16,348	-	-	-
Accounts and Contracts Payable	2,674	1,160	(130,814)	106,536	(5,372)	(115,060)
Deferred Outflows Pensions	56,941	50,145	-	(435,644)	(44,689)	(516,162)
Deferred Inflows Pensions	(213,367)	(57,964)	-	172,209	3,323	67,147
Unearned Revenue	-	-	-	20,053	(8,129)	-
Advances from Other Funds	-	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	-
Compensated Absences	(4,265)	2,190	-	(49,248)	7,149	31,099
Other Liability	352,762	(62,240)	-	465,210	113,099	1,175,197
Liability for Self-Insurance Claims	-	-	-	-	-	-
Customer Deposits	(300)	(600)	(96,619)	268,506	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (756,472)</u>	<u>\$ 584,240</u>	<u>\$ (33,901)</u>	<u>\$ 14,401,239</u>	<u>\$ (103,919)</u>	<u>\$ 3,875,299</u>

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

CITY OF VISALIA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 21,126,872	\$ 3,465,116	\$ 348,277	\$ 140,225	\$ 78,888,800	\$ 25,342,620
Cash Payments to Employees for Services	(842,188)	(1,656,097)	(766,489)	-	(14,245,958)	(2,484,255)
Cash Payments to Suppliers for Services	(14,202,362)	(679,160)	(666,820)	(462,982)	(41,670,703)	(19,432,429)
Cash Received from (Payments to) Other Governments	(4,333,692)	-	-	-	(3,922,593)	-
Other Income	762,759	446	32,551	101,684	3,431,280	811,142
Other Payments	(232,292)	(655,768)	(5,476)	-	(3,039,736)	(328,249)
Net Cash Provided (Used) by Operating Activities	<u>2,279,097</u>	<u>474,537</u>	<u>(1,057,957)</u>	<u>(221,073)</u>	<u>19,441,090</u>	<u>3,908,829</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance (to) from Other Funds	-	-	-	-	(7,831)	-
Due (to) from Other Funds	-	-	-	-	-	(1,203,498)
Transfers In	-	-	1,624,846	294,306	4,140,353	25,000
Transfers (Out)	(300)	-	-	-	(2,606)	(38,619)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(300)</u>	<u>-</u>	<u>1,624,846</u>	<u>294,306</u>	<u>4,180,642</u>	<u>(1,217,117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Payments	(2,136,152)	-	-	-	(16,281,212)	(3,336,744)
Capital Grants Received	4,364,531	212,843	439	-	7,483,420	-
Contributions	-	-	-	-	4,889,657	1,787,115
Long-Term Debt Payments - Principal	(16,888)	(952)	(392,784)	(3,265)	(1,150,265)	(952)
Long-Term Debt Payments - Interest	-	-	(174,544)	-	(629,841)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,211,491</u>	<u>211,891</u>	<u>(566,889)</u>	<u>(3,265)</u>	<u>(5,688,241)</u>	<u>(1,550,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	131,808	48,008	142	81	872,014	167,720
Net Cash Provided by Investing Activities	<u>131,808</u>	<u>48,008</u>	<u>142</u>	<u>81</u>	<u>872,014</u>	<u>167,720</u>
Net Increase (Decrease) in Cash and Investments	4,622,096	734,436	142	70,049	18,805,505	1,308,851
Cash and Investments - Beginning of Year, as Restated	8,226,939	5,821,615	452,960	-	91,546,287	22,626,392
Cash and Investments - End of Year	<u>\$ 12,849,035</u>	<u>\$ 6,556,051</u>	<u>\$ 453,102</u>	<u>\$ 70,049</u>	<u>\$ 110,351,792</u>	<u>\$ 23,935,243</u>
Consisting of:						
Unrestricted	\$ 12,849,035	\$ 6,556,051	\$ 200	\$ 70,049	\$ 105,459,050	\$ 22,999,870
Restricted	-	-	452,902	-	4,892,742	935,373
Total Cash and Investments	<u>\$ 12,849,035</u>	<u>\$ 6,556,051</u>	<u>\$ 453,102</u>	<u>\$ 70,049</u>	<u>\$ 110,351,792</u>	<u>\$ 23,935,243</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 Flows from Operating Activities:						
Operating Income (Loss)	\$ 3,415,821	\$ 829,468	\$ (1,358,821)	\$ (286,601)	\$ 13,311,193	\$ (755,423)
Other Income	762,759	446	32,551	101,684	3,431,280	811,142
Other Payments	(232,292)	(655,768)	(5,476)	-	(3,039,736)	(328,249)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flows from Operating Activities:						
Depreciation and Amortization	2,879,070	5,259	169,046	6,148	8,657,563	2,072,993
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	(680,191)	-	(93,925)	72,497	(980,831)	1,880,143
Taxes Receivable	290,013	-	-	-	704,862	-
Supplies	-	32	-	-	10,825	(166,784)
Due from Other Governments	(1,842,286)	-	-	-	(1,881,549)	(23,000)
Prepaid Expenses	-	-	-	-	7,386	(18,513)
Accounts and Contracts Payable	(87,464)	(5,335)	(2,135)	(114,801)	(350,611)	96,639
Deferred Outflows Pensions	(96,377)	(209,325)	(77,428)	-	(1,272,539)	-
Deferred Inflows Pensions	(17,149)	28,741	(14,269)	-	(31,329)	-
Unearned Revenue	-	(26,420)	-	-	(14,496)	-
Advances from Other Funds	(2,491,406)	-	-	-	(2,491,406)	-
Accrued Personnel Costs	-	-	-	-	-	(1,195)
Compensated Absences	23,844	(7,548)	3,922	-	7,143	233,937
Other Liability	354,755	469,710	287,248	-	3,155,741	-
Liability for Self-Insurance Claims	-	-	-	-	-	107,139
Customer Deposits	-	45,277	1,330	-	217,594	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,279,097</u>	<u>\$ 474,537</u>	<u>\$ (1,057,957)</u>	<u>\$ (221,073)</u>	<u>\$ 19,441,090</u>	<u>\$ 3,908,829</u>

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 assessments 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 assessments on real property in the district to repay bonds for connection to the Cal Water main extension.

Visalia Tourism & Marketing District

The City collects the district's assessments on room nights in the district to pay for promotion of travel and tourism specific to Visalia.

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, 2018

	Agency Funds	Successor Agency
ASSETS		
Cash and Investments (Note 3)	\$ 284,203	\$ 317,846
Restricted Cash and Investments (Note 3)	-	340,761
Accounts Receivable	221,255	1,000
Taxes Receivable	19,733	-
Notes and Loan Receivable (Note 5)	-	207,646
Prepaid Expenses	-	139,202
Land Held For Resale	-	2,824,503
	\$ 525,191	3,830,958
Total Assets	\$ 525,191	3,830,958
LIABILITIES		
Accounts, Interest, and Contracts Payable	-	65,034
Funds Held as Agent for Others	525,191	-
Long - Term Obligations (Note 7):		
Due Within One Year	-	286,430
Due in More Than One Year	-	16,050,195
	\$ 525,191	16,401,659
Total Liabilities	\$ 525,191	16,401,659
NET POSITION		
Net Position Held in Trust		\$ (12,570,701)

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, 2018

	<u>Successor Agency</u>
Additions	
Property Taxes	\$ 449,798
Use of Money and Property	20,338
Miscellaneous Revenue	<u>1,815</u>
Total Additions	<u>471,951</u>
Deductions	
Obligation Requirements	
Interest on Bonds and Notes Payable	<u>495,373</u>
Total Obligation Requirements	<u>495,373</u>
Administrative Expenses	
Direct Management Expenses	<u>5,811</u>
Total Administrative Expenses	<u>5,811</u>
Total Deductions	<u>501,184</u>
Change in Net Position	(29,233)
Net Position - Beginning of Year	<u>(12,541,468)</u>
Net Position - End of Year	<u>\$ (12,570,701)</u>

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

NOTES TO THE FINANCIAL STATEMENTS



Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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. A Council member 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, 2018

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.

Visalia Tourism & Marketing District was established to collect assessments on room nights in the district to pay for promotion of travel and tourism specific to Visalia.

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 to/from other funds
- Transfers in/out

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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-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.

Measure N is used to account for increased Police, Fire, Streets, and Parks essential services. Financing is provided by the ½ cent sales tax ballot measure (N) approved by voters during the November 8, 2016 election.

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),

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

the Home Investment Partnership Program (HOME), Neighborhood Stabilization Program (NSP) and fines charged for substandard housing and abandoned vehicle abatement. Also, within the CDBG, HOME and NSP programs, when money that was previously loaned out is paid back; it again becomes available for use in the rehabilitation and development programs.

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

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

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 services.

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:

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property Tax

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

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

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

F. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. An employee retiring with 10 years or more of continuous service with the City will be compensated for unused sick leave at 30% of its value on their retirement date. An employee resigning from the City in good standing with 20 years or more of continuous 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

asset is fully depreciated. The City has assigned the standard useful lives listed below to capital assets. Several asset categories have ranges for the useful lives to cover a wide range of assets that are listed in each asset class. The useful life will be consistent for each individual type of asset.

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

The City of Visalia Capital 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, 2018 and to multiply it by the average pool inventory value per pound, using level 2 inputs from Atlas World Food & Agriculture. As of June 30, 2018, nut inventory consisted of 21,272 pounds of walnuts valued at \$76,500 and 65,238 pounds of pecans valued at \$185,914, for a total value of \$262,414. The Governmental funds account for \$221,595 of the total value with \$136,564 in the General Fund and \$85,031 in the Groundwater Recharge Special Revenue fund. The Proprietary funds account for \$40,819 of the total value with \$20,053 in the Wastewater fund and \$20,766 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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance (Continued)

the City Council removes or changes the specified use through a resolution. The resolution must occur prior to the end of the reporting period; however, the amount can be determined subsequently.

4. Assigned Fund Balance - amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The intent can be expressed by the City Council itself or by an official to which the governing body has delegated the authority.
5. Unassigned Fund Balance - the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories. This amount is reported only in the General Fund except in cases of negative fund balance. Negative fund balances in other governmental funds are reported as Unassigned Fund Balance.

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

The accounting policies of the City consider restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. This Fund Balance policy was established by the City Council June 20, 2011.

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.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 except for capital which is rolled to the next fiscal year until project completion. Encumbrances outstanding as of June 30, 2018 were as listed below:

	Amount
General Fund	\$ 21,920,950
Community Development	32,936
Transportation	1,845,288
Non-Major Governmental Funds	<u>16,353,923</u>
	<u>\$ 40,153,097</u>

M. New Fund

During fiscal year ended June 30, 2018, the City opened a new Golf Course Special Revenue Fund. This fund was established to account for the major repairs to buildings and equipment (ie heating/cooling equipment) located at the Golf Course.

N. Implementation of Accounting Pronouncements

There were no GASB Statements implemented in the current financial statements.

O. Future GASB Pronouncements

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

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. The provisions of this statement are effective for reporting periods beginning after June 15, 2018. The City has elected not to implement GASB Statement No. 83 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 84, *Fiduciary Activities*. The provisions of this statement are effective for reporting periods beginning after December 15, 2018. The City has elected not to implement GASB Statement No. 84 early and has not determined its effects on the City's financial statements.
- GASB Statement No. 87, *Leases*. The provisions of this statement are effective for reporting periods beginning after December 15, 2019. The City has elected not to implement GASB Statement No. 87 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, 2018

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:		
Housing Successor Agency Fund	\$	30,505
Non-Major Funds:		
Special Revenue Funds:		
Kaweah Lake and Local Stormwater Maintenance	\$	7,217
Grant & Loan Funds		57,735
Measure T - Police		164,037
Measure T - Fire		614,029
CASP Program		14,039
Debt Service Funds:		
VPFA 2014 Refunding Certificates of Participation	\$	127,442
2015 Certificates of Participation		1,153,545
Capital Projects Funds:		
Government Facilities Impact Fee		3,683
Parking District		45,152

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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, 2018, are classified in the Statement of Net Position as follows:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 231,795,871
Restricted Cash and Investments	5,837,085
Fiduciary Funds Statement of Net Position:	
Cash and Investments	602,049
Restricted Cash and Investments	<u>340,761</u>
Total Cash and Investments	<u><u>\$ 238,575,766</u></u>

Cash and investments as of June 30, 2018, consist of the following:

Cash on hand	\$ 21,300
Deposits with financial institutions	5,804,177
Investments	<u>232,750,289</u>
Total Cash and Investments	<u><u>\$ 238,575,766</u></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, 2018

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>	<u>Credit Risk</u>
Local Agency Bonds	5 years	None	None	None
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	None	None
Banker's Acceptances	180 days	40%	30%	None
Commercial Paper	270 days	25%	10%	AAA/Aaa
Negotiable Certificates of Deposit	5 years	30%	None	None
Repurchase Agreements	1 year	20%	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None	None
Medium-Term Notes	5 years	30%	None	A
Mutual Funds	5 years	20%	10%	AAA/Aaa
Money Market Mutual Funds	N/A	20%	10%	AAA/Aaa
Mortgage Pass-Through Securities	5 years	20%	None	None
County Pooled Investment Funds	N/A	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65M	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, 2018

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 06/30/2018	Weighted Average Maturity (in Days)
Federal Agency Securities	\$ 127,560,675	310.12
U.S. Treasuries	21,942,151	10.45
Local Agency Investment Fund	55,270,183	-
Corporate Medium-Term Notes	6,080,185	10.31
Municipal Bonds	20,959,494	79.90
Local Agency Bonds	587,796	8.55
Held by Bond Trustee:		
Money Market Funds	349,805	0.55
Total	\$ 232,750,289	

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

As of June 30, 2018, and during the 2017-2018 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	
		Moody's Rating		Standard & Poors Rating						
		Aaa	AAAm	AA+	AA	AA-	A+	A		
Federal Agency Securities	\$ 127,560,675	N/A	\$ -	\$ -	\$ 127,560,675	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	21,942,151	N/A	21,942,151	-	-	-	-	-	-	-
Corporate Medium-Term Notes	6,080,185	A	-	-	-	-	1,978,200	4,101,985	-	-
Local Agency Investment Fund	55,270,183	N/A	-	-	-	-	-	-	-	55,270,183
Municipal Bonds	20,959,494	A	-	-	4,740,982	16,218,512	-	-	-	-
Local Agency Bonds	587,796	N/A	-	-	-	-	-	-	-	587,796
Held by Bond Trustee:										
Money Market Funds	349,805	A	-	349,805	-	-	-	-	-	-
Total	\$ 232,750,289		\$ 21,942,151	\$ 349,805	\$ 127,560,675	\$ 4,740,982	\$ 16,218,512	\$ 1,978,200	\$ 4,101,985	\$ 55,857,979

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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:

Issuer	Investment Type	Reported
Federal Home Loan Bank	Agency	\$ 57,706,908
Federal Farm Credit Bank	Agency	13,828,616
Federal National Mortgage Association	Agency	42,235,481
Federal Home Loan Mortgage Corporation	Agency	13,789,670
U.S. Treasuries	Treasury	21,942,151
State of California Bonds	Municipal	20,959,494
Total		<u>\$ 170,462,320</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, 2018, 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, 2018

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, 2018, these investments matured in an average of 193 days. These valuations and financial statements are posted to the State Treasurer’s Office website at 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, 2018:

<u>Investments by Fair Value Level</u>	<u>Level 2</u>	<u>Total</u>
Federal Agency Securities	\$ 127,560,675	\$ 127,560,675
U.S. Treasuries	21,942,151	21,942,151
Corporate Medium-Term Notes	6,080,185	6,080,185
Municipal Bonds	<u>20,959,494</u>	<u>20,959,494</u>
Subtotal	<u>\$ 176,542,505</u>	176,542,505
<i>Investments Exempt From Fair Value Hierarchy</i>		
Local Agency Investment Fund		55,270,183
<i>Investments Measured at Amortized Cost</i>		
Local Agency Bonds		587,796
Held by Bond Trustee:		
Money market funds		<u>349,805</u>
Total Investments		<u>\$ 232,750,289</u>

Federal agency securities totaling \$127.6 million, U.S. Treasuries totaling \$21.9 million, corporate medium-term notes totaling \$6.1 million and municipal bonds totaling \$20.9 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 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.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Among Funds

With City Council approval, resources may be transferred from one City fund to another. Transfers are used in cases when a fund subsidizes another fund as in the case of the General Fund subsidizing the Convention Center, Animal Control, and Baseball Funds. Transfers are also used between Funds to fund capital projects, debt service payments and to reimburse a fund which has made expenditures on behalf of another fund. Transfers between funds during the fiscal year ended June 30, 2018, were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
General Fund	Compensated Absences - Internal Services	\$ 38,619 (B)
General Fund	Transit - Enterprise Fund	300 (B)
General Fund	Public Safety Impact Fee - Capital Projects	836,790 (A)
General Fund	Measure T Police - Special Revenue	305,310 (A)
Community Development	Housing Successor Agency	11 (B)
Debt Service Funds:		
VPFA 2014 Refunding COP	General Fund	127,728 (C)
2015 COP	General Fund	590,019 (C)
2015 COP	Public Safety Impact Fee - Capital Projects	413,736 (C)
2015 COP	Measure T Police - Special Revenue	150,955 (C)
Capital Projects Funds:		
Parking District	General Fund	68,324 (B)
Parking District	Community Development	541,262 (C)
Special Revenue Funds:		
Grant & Loan Funds	General Fund	185,718 (B)
Measure R - Regional	Waterways - Special Revenue	12,754 (A)
GOVERNMENTAL Funds Sub-Total		<u>3,271,526</u>
Enterprise Funds:		
Baseball	General Fund	294,306 (B)
Animal Control	General Fund	1,057,518 (B)
Animal Control	General Fund	567,328 (C)
Convention Center	General Fund	880,880 (B)
Convention Center	General Fund	1,090,319 (C)
Storm Sewer Maintenance	Kaweah Lake and Local Storm Water Maintenance - Special Revenue	250,000 (A)
ENTERPRISE Funds Sub-Total		<u>4,140,351</u>
Internal Service Funds:		
Information Services	General Fund	25,000 (A)
INTERNAL SERVICE Funds Sub-Total		<u>25,000</u>
TOTAL TRANSFERS		<u>\$ 7,436,877</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, 2018

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

At June 30, 2018, the funds below had advance balances which were not expected to be repaid within the next year.

	Advances From Other Funds	Advances To Other Funds
General Fund	\$ -	\$ 6,216,701
Special Revenue Funds:		
Special Service Districts (c)	893,251	-
Measure R - Regional (g)	1,105,462	-
Grant & Loan Funds (d)	5,491	-
Capital Projects Funds:		
Softball Facility Development (a)	867	-
Public Safety Impact Fee (b)	977,335	-
Government Facilities Impact Fee (Library)(b)	158,486	-
Enterprise Funds:		
Airport (e)	277,605	-
Valley Oaks Golf (f)	2,798,204	-
Total Advances	<u>\$ 6,216,701</u>	<u>\$ 6,216,701</u>

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.
- (e) To be repaid from future Airport fees.
- (f) To be repaid through a 15-year repayment plan, agreed to by the golf course management company.
- (g) To be repaid from future Measure R Sales Tax.

C. Due to/from Other Funds

As of June 30, 2018, the General Fund provided \$73,190 to the Community Development Fund.

D. 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, 2018

NOTE 5 – NOTES AND LOANS RECEIVABLE

A. Current Year Transactions and Balances

	Ref#	Issue Date	Maturity	Balance at June 30, 2017	Additions	Repayments	Balance at June 30, 2018
GOVERNMENTAL ACTIVITIES							
<u>General Fund</u>							
Visalia Successor Agency	-	-	-	\$ 11,719,664	\$ 351,590	\$ 695,450	\$ 11,375,804
Visalia Investment Associates	13010-J13044	April 2004	June 2034	376,842	-	13,787	363,055
Stonebrook Plaza Inc	13010-J13075	Dec 2012	June 2018	1,192	-	1,192	-
Cusenza Trust/VBC	13010-J13076	Aug 2012	June 2018	1,480	-	1,480	-
4 Creeks Investments	13010-J13079	Nov 2013	June 2019	3,841	-	1,921	1,920
Mor Furniture	13010-J13080	Feb 2015	June 2020	143,630	-	47,876	95,754
Frank Golden	13010-J13081	May 2015	June 2021	21,310	-	5,328	15,982
Poonam Verma	13010-B50956	Dec 2015	June 2021	29,050	-	7,262	21,788
California Gold Properties	13010-B53548	June 2016	June 2022	304,020	-	60,804	243,216
Jason Moyes	13010-B64025	May 2017	June 2023	56,332	-	56,332	-
Déjà Vu LP B153025	13010-J13084	Jan 2018	June 2023	-	39,612	-	39,612
Déjà Vu LP B153018	13010-J13085	Jan 2018	June 2023	-	232,034	-	232,034
Déjà Vu LP B153023	13010-J13086	Jan 2018	June 2023	-	100,052	-	100,052
Visalia Tourism Marketing District	13010-J13087	Feb 2018	Feb 2021	-	50,000	-	50,000
Imagine U Museum	13010-J13082	Dec 2016	Dec 2046	147,015	-	4,669	142,346
Subtotal General Fund				12,804,376	773,288	896,101	12,681,563
<u>Community Development</u>							
1001 N Jacob (TCHA)	13010-R94101	May 1996	May 2024	-	67,200	52,600	14,600
Fairview Village (KMC)	13010-R94707	Dec 1994	Dec 2034	-	120,000	-	120,000
Robinwood	13010-J13503	April 2007	April 2036	909,983	-	129,998	779,985
101 N Strawberry	13010-R93003	June 2015	Dec 2045	429,150	-	-	429,150
SHE 517-519 N Encina	13010-R93007	May 2018	May 2048	-	436,656	-	436,656
Visalia Senior Housing III	13010-J13057	Jan 2007	Jan 2062	2,720,193	-	-	2,720,193
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	500,000	-	-	500,000
Highland Gardens	13010-R92000	Sep 2015	Dec 2070	1,980,000	-	-	1,980,000
Habitat for Humanity Assigned	13411	Various	Various	211,040	-	6,750	204,290
NSP	13418	Various	Various	542,287	141,131	22,690	660,728
CDBG	13411	Various	Various	1,113,011	-	25,335	1,087,676
Cal Home	13412	Various	Various	369,719	-	38,000	331,719
HOME	13412	Various	Various	3,004,757	25,000	242,782	2,786,975
Subtotal Housing Related Funds				11,780,140	789,987	518,155	12,051,972
<u>Housing Successor Agency</u>							
Visalia Successor Agency	-	-	-	1,242,866	389,407	-	1,632,273
Town Meadows (1)	13010-J13030	April 2001	April 2015	114,000	-	-	114,000
Kawah Management (1)	13010-J13019	June 1996	Nov 2025	250,000	-	-	250,000
Encina Triplex	13010-J13066	Aug 2008	Aug 2048	325,093	-	33,123	291,970
Kimball Court (1)	13010-J13020	Aug 1999	Aug 2054	905,100	87,918	63,756	929,262
Downtown Senior Housing (1)	13010-J13035	April 2002	April 2007	900,000	-	-	900,000
Tulare County Housing Authority (1)	13010-J13040	Aug 2003	Aug 2058	47,500	-	-	47,500
Mill Creek Parkway \$4.5M (KMC)	13010-R09027	Mar 2006	Mar 2061	47,500	4,536,450	989,771	3,546,679
Kawah Management - East (1)	13010-J13067	Sep 2009	June 2065	462,047	-	-	462,047
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	500,000	-	-	500,000
617 & 619 Santa Fe (KMC)	13010-R09028	July 2017	July 2072	-	150,000	-	150,000
517-519 N Encina (SHE)	13010-R93007	May 2018	May 2074	-	100,000	-	100,000
East Visalia Redevelopment	13413	Various	Various	32,461	-	-	32,461
Habitat for Humanity Assigned	13417	Various	Various	810,989	-	14,218	796,771
Housing Fund	13418	Various	Various	127,801	-	7,952	119,849
1029 W Goshen	13418-R89000			162,447	-	20,492	141,955
Subtotal Housing Successor Funds				5,880,304	5,263,775	1,129,312	10,014,767
<u>Parking District Fund</u>							
Barrell House Brewing	13010-J13083	April 2017	June 2023	30,953	-	-	30,953
Comfort Suites	13010-J13038	Oct 2002	Oct 2032	166,516	-	9,268	157,248
Subtotal Parking District Fund				197,469	-	9,268	188,201
<u>Impact Fees (Various Funds)</u>							
VWR International	13010-J13071	April 2011	April 2018	95,137	-	95,137	-
Subtotal Impact Fees				95,137	-	95,137	-
<u>Grant & Loan Funds</u>							
Central Valley Christian Housing	13010-J13034	June 2002	April 2026	60,400	-	15,400	45,000
Subtotal Grant & Loan Funds				60,400	-	15,400	45,000
<u>Waterways Fund</u>							
VWR International	13010-J13071	April 2011	April 2018	5,775	-	5,775	-
Imagine U Museum	13010-J13082	Dec 2016	Dec 2046	179,685	-	5,705	173,980
Subtotal Waterways Fund				185,460	-	11,480	173,980
Subtotal Governmental Activities				31,003,286	6,827,050	2,674,853	35,155,483
BUSINESS - TYPE							
<u>Convention Center</u>							
Su Sa's Catering	13010-J13073	-	-	14,107	-	14,107	-
Subtotal Convention Center				14,107	-	14,107	-
FIDUCIARY							
<u>Successor Agency</u>							
Willow Street Parking Structure	13010-J13015	-	-	227,437	-	19,791	207,646
Subtotal Convention Center				227,437	-	19,791	207,646
Total				\$ 31,244,830	\$ 6,827,050	\$ 2,708,751	\$ 35,363,129

Note: (1) Repayment is based on residual cash flow from operations. To the extent there is excess revenues, the

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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, 2018, these notes receivable totaled \$35,363,129 in the following funds: \$12,681,563 in the General Fund, \$188,201 in the Parking District Fund, \$45,000 in Grant & Loan Funds, \$173,980 in the Waterways Fund, \$12,051,972 in Community Development Funds, \$10,014,767 in the Housing Successor Agency Fund and \$207,646 in the Fiduciary Successor Agency.

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 \$1,087,676 at June 30, 2018.

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 \$3,118,694 at June 30, 2018.

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 \$8,382,494 at June 30, 2018.

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, 2018

NOTE 6 – CAPITAL ASSETS

A. Capital Assets Additions and Retirements

	Balance June 30, 2017	Additions	Retirements	Transfers	Adjustments	Balance June 30, 2018
GOVERNMENTAL ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 40,085,846	\$ 271,582	\$ -	\$ -	\$ -	\$ 40,357,428
Construction in progress	75,940,300	4,414,397	(555,891)	(29,357,843)	(2,293,280)	47,876,683
	<u>116,026,146</u>	<u>4,414,979</u>	<u>(555,891)</u>	<u>(29,357,843)</u>	<u>(2,293,280)</u>	<u>88,234,111</u>
Capital assets being depreciated						
Buildings	44,840,185	4,275,693	-	12,563,780	-	61,679,658
Improvements other than buildings	61,325,811	2,265,353	-	5,193,112	-	68,784,276
Machinery, equipment and vehicles	6,929,907	1,550,618	(23,203)	938,454	-	9,395,776
Infrastructure - streets, traffic signals & signs	193,583,342	8,242,600	(691,020)	10,664,730	-	211,799,652
	<u>306,679,245</u>	<u>16,334,264</u>	<u>(714,223)</u>	<u>29,360,076</u>	<u>-</u>	<u>351,659,362</u>
Accumulated depreciation						
Buildings	(10,541,588)	(867,443)	-	-	-	(11,409,031)
Improvements other than buildings	(18,993,370)	(1,632,280)	-	-	-	(20,625,650)
Machinery, equipment and vehicles	(4,907,128)	(336,769)	22,003	(558)	-	(5,222,452)
Infrastructure - streets, traffic signals & signs	(76,211,695)	(4,423,988)	691,020	-	-	(79,944,663)
	<u>(110,653,781)</u>	<u>(7,260,480)</u>	<u>713,023</u>	<u>(558)</u>	<u>-</u>	<u>(117,201,796)</u>
Governmental Capital Asset Activity, Net	<u>\$ 312,051,610</u>	<u>\$ 13,488,763</u>	<u>\$ (557,091)</u>	<u>\$ 1,675</u>	<u>\$ (2,293,280)</u>	<u>\$ 322,691,677</u>
INTERNAL SERVICE FUND ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,815,601	465,793	(22,111)	(1,008,349)	240,195	1,491,129
	<u>1,815,601</u>	<u>465,793</u>	<u>(22,111)</u>	<u>(1,008,349)</u>	<u>240,195</u>	<u>1,491,129</u>
Capital assets being depreciated						
Buildings	654,910	-	-	-	-	654,910
Improvements other than buildings	207,529	-	-	-	-	207,529
Machinery, equipment and vehicles	28,154,873	2,621,125	(1,217,515)	1,027,273	-	30,585,756
	<u>29,017,312</u>	<u>2,621,125</u>	<u>(1,217,515)</u>	<u>1,027,273</u>	<u>-</u>	<u>31,448,195</u>
Accumulated depreciation						
Buildings	(589,910)	-	-	-	-	(589,910)
Improvements other than buildings	(144,660)	(5,150)	-	-	-	(149,810)
Machinery, equipment and vehicles	(16,203,662)	(2,067,843)	1,166,507	558	-	(17,104,440)
	<u>(16,938,232)</u>	<u>(2,072,993)</u>	<u>1,166,507</u>	<u>558</u>	<u>-</u>	<u>(17,844,160)</u>
Internal Service Fund Capital Asset Activity, Net	<u>\$ 13,894,681</u>	<u>\$ 1,013,925</u>	<u>\$ (73,119)</u>	<u>\$ 19,482</u>	<u>\$ 240,195</u>	<u>\$ 15,095,164</u>
BUSINESS-TYPE ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 27,063,937	\$ -	\$ -	\$ -	\$ -	\$ 27,063,937
Construction in progress	154,787,706	10,339,178	(166,742)	(7,239,482)	1,799,116	159,519,776
	<u>181,851,643</u>	<u>10,339,178</u>	<u>(166,742)</u>	<u>(7,239,482)</u>	<u>1,799,116</u>	<u>186,583,713</u>
Capital assets being depreciated						
Buildings	54,954,521	-	-	-	-	54,954,521
Improvements other than buildings	88,619,752	65,239	-	19,127	-	88,704,118
Machinery, equipment and vehicles	61,512,666	2,402,034	(3,124,897)	954,135	-	61,743,938
Infrastructure - sewer and storm drainage	128,352,453	2,419,077	-	6,245,062	-	137,016,592
	<u>333,439,392</u>	<u>4,886,350</u>	<u>(3,124,897)</u>	<u>7,218,324</u>	<u>-</u>	<u>342,419,169</u>
Accumulated depreciation						
Buildings	(16,924,925)	(1,196,032)	-	-	-	(18,120,957)
Improvements other than buildings	(56,310,351)	(1,921,305)	-	-	(7,748)	(58,239,404)
Machinery, equipment and vehicles	(40,221,234)	(3,921,249)	2,356,082	-	7,748	(41,778,653)
Infrastructure - sewer and storm drainage	(27,431,202)	(1,618,976)	-	-	-	(29,050,178)
	<u>(140,887,712)</u>	<u>(8,657,562)</u>	<u>2,356,082</u>	<u>-</u>	<u>-</u>	<u>(147,189,192)</u>
Business-type Capital Asset Activity, Net	<u>\$ 374,403,323</u>	<u>\$ 6,567,966</u>	<u>\$ (935,557)</u>	<u>\$ (21,158)</u>	<u>\$ 1,799,116</u>	<u>\$ 381,813,690</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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:

Governmental Activities

General Government	\$ 928,177
Community Development	24,833
Public Works	4,371,222
Public Safety:	
Police	402,943
Fire	341,512
Community Services	1,191,793
Capital Assets Held by the City's <u>Internal Service Funds</u> are Charged to the Various Functions Based on their Usage of the Assets	<u>2,072,993</u>
Total Governmental Activities	<u>\$ 9,333,473</u>

Business-Type Activities

Convention Center	\$ 733,991
Airport	292,704
Valley Oaks Golf	209,666
Wastewater	2,633,938
Storm Sewer Maintenance	628,748
Solid Waste	1,098,993
Transit	2,879,070
Building Safety	5,259
Animal Control	169,046
Baseball	<u>6,147</u>
Total Business-Type Activities	<u>\$ 8,657,562</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 7 – LONG-TERM OBLIGATIONS

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Governmental Activity Debt						
Certificates of Participation:						
2015 COP	\$ 13,121,230	\$ 11,831,819	\$ -	\$ (710,642)	\$ 11,121,177	\$ 725,294
2014 VPFA - Refunding (1)	1,180,800	933,600	-	(87,200)	846,400	90,400
Bond Premium	303,736	69,116	-	(42,625)	26,491	23,368
Notes:						
2008 HUD Sec. 108 Loans - Parking Structure	4,210,000	787,000	-	(517,000)	270,000	270,000
Energy Conservation Assistance Act Loan	244,863	149,748	-	(49,419)	100,329	49,914
Internal Service Funds:						
Energy Conservation Assistance Act Loan	4,718	2,885	-	(952)	1,933	962
Compensated Absences	-	4,849,610	1,015,276	(781,339)	5,083,547	1,003,419
Total Governmental Activity	\$ 19,065,347	\$ 18,623,778	\$ 1,015,276	\$ (2,189,177)	\$ 17,449,877	\$ 2,163,357
Business-Type Activity Debt						
Certificates of Participation:						
2015 COP	\$ 4,788,770	\$ 4,318,181	\$ -	\$ (259,358)	\$ 4,058,823	\$ 264,706
2014 VPFA - Refunding (1)	6,199,200	4,901,400	-	(457,800)	4,443,600	474,600
Bond Premium	971,504	457,536	-	(122,189)	335,347	95,735
Notes:						
2014 Clean Water State Revolving Fund Loan	96,434,597	92,580,432	3,854,165	-	96,434,597	2,340,101
Energy Conservation Assistance Act Loan	199,791	122,183	-	(40,322)	81,861	40,727
Lease:						
2012 Animal Control	6,600,000	5,156,578	-	(392,784)	4,763,794	406,452
Compensated Absences	-	985,115	150,816	(143,671)	992,260	197,752
Total Business-Type Activity	\$ 18,759,265	\$ 108,521,425	\$ 4,004,981	\$ (1,416,124)	\$ 111,110,282	\$ 3,820,073
Private Purpose Trust Funds						
Redevelopment Agency Tax Allocation Bonds:						
2003 East Visalia District	\$ 5,185,000	\$ 1,980,000	\$ -	\$ (165,000)	\$ 1,815,000	\$ 170,000
Notes:						
2004 RDA - Mooney District	2,707,250	1,625,029	-	(111,481)	1,513,548	116,430
Advances:						
General Fund	-	11,719,664	351,590	(695,450)	11,375,804	-
Housing Successor Agency	-	1,242,866	389,407	-	1,632,273	-
Total Private Purpose Trust Funds	\$ 7,892,250	\$ 16,567,559	\$ 740,997	\$ (971,931)	\$ 16,336,625	\$ 286,430

B. Certificates of Participation

On July 2, 2014, the City issued \$7,380,000 of 2014 Refunding Certificates of Participation (the Certificates VPFA) 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 extend

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

B. Certificates of Participation (Continued)

out the final 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.

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, 2018

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 up to \$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 project is complete and the City's loan balance is set at \$96,434,597, which includes \$3,854,165 of capitalized interest. 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 13, 2018 and shall be fully amortized by September 13, 2047.

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, 2018

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

J. Debt Service Requirements

Annual debt service requirements to maturity are shown below for all long-term debt:

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
2019	\$ 1,136,570	\$ 23,368	\$ 472,290	\$ 3,526,586	\$ 95,735	\$ 2,535,550	\$ 286,430	\$ 140,771
2020	893,059	3,123	439,649	3,619,301	67,985	2,444,351	301,562	129,179
2021	882,304	-	400,863	3,677,345	55,450	2,346,381	311,764	116,778
2022	926,598	-	356,644	3,779,424	45,368	2,244,251	322,506	103,635
2023	968,029	-	314,095	3,885,969	70,809	2,137,650	338,346	89,957
2024-2028	5,302,450	-	853,745	19,786,195	-	8,983,199	1,678,640	216,035
2029-2033	2,230,829	-	72,351	15,835,250	-	6,831,466	89,300	1,927
2034-2047	-	-	-	55,672,605	-	9,805,812	-	-
	<u>\$ 12,339,839</u>	<u>\$ 26,491</u>	<u>\$ 2,909,637</u>	<u>\$ 109,782,675</u>	<u>\$ 335,347</u>	<u>\$ 37,328,660</u>	<u>\$ 3,328,548</u>	<u>\$ 798,282</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, 2018, \$0.00 of principal balance was outstanding as the bond was paid in full by the Assessment District on August 15, 2017.

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, 2018, \$21,505 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, 2018, \$360,000 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, 2018, \$125,237 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, 2018, \$81,054 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, 2018

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, 2018 is as follows:

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

City of Visalia
Governmental Fund Balances
June 30, 2018
(in thousands)

	General Fund	Measure N	Community Development	Housing Successor Agency	Transportation	All Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepays/Deposits	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47
Supplies	8	-	-	-	-	-	8
Long Term Receivable	1,310	-	-	-	-	-	1,310
Land Held for Redevelopment	-	-	-	815	-	-	815
Total Nonspendable Fund Balance	1,365	-	-	815	-	-	2,180
Restricted							
Purpose of Fund	-	7,981	1,843	355	1,999	42,075	54,253
Total Restricted Fund Balance	-	7,981	1,843	355	1,999	42,075	54,253
Committed							
Civic Center Facilities	5,144	-	-	-	-	-	5,144
Sports Park	583	-	-	-	-	-	583
Animal Control	236	-	-	-	-	-	236
Conservation	232	-	-	-	-	-	232
Emergency Reserve	14,695	-	-	-	-	-	14,695
Police Unclaimed	156	-	-	-	-	-	156
Facility Improvement Fund	733	-	-	-	-	-	733
Miscellaneous Capital Projects	142	1,409	33	-	1,845	14,946	18,375
Total Committed Fund Balance	21,921	1,409	33	-	1,845	14,946	40,154
Assigned							
Advance - Public Safety Impact Fee	977	-	-	-	-	-	977
Advance - Public Facility Impact Fee	158	-	-	-	-	-	158
Advance - Softball Development	1	-	-	-	-	-	1
Advance - Measure R - Trailways	1,106	-	-	-	-	-	1,106
Advance - Special Service Districts	893	-	-	-	-	-	893
Advance - CHFA	5	-	-	-	-	-	5
Advance - Valley Oaks Golf	2,798	-	-	-	-	-	2,798
Advance - Airport	278	-	-	-	-	-	278
Advance - Atwood District	75	-	-	-	-	-	75
Advance - Laura District	36	-	-	-	-	-	36
Due from - Community Development	73	-	-	-	-	-	73
CIP Budgeted Not Started	1,971	-	-	-	-	-	1,971
Cal PERS Unfunded Liability Payment FY 18/19	5,234	-	-	-	-	-	5,234
Successor Agency	11,376	-	-	1,632	-	-	13,008
Total Assigned Fund Balance	24,981	-	-	1,632	-	-	26,613
Unassigned							
Total Unassigned Fund Balance	10,214	-	-	-	-	(6,005)	4,209
Total Fund Balances	\$ 58,481	\$ 9,390	\$ 1,876	\$ 2,802	\$ 3,844	\$ 51,016	\$ 127,409

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

CITY OF VISALIA					
SCHEDULE OF FUND BALANCE - GENERAL FUND					
(In Thousands)					
	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>
Nonspendable Fund Balance:					
CalPERS Prepayment	\$ 400	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	254	175	-
Prepaid Expenditures	178	429	98	68	47
Supplies	2	6	5	18	8
Long-Term Receivable	-	-	-	1,085	1,310
Nonspendable Fund Balance Total	<u>580</u>	<u>435</u>	<u>357</u>	<u>1,346</u>	<u>1,365</u>
Restricted Fund Balance - Debt Service	-	-	-	1,193	-
Committed Fund Balance:					
Civic Center Facilities	7,573	6,508	14,365	4,984	5,144
Sports Park	890	837	837	609	583
General Plan Update	41	1	-	-	-
Brownfield Study	130	130	-	-	-
Recreation Park Stadium	244	9	9	-	-
Transportation Projects	897	539	-	-	-
Animal Control	229	230	230	234	236
Conservation	169	196	195	218	232
Police Unclaimed	-	-	-	149	156
Historic Preservation	-	1	28	-	-
Emergency Reserve	5,729	9,134	11,663	12,896	14,695
Facility Improvement Fund	-	-	-	658	733
Miscellaneous Capital Projects	428	134	691	57	142
Committed Fund Balance Total	<u>16,330</u>	<u>17,719</u>	<u>28,018</u>	<u>19,805</u>	<u>21,921</u>
Assigned Fund Balance:					
Advance - Public Safety Impact Fee	1,625	1,564	1,483	1,312	977
Advance - Public Facility Impact Fee	261	239	212	182	158
Advance - Transportation Impact Fee	120	-	-	-	-
Advance - Softball Development	7	8	6	3	1
Advance - Measure R - Regional	2,309	935	-	-	-
Advance - Measure R - Trailways	-	-	-	236	1,106
Advance - Waterways	-	-	1,040	-	-
Advance - Storm Sewer Construction	358	-	-	463	-
Advance - Special Service Districts	693	822	858	879	893
Advance - Federal COPS Grant	67	47	-	-	-
Advance - CHFA	34	31	21	21	5
Advance - Transportation	448	2	-	-	-
Advance - Housing Successor Agency	72	67	-	-	-
Advance - Valley Oaks Golf	4,104	4,113	2,752	2,629	2,798
Advance - Airport	644	590	479	455	278
Advance - Information Systems	-	50	-	-	-
Advance - Atwood District	-	210	76	75	75
Advance - Laura District	-	128	20	34	36
Due from - Community Development	22	271	107	12	73
Due from - Risk	-	-	-	1,164	-
Due from - Measure N	-	-	-	571	-
Miscellaneous Capital Projects	358	496	349	-	-
CIP Budgeted not started	-	-	-	2,101	1,971
Cal PERS Unfunded Liability Payment FY 18/19	-	-	-	-	5,234
Successor Agency	7,507	9,913	11,378	11,720	11,376
Assigned Fund Balance Total	<u>18,629</u>	<u>19,486</u>	<u>18,781</u>	<u>21,857</u>	<u>24,981</u>
Unassigned Fund Balance:					
Unassigned	<u>1,387</u>	<u>4,043</u>	<u>4,787</u>	<u>9,612</u>	<u>10,214</u>
Unassigned Fund Balance Total	<u>1,387</u>	<u>4,043</u>	<u>4,787</u>	<u>9,612</u>	<u>10,214</u>
Total Fund Balance	<u>\$ 36,926</u>	<u>\$ 41,683</u>	<u>\$ 51,943</u>	<u>\$ 53,813</u>	<u>\$ 58,481</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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, 2018. Future revenues or interfund transfers are expected to offset these deficits:

Special Revenue Funds:		
Measure R Regional	\$	754,756
Debt Service Funds:		
VPFA 2014 Refunding COP	\$	3,127
2015 COP		26,774
Capital Projects Funds:		
Softball Facility Development	\$	867
Public Safety Impact Fee		755,721
Private Purpose Trust Fund:		
Successor Agency	\$	12,570,701

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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, 2018, are summarized as follows:

	<u>Miscellaneous</u>			
	<u>Prior to May 9, 2008</u>	<u>May 10, 2008 through May 20, 2011</u>	<u>May 21, 2011 through December 31, 2012</u>	<u>January 1, 2013 through current</u>
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	9.895%	9.895%	9.895%	9.895%
Unfunded Liability Contribution				
% of Payroll (illustrative only)	13.489%	13.489%	13.489%	13.489%
	<u>Safety</u>			
	<u>Prior to February 26, 2011</u>	<u>February 27, 2011 through December 31, 2012</u>	<u>January 1, 2013 through current</u>	
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	19.662%	19.662%	19.662%	
Unfunded Liability Contribution				
% of Payroll (illustrative only)	16.149%	16.149%	16.149%	

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 10 – EMPLOYEE BENEFITS (Continued)

A. General Information about the Pension Plans (Continued)

Employees Covered – At June 30, 2018, 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	402	214
Inactive employees entitled to but not yet receiving benefits	260	102
Active employees	370	205
Total	<u>1,032</u>	<u>521</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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
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	7.50% (2)	7.50% (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, 2018

NOTE 10 – EMPLOYEE BENEFITS (Continued)

B. Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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 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, 2018

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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

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

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

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$202,589,231	\$139,705,826	\$62,883,405
Changes in the year:			
Service cost	4,245,437	-	4,245,437
Interest on the total pension liability	14,997,055	-	14,997,055
Differences between actual and expected experience	(2,890,524)	-	(2,890,524)
Changes in assumptions	12,685,479	-	12,685,479
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer	-	5,129,632	(5,129,632)
Contribution - employee (paid by employer)	-	1,781,007	(1,781,007)
Net investment income	-	15,518,122	(15,518,122)
Administrative expenses	-	(206,266)	206,266
Benefit payments, including refunds of employee contributions	(9,515,763)	(9,515,763)	-
Net changes	19,521,684	12,706,732	6,814,952
Balance at June 30, 2017	\$222,110,915	\$152,412,558	\$69,698,357

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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)
Balance at June 30, 2016	\$198,522,507	\$142,897,101	\$55,625,406
Changes in the year:			
Service cost	5,853,759	-	5,853,759
Interest on the total pension liability	14,715,002	-	14,715,002
Differences between actual and expected experience	(4,891,206)	-	(4,891,206)
Changes in assumptions	13,266,074	-	13,266,074
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer	-	6,623,640	(6,623,640)
Contribution - employee (paid by employer)	-	1,846,297	(1,846,297)
Net investment income	-	15,911,405	(15,911,405)
Administrative expenses	-	(210,978)	210,978
Benefit payments, including refunds of employee contributions	(8,040,046)	(8,040,046)	-
Net changes	20,903,583	16,130,318	4,773,265
Balance at June 30, 2017	\$219,426,090	\$159,027,419	\$60,398,671

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	6.15%	6.15%	6.15%
Net Pension Liability	\$100,492,046	\$93,383,525	\$193,875,571
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$69,698,357	\$60,398,671	\$130,097,028
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$44,373,848	\$33,615,619	\$77,989,467

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, 2018

NOTE 10 – EMPLOYEE BENEFITS (Continued)

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

For the year ended June 30, 2018, the City of Visalia recognized pension expense of \$19,541,459. At June 30, 2018, 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	\$5,677,316	\$ -
Differences between expected and actual experience	184,845	(2,108,529)
Changes in assumptions	9,061,056	(492,510)
Net differences between projected and actual earnings on plan investments	2,004,315	-
Total	<u>\$16,927,532</u>	<u>(\$2,601,039)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$7,478,672	\$ -
Differences between expected and actual experience	478,159	(3,981,695)
Changes in assumptions	10,382,145	(1,445,241)
Net differences between projected and actual earnings on plan investments	2,146,249	-
Total	<u>\$20,485,225</u>	<u>(\$5,426,936)</u>

Grand Total

<u>\$37,412,757</u>	<u>(\$8,027,975)</u>
---------------------	----------------------

\$13,155,988 (\$5,677,316 related to the Miscellaneous Plan and \$7,478,672 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, 2019. 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
2019	\$2,319,465	2019	\$1,253,300
2020	5,205,502	2020	3,597,345
2021	2,255,659	2021	2,777,135
2022	(1,131,449)	2022	(48,163)

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 10 – EMPLOYEE BENEFITS (Continued)

E. Payable to the Pension Plan

At June 30, 2018, the City of Visalia reported a payable of \$491,864 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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), Empower, and CalPERS 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.

G. Accrued Personnel Costs

Accrued personnel costs are costs that are related to payroll withholdings such as PERS contributions, supplemental life insurance, medical and dependent care flexible spending accounts, and union dues just to name a few.

H. Postemployment Health Care Benefits

The City provides medical and vision benefits to 78 retirees and 33 retiree dependents. All City employees are 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, 2018, were at a rate up to \$1,005 per retiree per month and up to an additional \$1,005 for spouse. Family coverage is also available for an additional \$503 a month which makes the family PPO premium up to \$2,513 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 \$818 a month for the retiree and \$818 a month for a dependent. For family coverage, the cost is up to \$2,044 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, 2018

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. Ten retirees of lower income have an additional ten years of contribution phase out, which ends in 2029. Over the phase out period, the premium cost to the retiree will increase to the full health care cost. For fiscal year 2017-18, the City's Retiree Health Care Contributions was approximately \$222,000.

NOTE 11 – RISK MANAGEMENT

A. Coverage

The City self-insures workers' compensation claims. The City retains or self-insures the first \$1,000,000 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 \$50,000,000 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, 2018

NOTE 11 – RISK MANAGEMENT (Continued)

A. Coverage (Continued)

During the fiscal year ended June 30, 2018, the City contributed \$386,330 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 & Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>	<u>Due Within One Year</u>
2015-16	\$ 5,645,509	\$ 1,464,295	\$ (2,396,792)	\$ 4,713,012	\$ 582,332
2016-17	4,713,012	5,066,327	(3,988,799)	5,790,540	472,150
2017-18	5,790,540	2,820,284	(2,713,146)	5,897,678	535,421

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, 2018, the City had entered into \$1,211,877 in agreements for projects that had not been started and would only be paid for from future impact fees.

At June 30, 2018, the City had made commitments of approximately \$22.2 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, 2018

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2018, which is the date the basic financial statements were available to be issued, noting the following events.

A. City Council Elections

District elections took place November 6, 2018. Council Member Warren Gubler's seat will be filled by Brian Poochigian to be effective December 10, 2018.

B. Utility Billing

The City will be bringing "in house" utility billing for 40,000 plus accounts for solid waste and sewer as approved by Council on September 8, 2015. The City Council authorized the City Manager to enter into a contract with AMCS Group, Inc. for the purchase and implementation of a new utility billing system at a cost of \$1.5 million on November 20, 2017. Additional staff will be hired in fiscal year 2018-19 as the City will be going online with the system on January 1, 2019. The utility billing has been performed by Global Water Management for the last 4 years with Cal Water performing the duties prior to that.

C. Visalia Transit System Operations and Maintenance Contract

On June 4, 2018, the City Council awarded a 5 year contract for the full operation and maintenance of the Visalia Transit System to First Transit Inc. effective October 1, 2018 for a 5 year contract amount of \$56.8 million. The contract had been held by MV Transportation for the last 14 years.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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	\$ 53,812,999
Adjustment due to a cash receipt being deposited to the wrong fund.	<u>19,893</u>
Beginning Balance as Restated	<u>\$ 53,832,892</u>

Groundwater Recharge

Beginning Balance as Previously Reported	\$ 793,588
Adjustment due to a cash receipt being deposited to the wrong fund.	<u>91,366</u>
Beginning Balance as Restated	<u>\$ 884,954</u>

Measure R Local

Beginning Balance as Previously Reported	\$ 4,410,713
Adjustment due to a cash receipt being deposited to the wrong fund.	<u>(150,047)</u>
Beginning Balance as Restated	<u>\$ 4,260,666</u>

Measure R Regional

Beginning Balance as Previously Reported	\$ 25,227
Adjustment due to a cash receipt being deposited to the wrong fund.	150,047
Adjustment due to reimbursement of project expenses paid back from a cancelled project.	<u>(12,754)</u>
Beginning Balance as Restated	<u>\$ 162,520</u>

Governmental Activities Net Position

Beginning Balance as Previously Reported	\$ 387,033,230
Adjustment due to a cash receipt being deposited to the wrong fund.	19,893
Adjustment due to a cash receipt being deposited to the wrong fund.	91,366
Adjustment due to a cash receipt being deposited to the wrong fund.	(150,047)
Adjustment due to a cash receipt being deposited to the wrong fund.	150,047
Adjustment due to reimbursement of project expenses paid back from a cancelled project.	<u>(12,754)</u>
Beginning Balance as Restated	<u>\$ 387,131,735</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

NOTE 14 – PRIOR PERIOD ADJUSTMENTS (Continued)

Proprietary Funds:

Wastewater

Beginning Balance as Previously Reported	\$ 195,484,885
Adjustment due to a cash receipt being deposited to the wrong fund.	(111,259)
Adjustment due to construction interest accrued for 16/17 for the 2014 Clean Water State Revolving Fund Loan increasing.	<u>(3,459,928)</u>
Beginning Balance as Restated	<u>\$ 191,913,698</u>

Business-Type Activities Net Position

Beginning Balance as Previously Reported	\$ 347,573,761
Adjustment due to a cash receipt being deposited to the wrong fund.	(111,259)
Adjustment due to construction interest accrued for 16/17 for the 2014 Clean Water State Revolving Fund Loan increasing.	<u>(3,459,928)</u>
Beginning Balance as Restated	<u>\$ 344,002,574</u>



**REQUIRED
SUPPLEMENTARY
INFORMATION**



Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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

Miscellaneous Plan

Measurement Period	<u>2016-17¹</u>	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14¹</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 4,245,437	\$ 3,786,783	\$ 3,692,092	\$ 3,797,356
Interest	14,997,055	14,571,322	13,839,466	13,175,275
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(2,890,524)	431,303	(307,086)	-
Changes of Assumptions	12,685,479	-	(3,447,570)	-
Benefit Payments, Including Refunds of Employee Contributions	(9,515,763)	(8,700,574)	(8,186,347)	(7,668,885)
Net Change in Total Pension Liability	19,521,684	10,088,834	5,590,555	9,303,746
Total Pension Liability - Beginning	202,589,231	192,500,397	186,909,842	177,606,096
Total Pension Liability - Ending (a)	<u>\$ 222,110,915</u>	<u>\$ 202,589,231</u>	<u>\$ 192,500,397</u>	<u>\$ 186,909,842</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 5,129,632	\$ 4,678,278	\$ 4,077,411	\$ 3,947,176
Contributions - Employee	1,781,007	1,733,983	1,747,629	1,809,951
Net Investment Income	15,518,122	742,388	3,174,848	21,053,194
Benefit Payments, Including Refunds of Employee Contributions	(9,515,763)	(8,700,574)	(8,186,347)	(7,668,885)
Administrative Expense	(206,266)	(86,138)	(159,136)	-
Other Changes in Fiduciary Net Position	-	-	-	-
Net Change in Fiduciary Net Position	12,706,732	(1,632,063)	654,405	19,141,436
Plan Fiduciary Net Position - Beginning	139,705,826	141,337,889	140,683,484	121,542,048
Plan Fiduciary Net Position - Ending (b)	<u>\$ 152,412,558</u>	<u>\$ 139,705,826</u>	<u>\$ 141,337,889</u>	<u>\$ 140,683,484</u>
PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)	<u>\$ 69,698,357</u>	<u>\$ 62,883,405</u>	<u>\$ 51,162,508</u>	<u>\$ 46,226,358</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.62%	68.96%	73.42%	75.27%
Covered Payroll	\$ 22,834,962	\$ 22,149,078	\$ 21,833,945	\$ 20,653,520
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	305.23%	283.91%	234.33%	223.82%

¹ Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only four 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 the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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

Safety Plan

Measurement Period	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
TOTAL PENSION LIABILITY				
Service Cost	\$ 5,853,759	\$ 5,349,411	\$ 5,222,479	\$ 5,100,652
Interest	14,715,002	14,186,919	13,269,691	12,494,891
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(4,891,206)	807,923	(373,500)	-
Changes of Assumptions	13,266,074	-	(3,509,871)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,040,046)	(7,578,069)	(7,169,237)	(6,653,993)
Net Change in Total Pension Liability	20,903,583	12,766,184	7,439,562	10,941,550
Total Pension Liability - Beginning	198,522,507	185,756,323	178,316,761	167,375,211
Total Pension Liability - Ending (a)	\$ 219,426,090	\$ 198,522,507	\$ 185,756,323	\$ 178,316,761
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 6,623,640	\$ 6,259,154	\$ 5,610,391	\$ 5,703,922
Contributions - Employee	1,846,297	1,750,054	1,805,168	1,618,205
Net Investment Income	15,911,405	717,302	3,141,564	20,530,453
Benefit Payments, Including Refunds of Employee Contributions	(8,040,046)	(7,578,069)	(7,169,237)	(6,653,993)
Net Plan to Plan Resource Movement	-	(9,962)	-	-
Administrative Expense	(210,978)	(86,447)	(159,587)	-
Other Changes in Fiduciary Net Position	-	-	-	-
Net Change in Fiduciary Net Position	16,130,318	1,052,032	3,228,299	21,198,587
Plan Fiduciary Net Position - Beginning	142,897,101	141,845,069	138,616,770	117,418,183
Plan Fiduciary Net Position - Ending (b)	\$ 159,027,419	\$ 142,897,101	\$ 141,845,069	\$ 138,616,770
PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)	\$ 60,398,671	\$ 55,625,406	\$ 43,911,254	\$ 39,699,991
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.47%	71.98%	76.36%	77.74%
Covered Payroll	\$ 18,983,326	\$ 18,638,048	\$ 18,862,345	\$ 17,363,328
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	318.17%	298.45%	232.80%	228.64%

¹ Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only four 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 the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

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

Miscellaneous Plan

Fiscal Year	<u>2017-18</u> ¹	<u>2016-17</u> ¹	<u>2015-16</u> ¹	<u>2014-15</u>
Actuarially Determined Contribution	\$ 5,677,316	\$ 5,117,894	\$ 4,662,880	\$ 4,346,353
Contributions in Relation to the Actuarially Determined Contribution	<u>(5,677,316)</u>	<u>(5,117,894)</u>	<u>(4,662,880)</u>	<u>(4,346,353)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,451,102	\$ 22,834,962	\$ 22,149,078	\$ 21,833,945
Contributions as a Percentage of Covered Payroll	24.21%	22.41%	21.05%	19.91%

Safety Plan

Fiscal Year	<u>2017-18</u> ¹	<u>2016-17</u> ¹	<u>2015-16</u> ¹	<u>2014-15</u>
Actuarially Determined Contribution	\$ 7,478,672	\$ 6,608,845	\$ 6,256,147	\$ 6,108,700
Contributions in Relation to the Actuarially Determined Contribution	<u>(7,478,672)</u>	<u>(6,608,845)</u>	<u>(6,256,147)</u>	<u>(6,108,700)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 20,176,300	\$ 18,983,326	\$ 18,638,048	\$ 18,862,345
Contributions as a Percentage of Covered Payroll	37.07%	34.81%	33.57%	32.39%

¹ Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only four years are available for presentation.



**OTHER
SUPPLEMENTARY
INFORMATION**



**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, 2018**

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, 2018**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 1,736,570	\$ 1,527,692	\$ (208,878)
Fees and Fines	75,200	49,798	(25,402)
Uses of Money and Property	30,000	71,814	41,814
Miscellaneous	-	2,274	2,274
	<u>1,841,770</u>	<u>1,651,578</u>	<u>(190,192)</u>
Total Revenues			
Expenditures			
Current:			
Community Development	1,185,740	599,998	585,742
Capital Outlay	396,600	274,189	122,411
	<u>1,582,340</u>	<u>874,187</u>	<u>708,153</u>
Total Expenditures			
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>259,430</u>	<u>777,391</u>	<u>(898,345)</u>
Other Financing Sources (Uses)			
Transfers In	-	11	11
Transfers Out	-	(541,262)	541,262
	<u>-</u>	<u>(541,251)</u>	<u>541,273</u>
Total Other Financing Sources (Uses)			
Net Changes in Fund Balance	<u>\$ 259,430</u>	236,140	<u>\$ (357,072)</u>
Fund Balance - Beginning of Year		<u>1,640,300</u>	
Fund Balance - End of Year		<u>\$ 1,876,440</u>	

**CITY OF VISALIA
HOUSING SUCCESSOR AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 16,600	\$ 75,500	\$ 58,900
Uses of Money and Property	7,100	153,648	146,548
Miscellaneous	-	149	149
	<u>23,700</u>	<u>229,297</u>	<u>205,448</u>
Total Revenues			
	<u>23,700</u>	<u>229,297</u>	<u>205,448</u>
Expenditures			
Current:			
Community Development	102,240	132,745	(30,505)
Capital Outlay	29,301	29,301	-
	<u>131,541</u>	<u>162,046</u>	<u>(30,505)</u>
Total Expenditures			
	<u>131,541</u>	<u>162,046</u>	<u>(30,505)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(107,841)</u>	<u>67,251</u>	<u>235,953</u>
Other Financing Sources (Uses)			
Transfers Out	-	(11)	11
	<u>-</u>	<u>(11)</u>	<u>11</u>
Total Other Financing Sources			
	<u>-</u>	<u>(11)</u>	<u>11</u>
Net Changes in Fund Balance	<u>\$ (107,841)</u>	67,240	<u>\$ 235,964</u>
Fund Balance - Beginning of Year		<u>2,734,589</u>	
Fund Balance - End of Year		<u>\$ 2,801,829</u>	

**CITY OF VISALIA
TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Fees and Fines	\$ 3,543,500	\$ 3,912,251	\$ 368,751
Uses of Money and Property	-	33,535	33,535
Total Revenues	<u>3,543,500</u>	<u>3,945,786</u>	<u>402,286</u>
Expenditures			
Current:			
Public Works	79,440	15,394	64,046
Capital Outlay	<u>5,582,310</u>	<u>2,259,420</u>	<u>3,322,890</u>
Total Expenditures	<u>5,661,750</u>	<u>2,274,814</u>	<u>3,386,936</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(2,118,250)</u>	<u>1,670,972</u>	<u>(2,984,650)</u>
Net Changes in Fund Balance	<u>\$ (2,118,250)</u>	<u>1,670,972</u>	<u>\$ (2,984,650)</u>
Fund Balance - Beginning of Year		<u>2,172,627</u>	
Fund Balance - End of Year		<u>\$ 3,843,599</u>	

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 4/5th vote.

MEASURE T – FIRE

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

MEASURE R – LOCAL

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

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.

Non-Major Governmental Funds

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2018

GOLF COURSE

This fund was established to account for the major repairs to buildings and equipment (ie heating/cooling equipment) located at the Golf Course. Revenue is collected through the lease of the Golf Course to Course Co.

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, 2018**

SPECIAL REVENUE FUNDS								
	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
ASSETS								
Cash and Investments	\$ 1,929,466	\$ 1,029,254	\$ 334,631	\$ 6,781,765	\$ 609,697	\$ 56,721	\$ 520,968	\$ 2,064,189
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	53,321	107,488	-	-	3,496	116,201	-	-
Taxes Receivable	-	189,066	-	127,181	-	20,120	-	592,379
Notes and Loans Receivable	173,980	-	-	-	-	45,000	-	-
Inventory	-	85,031	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
Total Assets	\$ 2,156,767	\$ 1,410,839	\$ 334,631	\$ 6,908,946	\$ 613,193	\$ 238,042	\$ 520,968	\$ 2,656,568
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ 18,533	\$ 98,582	\$ 24	\$ 444,770	\$ -	\$ -	\$ 38	\$ -
Advance from Other Funds	-	-	-	893,251	-	5,491	-	-
Customer Deposits	-	-	-	-	-	-	176,400	-
Unearned Revenue	-	85,031	-	-	-	-	-	-
Total Liabilities	18,533	183,613	24	1,338,021	-	5,491	176,438	-
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	335,234	-
Impact Fees	36,105	11,180	-	-	3,496	-	-	-
Notes	173,980	-	-	-	-	45,000	-	-
Total Deferred Inflows of Resources	210,085	11,180	-	-	3,496	45,000	335,234	-
FUND BALANCES								
Restricted	1,912,306	1,100,088	333,807	6,238,309	609,697	192,995	9,296	2,656,568
Committed	15,843	115,958	800	-	-	-	-	-
Unassigned	-	-	-	(667,384)	-	(5,444)	-	-
Total Fund Balances (Deficit)	1,928,149	1,216,046	334,607	5,570,925	609,697	187,551	9,296	2,656,568
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,156,767	\$ 1,410,839	\$ 334,631	\$ 6,908,946	\$ 613,193	\$ 238,042	\$ 520,968	\$ 2,656,568

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2018

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	Golf Course	CASP Program	VPFA 2014 Refunding Certificates of Participation	2015 Certificates of Participation
ASSETS								
Cash and Investments	\$ 4,755,562	\$ 5,500,581	\$ 525,667	\$ 2,523,291	\$ -	\$ 117,657	\$ -	\$ -
Restricted Cash and Investments	-	-	-	-	-	-	26	8,944
Accounts Receivable	-	-	427	-	37,500	-	-	-
Taxes Receivable	394,920	107,850	-	275,000	-	-	-	-
Notes and Loans Receivable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	223,699	-	-	-	-
Total Assets	\$ 5,150,482	\$ 5,608,431	\$ 526,094	\$ 3,021,990	\$ 37,500	\$ 117,657	\$ 26	\$ 8,944
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ 1,050	\$ 4,126	\$ 175,388	\$ 42,030	\$ -	\$ 4,491	\$ 3,153	\$ 35,718
Advance from Other Funds	-	-	1,105,462	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total Liabilities	1,050	4,126	1,280,850	42,030	-	4,491	3,153	35,718
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	5,148,149	1,421,519	-	1,270,117	37,500	113,166	26	8,944
Committed	1,283	4,182,786	2,669,501	1,709,843	-	-	-	-
Unassigned	-	-	(3,424,257)	-	-	-	(3,153)	(35,718)
Total Fund Balances (Deficit)	5,149,432	5,604,305	(754,756)	2,979,960	37,500	113,166	(3,127)	(26,774)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,150,482	\$ 5,608,431	\$ 526,094	\$ 3,021,990	\$ 37,500	\$ 117,657	\$ 26	\$ 8,944

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2018**

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
ASSETS								
Cash and Investments	\$ -	\$ 5,794,773	\$ 11,827,176	\$ 229,938	\$ 221,635	\$ 5,647,681	\$ 3,600,284	\$ 54,070,936
Restricted Cash and Investments	-	-	-	-	-	-	-	8,970
Accounts Receivable	-	58	254,113	494,946	123,221	92,084	41,993	1,324,848
Taxes Receivable	-	115,786	-	13,256	-	-	-	1,835,558
Notes and Loans Receivable	-	-	-	-	-	-	188,201	407,181
Inventory	-	-	-	-	-	-	-	85,031
Due from Other Governmental Units	-	7,096	-	-	-	-	-	230,795
Total Assets	\$ -	\$ 5,917,713	\$ 12,081,289	\$ 738,140	\$ 344,856	\$ 5,739,765	\$ 3,830,478	\$ 57,963,319
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ -	\$ 1,474,194	\$ 36,259	\$ 43	\$ 21	\$ -	\$ 87	\$ 2,338,507
Advance from Other Funds	867	-	-	-	977,335	158,486	-	3,140,892
Customer Deposits	-	-	-	-	-	-	51,962	228,362
Unearned Revenue	-	-	-	-	-	-	-	85,031
Total Liabilities	867	1,474,194	36,259	43	977,356	158,486	52,049	5,792,792
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	-	335,234
Impact Fees	-	-	230,721	64,547	123,221	92,084	38,691	600,045
Notes	-	-	-	-	-	-	-	218,980
Total Deferred Inflows of Resources	-	-	230,721	64,547	123,221	92,084	38,691	1,154,259
FUND BALANCES								
Restricted	-	621,771	10,122,320	669,746	221,635	5,647,681	3,739,738	42,075,378
Committed	-	4,553,660	1,691,989	3,804	115	-	-	14,945,582
Unassigned	(867)	(731,912)	-	-	(977,471)	(158,486)	-	(6,004,692)
Total Fund Balances (Deficit)	(867)	4,443,519	11,814,309	673,550	(755,721)	5,489,195	3,739,738	51,016,268
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 5,917,713	\$ 12,081,289	\$ 738,140	\$ 344,856	\$ 5,739,765	\$ 3,830,478	\$ 57,963,319



CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS							
	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
REVENUES								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750,904
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	345,642	-	26,851
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	482,198	1,035,089	279,431	-	39,820	-	-	-
Uses of Money and Property	20,898	4,712	3,782	57,639	5,048	425	-	16,614
Charges for Current Services	273,936	-	-	3,769,686	-	258,907	-	-
Miscellaneous	50	132,433	-	1,061	-	1,000	75,661	40,803
Total Revenues	777,082	1,172,234	283,213	3,828,386	44,868	605,974	75,661	3,835,172
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	7	-	-
Community Development	-	-	-	-	50,263	-	-	-
Public Works	330,252	781,299	22,602	2,628,102	777	-	-	-
Fire	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	790,269	22,498	3,543,347
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	14,423	59,843	1,551	47,478	-	3,431	53,024	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	344,675	841,142	24,153	2,675,580	51,040	793,707	75,522	3,543,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	432,407	331,092	259,060	1,152,806	(6,172)	(187,733)	139	291,825
OTHER FINANCING SOURCES (USES)								
Sale of Land	4,086	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	185,718	-	-
Transfers Out	(12,754)	-	(250,000)	-	-	-	-	(456,265)
Total Other Financing Sources (Uses)	(8,668)	-	(250,000)	-	-	185,718	-	(456,265)
Net Changes in Fund Balance	423,739	331,092	9,060	1,152,806	(6,172)	(2,015)	139	(164,440)
Fund Balance - Beginning of Year (Deficits)	1,504,410	793,588	325,547	4,418,119	615,869	189,566	9,157	2,821,008
Prior Period Adjustment	-	91,366	-	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	1,504,410	884,954	325,547	4,418,119	615,869	189,566	9,157	2,821,008
Fund Balance (Deficits) - End of Year	\$ 1,928,149	\$ 1,216,046	\$ 334,607	\$ 5,570,925	\$ 609,697	\$ 187,551	\$ 9,296	\$ 2,656,568

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	Golf Course	CASP Program	VPFA 2014 Refunding Certificates of Participation	2015 Certificates of Participation
REVENUES								
Sales Taxes	\$ 2,500,603	\$ 2,295,472	\$ 1,280,936	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	73,130	-	-
Subventions and Grants	-	-	151,832	2,199,589	-	-	-	-
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	-	-	-	55,536	37,500	-	-	-
Uses of Money and Property	40,177	38,639	2,216	17,568	-	561	22	539
Charges for Current Services	132,491	-	-	-	-	-	-	-
Miscellaneous	183	-	99,971	-	-	56	-	-
Total Revenues	2,673,454	2,334,111	1,534,955	2,272,693	37,500	73,747	22	539
EXPENDITURES								
Current:								
General Government	134	-	-	-	-	-	320	1,208
Community Development	-	-	-	-	-	14,039	-	-
Public Works	-	60,728	9,407	1,167	-	-	-	-
Fire	3,205,742	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	1,296	929,744	2,455,578	1,929,810	-	-	-	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	87,200	710,642
Interest and Fiscal Charges	-	-	-	-	-	-	39,922	441,695
Total Expenditures	3,207,172	990,472	2,464,985	1,930,977	-	14,039	127,442	1,153,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(533,718)	1,343,639	(930,030)	341,716	37,500	59,708	(127,420)	(1,153,006)
OTHER FINANCING SOURCES (USES)								
Sale of Land	-	-	-	-	-	-	-	-
Transfers In	-	-	12,754	-	-	-	127,728	1,154,710
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	12,754	-	-	-	127,728	1,154,710
Net Changes in Fund Balance	(533,718)	1,343,639	(917,276)	341,716	37,500	59,708	308	1,704
Fund Balance - Beginning of Year (Deficits)	5,683,150	4,410,713	25,227	2,638,244	-	53,458	(3,435)	(28,478)
Prior Period Adjustment	-	(150,047)	137,293	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	5,683,150	4,260,666	162,520	2,638,244	-	53,458	(3,435)	(28,478)
Fund Balance (Deficits) - End of Year	\$ 5,149,432	\$ 5,604,305	\$ (754,756)	\$ 2,979,960	\$ 37,500	\$ 113,166	\$ (3,127)	\$ (26,774)

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL PROJECTS FUNDS								
	Softball Facility Development	Highway Users	Recreational Facilities	Storm Sewer Construction	Public Safety Impact Fee	Government Facilities Impact Fee	Parking District	Total Non-major Governmental Funds
REVENUES								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,827,915
Other Taxes	-	-	-	-	-	-	-	73,130
Subventions and Grants	-	4,837,622	-	-	-	-	31,785	7,593,321
License and Permits	-	-	-	-	-	-	14,010	14,010
Fees and Fines	-	-	1,700,831	1,199,566	635,265	443,156	-	5,908,392
Uses of Money and Property	-	45,458	90,987	5,396	2,380	44,046	39,247	436,354
Charges for Current Services	2,475	-	-	-	-	-	6,714	4,444,209
Miscellaneous	-	39	11	3	5	-	3	351,279
Total Revenues	2,475	4,883,119	1,791,829	1,204,965	637,650	487,202	91,759	28,648,610
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	12,260	-	13,929
Community Development	-	-	-	-	-	-	-	64,302
Public Works	-	833,150	-	44,936	-	8,363	-	4,720,783
Fire	-	-	-	-	32,434	-	-	3,238,176
Police	-	-	-	-	1,047	-	13,153	4,370,314
Parks & Recreation	76	-	32,163	-	-	-	-	32,239
Capital Outlay	-	5,797,069	455,775	365,010	111	24,768	7,737	12,146,648
Debt Service:								
Principal Repayment	-	-	-	-	-	-	517,000	1,314,842
Interest and Fiscal Charges	-	-	-	-	-	-	24,262	505,879
Total Expenditures	76	6,630,219	487,938	409,946	33,592	45,391	562,152	26,407,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,399	(1,747,100)	1,303,891	795,019	604,058	441,811	(470,393)	2,241,498
OTHER FINANCING SOURCES (USES)								
Sale of Land	-	-	-	-	-	-	-	4,086
Transfers In	-	-	-	-	-	-	609,586	2,090,496
Transfers Out	-	-	-	-	(1,250,526)	-	-	(1,969,545)
Total Other Financing Sources (Uses)	-	-	-	-	(1,250,526)	-	609,586	125,037
Net Changes in Fund Balance	2,399	(1,747,100)	1,303,891	795,019	(646,468)	441,811	139,193	2,366,535
Fund Balance - Beginning of Year (Deficits)	(3,266)	6,190,619	10,510,418	(121,469)	(109,253)	5,047,384	3,600,545	48,571,121
Prior Period Adjustment	-	-	-	-	-	-	-	78,612
Fund Balances (Deficits) - Beginning of Year, as Restated	(3,266)	6,190,619	10,510,418	(121,469)	(109,253)	5,047,384	3,600,545	48,649,733
Fund Balance (Deficits) - End of Year	\$ (867)	\$ 4,443,519	\$ 11,814,309	\$ 673,550	\$ (755,721)	\$ 5,489,195	\$ 3,739,738	\$ 51,016,268



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, 2018

	Waterways			Groundwater Recharge		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	313,400	482,198	168,798	951,850	1,035,089	83,239
Uses of Money and Property	10,100	20,898	10,798	2,600	4,712	2,112
Charges for Current Services	268,000	273,936	5,936	-	-	-
Miscellaneous	-	50	50	-	132,433	132,433
Total Revenues	591,500	777,082	185,582	954,450	1,172,234	217,784
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	325,719	330,252	(4,533)	-	781,299	(781,299)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	60,559	14,423	46,136	1,142,328	59,843	1,082,485
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	386,278	344,675	41,603	1,142,328	841,142	301,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	205,222	432,407	143,979	(187,878)	331,092	(83,402)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	4,086	4,086	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(12,754)	(12,754)	-	-	-
Total Other Financing Sources (Uses)	-	(8,668)	(8,668)	-	-	-
Net Changes in Fund Balance	\$ 205,222	423,739	\$ 135,311	\$ (187,878)	331,092	\$ (83,402)
Fund Balances - Beginning of Year (Deficits)		1,504,410			793,588	
Prior Period Adjustment		-			91,366	
Fund Balances - Beginning of Year, as Restated		1,504,410			884,954	
Fund Balances - End of Year (Deficits)		<u>\$ 1,928,149</u>			<u>\$ 1,216,046</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, 2018

	Kaweah Lake and Local Storm Water Maintenance			Special Service Districts		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	271,980	279,431	7,451	-	-	-
Uses of Money and Property	2,900	3,782	882	30,000	57,639	27,639
Charges for Current Services	-	-	-	3,266,800	3,769,686	502,886
Miscellaneous	-	-	-	5,000	1,061	(3,939)
Total Revenues	274,880	283,213	8,333	3,301,800	3,828,386	526,586
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	22,602	(22,602)	2,981,188	2,628,102	353,086
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	16,936	1,551	15,385	-	47,478	(47,478)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	16,936	24,153	(7,217)	2,981,188	2,675,580	305,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	257,944	259,060	15,550	320,612	1,152,806	220,978
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(250,000)	(250,000)	-	-	-
Total Other Financing Sources (Uses)	-	(250,000)	(250,000)	-	-	-
Net Changes in Fund Balance	\$ 257,944	9,060	\$ (234,450)	\$ 320,612	1,152,806	\$ 220,978
Fund Balances - Beginning of Year (Deficits)		325,547			4,418,119	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		325,547			4,418,119	
Fund Balances - End of Year (Deficits)		<u>\$ 334,607</u>			<u>\$ 5,570,925</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, 2018

	Northeast Area			Grant & Loan Funds		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	241,670	345,642	103,972
License and Permits	-	-	-	-	-	-
Fees and Fines	32,700	39,820	7,120	-	-	-
Uses of Money and Property	2,000	5,048	3,048	-	425	425
Charges for Current Services	-	-	-	234,930	258,907	23,977
Miscellaneous	-	-	-	-	1,000	1,000
Total Revenues	34,700	44,868	10,168	476,600	605,974	129,374
EXPENDITURES						
Current:						
General Government	-	-	-	-	7	(7)
Community Development	-	50,263	(50,263)	-	-	-
Public Works	-	777	(777)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	735,972	790,269	(54,297)
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	150,306	-	150,306	-	3,431	(3,431)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	150,306	51,040	99,266	735,972	793,707	(57,735)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,606)	(6,172)	(89,098)	(259,372)	(187,733)	187,109
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	185,718	185,718
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	185,718	185,718
Net Changes in Fund Balance	\$ (115,606)	(6,172)	\$ (89,098)	\$ (259,372)	(2,015)	\$ 372,827
Fund Balances - Beginning of Year (Deficits)		615,869			189,566	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		615,869			189,566	
Fund Balances - End of Year (Deficits)		<u>\$ 609,697</u>			<u>\$ 187,551</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, 2018

	Narcotics Forfeiture			Measure T - Police		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ 3,590,200	\$ 3,750,904	\$ 160,704
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	15,000	26,851	11,851
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	-	-	-	16,614	16,614
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	90,000	75,661	(14,339)	-	40,803	40,803
Total Revenues	90,000	75,661	(14,339)	3,605,200	3,835,172	229,972
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	163,781	22,498	141,283	3,379,310	3,543,347	(164,037)
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	53,024	(53,024)	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	163,781	75,522	88,259	3,379,310	3,543,347	(164,037)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(73,781)</u>	<u>139</u>	<u>(102,598)</u>	<u>225,890</u>	<u>291,825</u>	<u>394,009</u>
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(456,265)	456,265
Total Other Financing Sources (Uses)	-	-	-	-	(456,265)	456,265
Net Changes in Fund Balance	\$ (73,781)	139	\$ (102,598)	\$ 225,890	(164,440)	\$ 850,274
Fund Balances - Beginning of Year (Deficits)		9,157			2,821,008	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		9,157			2,821,008	
Fund Balances - End of Year (Deficits)		<u>\$ 9,296</u>			<u>\$ 2,656,568</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, 2018

	Measure T - Fire			Measure R - Local		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 2,392,200	\$ 2,500,603	\$ 108,403	\$ 2,647,600	\$ 2,295,472	\$ (352,128)
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	47,000	40,177	(6,823)	-	38,639	38,639
Charges for Current Services	-	132,491	132,491	-	-	-
Miscellaneous	100	183	83	-	-	-
Total Revenues	2,439,300	2,673,454	234,154	2,647,600	2,334,111	(313,489)
EXPENDITURES						
Current:						
General Government	-	134	(134)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	60,728	(60,728)
Fire	2,593,143	3,205,742	(612,599)	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	1,296	(1,296)	1,298,822	929,744	369,078
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	2,593,143	3,207,172	(614,029)	1,298,822	990,472	308,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,843)	(533,718)	848,183	1,348,778	1,343,639	(621,839)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (153,843)	(533,718)	\$ 848,183	\$ 1,348,778	1,343,639	\$ (621,839)
Fund Balances - Beginning of Year (Deficits)		5,683,150			4,410,713	
Prior Period Adjustment		-			(150,047)	
Fund Balances - Beginning of Year, as Restated		5,683,150			4,260,666	
Fund Balances - End of Year (Deficits)		<u>\$ 5,149,432</u>			<u>\$ 5,604,305</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, 2018

	Measure R - Regional			Transportation Grants		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 6,785,400	\$ 1,280,936	\$ (5,504,464)	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	151,832	151,832	1,231,309	2,199,589	968,280
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	55,536	55,536
Uses of Money and Property	-	2,216	2,216	-	17,568	17,568
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	99,971	99,971	-	-	-
Total Revenues	6,785,400	1,534,955	(5,250,445)	1,231,309	2,272,693	1,041,384
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	9,407	(9,407)	-	1,167	(1,167)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	7,114,889	2,455,578	4,659,311	2,548,603	1,929,810	618,793
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	7,114,889	2,464,985	4,649,904	2,548,603	1,930,977	617,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	(329,489)	(930,030)	(9,900,349)	(1,317,294)	341,716	423,758
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	12,754	12,754	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	12,754	12,754	-	-	-
Net Changes in Fund Balance	\$ (329,489)	(917,276)	\$ (9,887,595)	\$ (1,317,294)	341,716	\$ 423,758
Fund Balances - Beginning of Year (Deficits)		25,227			2,638,244	
Prior Period Adjustment		137,293			-	
Fund Balances - Beginning of Year, as Restated		162,520			2,638,244	
Fund Balances - End of Year (Deficits)		<u>\$ (754,756)</u>			<u>\$ 2,979,960</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, 2018

	Golf Course			CASP Program		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	73,130	73,130
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	37,500	37,500	-	-	-
Uses of Money and Property	-	-	-	-	561	561
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	56	56
Total Revenues	-	37,500	37,500	-	73,747	73,747
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	14,039	(14,039)
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	14,039	(14,039)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	37,500	37,500	-	59,708	87,786
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ -	37,500	\$ 37,500	\$ -	59,708	\$ 87,786
Fund Balances - Beginning of Year (Deficits)		-			53,458	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		-			53,458	
Fund Balances - End of Year (Deficits)		<u>\$ 37,500</u>			<u>\$ 113,166</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, 2018

	VPFA 2014 Refunding Certificates of Participation			2015 Certificates of Participation		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	22	22	-	539	539
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	22	22	-	539	539
EXPENDITURES						
Current:						
General Government	-	320	(320)	-	1,208	(1,208)
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	-	87,200	(87,200)	-	710,642	(710,642)
Interest and Fiscal Charges	-	39,922	(39,922)	-	441,695	(441,695)
Total Expenditures	-	127,442	(127,442)	-	1,153,545	(1,153,545)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(127,420)	127,464	-	(1,153,006)	1,154,084
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	127,728	127,728	-	1,154,710	1,154,710
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	127,728	127,728	-	1,154,710	1,154,710
Net Changes in Fund Balance	\$ -	308	\$ 255,192	\$ -	1,704	\$ 2,308,794
Fund Balances - Beginning of Year (Deficits)		(3,435)			(28,478)	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		(3,435)			(28,478)	
Fund Balances - End of Year (Deficits)		<u>\$ (3,127)</u>			<u>\$ (26,774)</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, 2018

	Softball Facility Development			Highway Users		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	4,185,120	4,837,622	652,502
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	-	-	1,000	45,458	44,458
Charges for Current Services	2,500	2,475	(25)	-	-	-
Miscellaneous	-	-	-	10,800	39	(10,761)
Total Revenues	2,500	2,475	(25)	4,196,920	4,883,119	686,199
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	833,150	(833,150)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	76	(76)	-	-	-
Capital Outlay	100	-	100	9,432,368	5,797,069	3,635,299
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	100	76	24	9,432,368	6,630,219	2,802,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,400	2,399	(49)	(5,235,448)	(1,747,100)	(2,115,950)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 2,400	2,399	\$ (49)	\$ (5,235,448)	(1,747,100)	\$ (2,115,950)
Fund Balances - Beginning of Year (Deficits)		(3,266)			6,190,619	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		(3,266)			6,190,619	
Fund Balances - End of Year (Deficits)		\$ (867)			\$ 4,443,519	

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, 2018

	Recreational Facilities			Storm Sewer Construction		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	1,536,300	1,700,831	164,531	900,500	1,199,566	299,066
Uses of Money and Property	43,400	90,987	47,587	-	5,396	5,396
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	11	11	-	3	3
Total Revenues	1,579,700	1,791,829	212,129	900,500	1,204,965	304,465
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	44,936	(44,936)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	32,163	(32,163)	-	-	-
Capital Outlay	1,348,564	455,775	892,789	1,069,157	365,010	704,147
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	1,348,564	487,938	860,626	1,069,157	409,946	659,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	231,136	1,303,891	(648,497)	(168,657)	795,019	(354,746)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ 231,136	1,303,891	\$ (648,497)	\$ (168,657)	795,019	\$ (354,746)
Fund Balances - Beginning of Year (Deficits)		10,510,418			(121,469)	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		10,510,418			(121,469)	
Fund Balances - End of Year (Deficits)		\$ 11,814,309			\$ 673,550	

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, 2018

	Public Safety Impact Fee			Government Facilities Impact Fee		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	606,800	635,265	28,465	388,950	443,156	54,206
Uses of Money and Property	2,700	2,380	(320)	44,600	44,046	(554)
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	5	5	-	-	-
Total Revenues	609,500	637,650	28,150	433,550	487,202	53,652
EXPENDITURES						
Current:						
General Government	-	-	-	-	12,260	(12,260)
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	8,363	(8,363)
Fire	-	32,434	(32,434)	-	-	-
Police	-	1,047	(1,047)	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	132,004	111	131,893	41,708	24,768	16,940
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	132,004	33,592	98,412	41,708	45,391	(3,683)
Excess (Deficiency) of Revenues Over (Under) Expenditures	477,496	604,058	(70,262)	391,842	441,811	57,335
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(1,250,526)	(1,250,526)	-	-	-
Total Other Financing Sources (Uses)	-	(1,250,526)	(1,250,526)	-	-	-
Net Changes in Fund Balance	\$ 477,496	(646,468)	\$ (1,320,788)	\$ 391,842	441,811	\$ 57,335
Fund Balances - Beginning of Year (Deficits)		(109,253)			5,047,384	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		(109,253)			5,047,384	
Fund Balances - End of Year (Deficits)		<u>\$ (755,721)</u>			<u>\$ 5,489,195</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, 2018

	Parking District			Total		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ 15,415,400	\$ 9,827,915	\$ (5,587,485)
Other Taxes	-	-	-	-	73,130	73,130
Subventions and Grants	29,500	31,785	2,285	5,702,599	7,593,321	1,890,722
License and Permits	11,000	14,010	3,010	11,000	14,010	3,010
Fees and Fines	-	-	-	5,002,480	5,908,392	905,912
Uses of Money and Property	46,000	39,247	(6,753)	232,300	436,354	204,054
Charges for Current Services	-	6,714	6,714	3,772,230	4,444,209	671,979
Miscellaneous	-	3	3	105,900	351,279	245,379
Total Revenues	86,500	91,759	5,259	30,241,909	28,648,610	(1,593,299)
EXPENDITURES						
Current:						
General Government	-	-	-	-	13,929	(13,929)
Community Development	-	-	-	-	64,302	(64,302)
Public Works	-	-	-	3,306,907	4,720,783	(1,413,876)
Fire	-	-	-	2,593,143	3,238,176	(645,033)
Police	-	13,153	(13,153)	4,279,063	4,370,314	(91,251)
Parks & Recreation	-	-	-	-	32,239	(32,239)
Capital Outlay	-	7,737	(7,737)	24,356,344	12,146,648	12,209,696
Debt Service:						
Principal Repayment	517,000	517,000	-	517,000	1,314,842	(797,842)
Interest and Fiscal Charges	-	24,262	(24,262)	-	505,879	(505,879)
Total Expenditures	517,000	562,152	(45,152)	35,052,457	26,407,112	8,645,345
Excess (Deficiency) of Revenues Over (Under) Expenditures	(430,500)	(470,393)	50,411	\$ (4,810,548)	\$ 2,241,498	\$ (10,238,644)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	4,086	4,086
Transfers In	-	609,586	609,586	-	2,090,496	2,090,496
Transfers Out	-	-	-	-	(1,969,545)	(1,969,545)
Total Other Financing Sources (Uses)	-	609,586	609,586	-	125,037	125,037
Net Changes in Fund Balance	\$ (430,500)	139,193	\$ 659,997	\$ (4,810,548)	2,366,535	\$ (10,113,607)
Fund Balances - Beginning of Year (Deficits)		3,600,545			48,571,121	
Prior Period Adjustment		-			78,612	
Fund Balances - Beginning of Year, as Restated		3,600,545			48,649,733	
Fund Balances - End of Year (Deficits)		<u>\$ 3,739,738</u>			<u>\$ 51,016,268</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 repairs and maintenance for the City's owned/occupied buildings.

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
ASSETS				
Current Assets				
Cash and Investments	\$ 232,577	\$ 6,113,231	\$ 225,632	\$ 8,622,721
Restricted Cash and Investments	-	-	-	863,463
Accounts and Interest Receivables	10,449	-	-	2,143
Supplies	976,355	-	-	-
Due From Other Governmental units	-	40,000	23,000	-
Prepaid Expenses	250	-	23,000	-
Capital Assets:				
Building	654,910	-	-	-
Improvements Other Than Buildings	200,289	-	7,240	-
Machinery, Equipment and Vehicles	409,172	18,448,278	11,728,306	-
Construction in Progress	35,212	1,455,917	-	-
Accumulated Depreciation	(1,071,544)	(10,907,742)	(5,864,874)	-
Total Assets	1,447,670	15,149,684	6,142,304	9,488,327
LIABILITIES				
Accounts, Interest, and Contracts Payable	191,569	191	160,359	103,014
Compensated Absences	-	-	-	-
Accrued Personnel Costs	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	5,798,678
Notes Payable	-	-	1,933	-
Total Liabilities	191,569	191	162,292	5,901,692
NET POSITIONS				
Net Investments in Capital Assets	228,039	8,996,453	5,868,739	-
Restricted	-	173,063	447,525	-
Unrestricted	1,028,062	5,979,977	(336,252)	3,586,635
Total Net Positions	\$ 1,256,101	\$ 15,149,493	\$ 5,980,012	\$ 3,586,635

	Health Benefits	Compensated Absences	Building Maintenance	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 2,027,077	\$ 5,083,547	\$ 695,085	\$ 22,999,870
Restricted Cash and Investments	71,910	-	-	935,373
Accounts and Interest Receivables	2,268	-	-	14,860
Supplies	-	-	-	976,355
Due From Other Governmental units	-	-	-	63,000
Prepaid Expenses	830,026	-	-	853,276
Capital Assets:				
Building	-	-	-	654,910
Improvements Other Than Buildings	-	-	-	207,529
Machinery, Equipment and Vehicles	-	-	-	30,585,756
Construction in Progress	-	-	-	1,491,129
Accumulated Depreciation	-	-	-	(17,844,160)
Total Assets	<u>2,931,281</u>	<u>5,083,547</u>	<u>695,085</u>	<u>40,937,898</u>
LIABILITIES				
Accounts, Interest, and Contracts Payable	55,676	-	-	510,809
Compensated Absences	-	5,083,547	-	5,083,547
Accrued Personnel Costs	7,118	-	-	7,118
Liability for Self-Insurance Claims	99,000	-	-	5,897,678
Notes Payable	-	-	-	1,933
Total Liabilities	<u>161,794</u>	<u>5,083,547</u>	<u>-</u>	<u>11,501,085</u>
NET POSITIONS				
Net Investments in Capital Assets	-	-	-	15,093,231
Restricted	-	-	6,755	627,343
Unrestricted	<u>2,769,487</u>	<u>-</u>	<u>688,330</u>	<u>13,716,239</u>
Total Net Positions	<u>\$ 2,769,487</u>	<u>\$ -</u>	<u>\$ 695,085</u>	<u>\$ 29,436,813</u>

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
OPERATING REVENUES				
Service Charges and Fees	\$ 4,498,098	\$ 1,182,853	\$ 1,977,700	\$ 3,665,022
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	1,252,681	-	1,198,480	242,836
Maintenance and Operations	3,515,213	41,846	632,031	386,283
Insurance Premiums and Loss Provisions	-	-	-	3,129,740
Depreciation	24,702	1,182,583	865,708	-
Total Operating Expenses	4,792,596	1,224,429	2,696,219	3,758,859
Operating Income (Loss)	(294,498)	(41,576)	(718,519)	(93,837)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	2,864	42,387	2,675	63,391
Interest (Expense)	-	-	(639)	-
Other Income	34,331	1,800	506,401	265,520
Other (Expenses)	(67,058)	(56,632)	(169,147)	-
Total Nonoperating Revenues (Expenses)	(29,863)	(12,445)	339,290	328,911
Income (Loss) Before Contributions and Transfers	(324,361)	(54,021)	(379,229)	235,074
CONTRIBUTIONS AND TRANSFERS				
Grants and Contributions	-	832,055	955,060	-
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Contributions and Transfers	-	832,055	980,060	-
Change in Net Position	(324,361)	778,034	600,831	235,074
Net Position - Beginning of Year	1,580,462	14,371,459	5,379,181	3,351,561
Net Position - End of Year	\$ 1,256,101	\$ 15,149,493	\$ 5,980,012	\$ 3,586,635

	Health Benefits	Compensated Absences	Building Maintenance	Totals
OPERATING REVENUES				
Service Charges and Fees	\$ 12,138,804	\$ -	\$ -	\$ 23,462,477
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	-	-	-	2,693,997
Maintenance and Operations	273,823	1,030	149	4,850,375
Insurance Premiums and Loss Provisions	11,470,795	-	-	14,600,535
Depreciation	-	-	-	2,072,993
Total Operating Expenses	11,744,618	1,030	149	24,217,900
Operating Income (Loss)	394,186	(1,030)	(149)	(755,423)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	11,734	39,649	5,659	168,359
Interest (Expense)	-	-	-	(639)
Other Income	3,090	-	-	811,142
Other (Expenses)	-	-	(35,412)	(328,249)
Total Nonoperating Revenues (Expenses)	14,824	39,649	(29,753)	650,613
Income (Loss) Before Contributions and Transfers	409,010	38,619	(29,902)	(104,810)
CONTRIBUTIONS AND TRANSFERS				
Grants and Contributions	-	-	-	1,787,115
Transfers In	-	-	-	25,000
Transfers Out	-	(38,619)	-	(38,619)
Net Contributions and Transfers	-	(38,619)	-	1,773,496
Change in Net Position	409,010	-	(29,902)	1,668,686
Net Position - Beginning of Year	2,360,477	-	724,987	27,768,127
Net Position - End of Year	\$ 2,769,487	\$ -	\$ 695,085	\$ 29,436,813

CITY OF VISALIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 4,488,372	\$ 1,182,853	\$ 1,977,700	\$ 5,554,194
Cash Payments to Suppliers for Services	(3,730,027)	(41,846)	(552,917)	(3,306,440)
Cash Payments to Employees for Services	(1,252,681)	-	(1,221,480)	(242,836)
Other Income	34,331	1,800	506,401	265,520
Other Payments	(67,058)	(56,632)	(169,147)	-
Net Cash Provided (Used) by Operating Activities	<u>(527,063)</u>	<u>1,086,175</u>	<u>540,557</u>	<u>2,270,438</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from Other Funds	-	(40,000)	-	(1,163,498)
Transfers In	-	-	25,000	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(40,000)</u>	<u>25,000</u>	<u>(1,163,498)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Payments	(50,379)	(1,633,287)	(1,674,750)	-
Contributions	-	832,055	955,060	-
Long-Term Debt Payments - Principal	-	-	(952)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(50,379)</u>	<u>(801,232)</u>	<u>(720,642)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	2,864	42,387	2,036	63,391
Cash Flows from Investing Activities	<u>2,864</u>	<u>42,387</u>	<u>2,036</u>	<u>63,391</u>
Net Increase (Decrease) in Cash and Cash Investments	(574,578)	287,330	(153,049)	1,170,331
Cash and Cash Investments at Beginning of Year	807,155	5,825,901	378,681	8,315,853
Cash and Cash Investments at End of Year	<u>\$ 232,577</u>	<u>\$ 6,113,231</u>	<u>\$ 225,632</u>	<u>\$ 9,486,184</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (294,498)	\$ (41,576)	\$ (718,519)	\$ (93,837)
Other Income	34,331	1,800	506,401	265,520
Other Expenses	(67,058)	(56,632)	(169,147)	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	24,702	1,182,583	865,708	-
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	(9,726)	-	-	1,889,172
Supplies	(166,784)	-	-	-
Due from Other Governments	-	-	(23,000)	-
Prepaid Expenses	-	-	34,764	-
Accounts Payable	(48,030)	-	44,350	101,444
Accrued Personnel Costs	-	-	-	-
Compensated Absences	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	108,139
Cash Flows from Operating Activities	<u>\$ (527,063)</u>	<u>\$ 1,086,175</u>	<u>\$ 540,557</u>	<u>\$ 2,270,438</u>

	Health Benefits	Compensated Absences	Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 12,139,501	\$ -	\$ -	\$ 25,342,620
Cash Payments to Suppliers for Services	(11,800,020)	(1,030)	(149)	(19,432,429)
Cash Payments to Employees for Services	(1,195)	233,937	-	(2,484,255)
Other Income	3,090	-	-	811,142
Other Payments	-	-	(35,412)	(328,249)
Net Cash Provided (Used) by Operating Activities	341,376	232,907	(35,561)	3,908,829
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from Other Funds	-	-	-	(1,203,498)
Transfers In	-	-	-	25,000
Transfers Out	-	(38,619)	-	(38,619)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(38,619)	-	(1,217,117)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Payments	-	-	21,672	(3,336,744)
Contributions	-	-	-	1,787,115
Long-Term Debt Payments - Principal	-	-	-	(952)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	21,672	(1,550,581)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	11,734	39,649	5,659	167,720
Cash Flows from Investing Activities	11,734	39,649	5,659	167,720
Net Increase (Decrease) in Cash and Cash Investments	353,110	233,937	(8,230)	1,308,851
Cash and Cash Investments at Beginning of Year	1,745,877	4,849,610	703,315	22,626,392
Cash and Cash Investments at End of Year	\$ 2,098,987	\$ 5,083,547	\$ 695,085	\$ 23,935,243
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 394,186	\$ (1,030)	\$ (149)	\$ (755,423)
Other Income	3,090	-	-	811,142
Other Expenses	-	-	(35,412)	(328,249)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	-	-	2,072,993
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	697	-	-	1,880,143
Supplies	-	-	-	(166,784)
Due from Other Governments	-	-	-	(23,000)
Prepaid Expenses	(53,277)	-	-	(18,513)
Accounts Payable	(1,125)	-	-	96,639
Accrued Personnel Costs	(1,195)	-	-	(1,195)
Compensated Absences	-	233,937	-	233,937
Liability for Self-Insurance Claims	(1,000)	-	-	107,139
Cash Flows from Operating Activities	\$ 341,376	\$ 232,907	\$ (35,561)	\$ 3,908,829



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.

Visalia Tourism & Marketing District

The City collects the district's assessments on room nights in the district to pay for promotion of travel and tourism specific to Visalia.

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Los Rios Assessment District				
Assets				
Cash and Investments	\$ 159,469	\$ 53,335	\$ 205,622	\$ 7,182
Accounts Receivable	873	1,185	1,504	554
Total Assets	\$ 160,342	\$ 54,520	\$ 207,126	\$ 7,736
Liabilities				
Due to Others	\$ 160,342	\$ 54,520	\$ 207,126	\$ 7,736
Total Liabilities	\$ 160,342	\$ 54,520	\$ 207,126	\$ 7,736
Property and Business Improvement District #4				
Assets				
Cash and Investments	\$ 157,910	\$ 387,902	\$ 399,576	\$ 146,236
Accounts Receivable	17,285	331,978	330,174	19,089
Total Assets	\$ 175,195	\$ 719,880	\$ 729,750	\$ 165,325
Liabilities				
Due to Others	\$ 175,195	\$ 719,880	\$ 729,750	\$ 165,325
Total Liabilities	\$ 175,195	\$ 719,880	\$ 729,750	\$ 165,325
Village West Improvement District				
Assets				
Cash and Investments	\$ 2,453	\$ 6,171	\$ 6,246	\$ 2,378
Accounts Receivable	188	6,515	6,613	90
Total Assets	\$ 2,641	\$ 12,686	\$ 12,859	\$ 2,468
Liabilities				
Due to Others	\$ 2,641	\$ 12,686	\$ 12,859	\$ 2,468
Total Liabilities	\$ 2,641	\$ 12,686	\$ 12,859	\$ 2,468
Orchard Walk Underground Utilities District				
Assets				
Cash and Investments	\$ 69,032	\$ 74,861	\$ 75,435	\$ 68,458
Accounts Receivable	(285)	73,764	73,764	(285)
Total Assets	\$ 68,747	\$ 148,625	\$ 149,199	\$ 68,173
Liabilities				
Due to Others	\$ 68,747	\$ 148,625	\$ 149,199	\$ 68,173
Total Liabilities	\$ 68,747	\$ 148,625	\$ 149,199	\$ 68,173

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Atwood Water Main Assessment District				
Assets				
Cash and Investments	\$ -	\$ 27,489	\$ 27,489	\$ -
Accounts Receivable	100,995	14,441	15,232	100,204
Total Assets	\$ 100,995	\$ 41,930	\$ 42,721	\$ 100,204
Liabilities				
Due to Others	\$ 100,995	\$ 41,930	\$ 42,721	\$ 100,204
Total Liabilities	\$ 100,995	\$ 41,930	\$ 42,721	\$ 100,204
Laura Water Main Assessment District				
Assets				
Cash and Investments	\$ -	\$ 19,264	\$ 19,264	\$ -
Accounts Receivable	64,548	8,735	8,735	64,548
Total Assets	\$ 64,548	\$ 27,999	\$ 27,999	\$ 64,548
Liabilities				
Due to Others	\$ 64,548	\$ 27,999	\$ 27,999	\$ 64,548
Total Liabilities	\$ 64,548	\$ 27,999	\$ 27,999	\$ 64,548
Visalia Tourism Marketing District				
Assets				
Cash and Investments	\$ -	\$ 257,366	\$ 197,418	\$ 59,948
Accounts Receivable	-	56,788		56,788
Total Assets	\$ -	\$ 314,154	\$ 197,418	\$ 116,736
Liabilities				
Due to Others	\$ -	\$ 314,154	\$ 197,418	\$ 116,736
Total Liabilities	\$ -	\$ 314,154	\$ 197,418	\$ 116,736
Total Agency Funds				
Assets				
Cash and Investments	\$ 388,865	\$ 826,388	\$ 931,050	\$ 284,203
Accounts Receivable	183,604	493,406	436,022	240,988
Total Assets	\$ 572,469	\$ 1,319,794	\$ 1,367,072	\$ 525,191
Liabilities				
Due to Others	\$ 572,469	\$ 1,319,794	\$ 1,367,072	\$ 525,191
Total Liabilities	\$ 572,469	\$ 1,319,794	\$ 1,367,072	\$ 525,191



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				
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in Capital Assets	\$ 271,964	\$ 284,901	\$ 288,048	\$ 312,172	\$ 325,420
Restricted	45,363	52,401	56,417	56,984	69,608
Unrestricted	60,694	(2,230)	12,676	17,877	22,633
Total Governmental Activities Net Position	\$ 378,021	\$ 335,072	\$ 357,141	\$ 387,033	\$ 417,661
Business-type Activities:					
Net Investment in Capital Assets	\$ 198,310	\$ 212,853	\$ 242,950	\$ 266,867	\$ 271,696
Restricted	121,630	71,139	45,202	16,732	12,785
Unrestricted	(27,024)	5,135	24,631	63,975	89,290
Total Business-type Activities Net Position	\$ 292,916	\$ 289,127	\$ 312,783	\$ 347,574	\$ 373,771
Primary Government:					
Net Investment in Capital Assets	\$ 470,274	\$ 497,754	\$ 530,998	\$ 579,039	\$ 597,116
Restricted	166,993	123,540	101,619	73,716	82,393
Unrestricted	33,670	2,905	37,307	81,852	111,923
Total Primary Government Net Position	\$ 670,937	\$ 624,199	\$ 669,924	\$ 734,607	\$ 791,432

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				
	2014	2015	2016	2017	2018
Expenses:					
Governmental Activities:					
General Government	\$ 4,070	\$ 4,299	\$ 4,262	\$ 3,653	\$ 5,778
Community Development	5,266	5,985	4,768	3,570	2,028
Housing & Economic Development	-	-	-	-	-
Public Safety					
Police	31,714	30,378	31,182	34,737	38,720
Fire	14,308	13,858	15,331	16,948	16,881
Public Works	11,906	13,596	24,526	19,270	19,579
Parks & Recreation	9,000	8,999	799	3,988	4,820
Interest on Long-Term Debt	191	145	702	561	508
Total Governmental Activities Expenses	76,455	77,260	81,570	82,727	88,314
Business-type Activities:					
Convention Center	5,943	5,688	5,822	5,525	5,517
Airport	2,505	2,530	2,219	1,999	2,017
Valley Oaks Golf	2,574	2,756	2,502	2,426	1,571
Wastewater and Storm					
Sewer Maintenance	15,281	16,791	19,836	23,845	18,488
Solid Waste	18,589	17,969	16,309	17,422	18,847
Transit	13,670	14,702	14,772	14,726	18,360
Baseball	295	332	342	329	354
Animal Control	1,184	1,141	1,881	2,490	1,993
Building Safety	1,768	1,969	2,306	3,103	3,303
Total Business-Type Activities Expenses	61,809	63,878	65,989	71,865	70,450
Total Primary Government Expenses	138,264	141,138	147,559	154,592	158,764
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	265	1,952	653	717	794
Community Development	1,503	1,633	2,142	2,122	1,955
Housing & Economic Development	-	-	-	-	-
Public Safety					
Police	2,516	2,690	2,804	2,716	2,636
Fire	626	802	1,256	1,492	1,875
Public Works	8,773	9,279	10,011	10,736	11,344
Parks & Recreation	2,974	3,068	3,468	3,321	3,509
Operating Grants and Contributions	3,184	4,581	3,660	3,118	2,619
Capital Grants and Contributions	12,152	8,556	9,625	14,635	9,206
Total Governmental Activities Program Revenues	\$ 31,993	\$ 32,561	\$ 33,619	\$ 38,857	\$ 33,938

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				
	2014	2015	2016	2017	2018
Business-Type Activities:					
Charges for Services:					
Convention Center	\$ 4,099	\$ 3,617	\$ 3,587	\$ 3,483	\$ 3,657
Airport	1,734	1,708	1,925	1,710	1,817
Valley Oaks Golf	2,409	2,401	2,405	2,372	1,337
Wastewater and Storm					
Sewer Maintenance	22,365	26,210	26,033	26,822	27,060
Solid Waste	19,570	19,222	18,852	19,831	20,216
Transit	3,974	4,366	6,004	4,969	5,055
Baseball	8	17	18	51	68
Animal Control	219	309	430	487	441
Building Safety	2,948	3,274	3,873	3,741	3,465
Operating Grants and Contributions	6,588	9,841	4,183	14,050	16,499
Capital Grants and Contributions	4,045	2,691	17,291	21,188	12,160
	<u>67,959</u>	<u>73,656</u>	<u>84,601</u>	<u>98,704</u>	<u>91,775</u>
Total Business-Type Activities					
Program Revenues	<u>67,959</u>	<u>73,656</u>	<u>84,601</u>	<u>98,704</u>	<u>91,775</u>
Total Primary Government					
Program Revenues	<u>99,952</u>	<u>106,217</u>	<u>118,220</u>	<u>137,561</u>	<u>125,713</u>
Net Revenues (Expenses):					
Governmental Activities	(44,462)	(44,699)	(47,951)	(43,870)	(54,376)
Business-Type Activities	6,150	9,778	18,612	26,839	21,325
	<u>(38,312)</u>	<u>(34,921)</u>	<u>(29,339)</u>	<u>(17,031)</u>	<u>(33,051)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Sales Taxes	28,791	32,237	36,145	44,574	54,104
Property Taxes	27,306	27,708	26,810	22,429	23,687
Incremental Property Taxes	-	-	-	-	-
Other Taxes	6,921	8,306	7,638	7,800	8,341
Investment Earnings	513	1,894	725	1,074	1,409
Gain from Sale of Capital Assets	-	5	7	3	1
Miscellaneous	1,317	1,587	2,563	1,944	1,504
Transfers and Extraordinary Items	(4,322)	(4,265)	(4,138)	(3,869)	(4,140)
Total Governmental Activities	<u>60,526</u>	<u>67,472</u>	<u>69,750</u>	<u>73,955</u>	<u>84,906</u>
Business-Type Activities:					
Investment Earnings	454	440	576	690	872
Miscellaneous	3,349	2,622	3,439	3,478	3,431
Transfers	4,322	4,265	4,138	3,869	4,140
Total Business-Type Activities	<u>8,125</u>	<u>7,327</u>	<u>8,153</u>	<u>8,037</u>	<u>8,443</u>
Total Primary Government	<u>68,651</u>	<u>74,799</u>	<u>77,903</u>	<u>81,992</u>	<u>93,349</u>
Changes in Net Position:					
Governmental Activities	16,064	22,773	21,799	30,085	30,530
Business-Type Activities	14,275	17,105	26,765	34,876	29,768
Total Primary Government	<u>\$ 30,339</u>	<u>\$ 39,878</u>	<u>\$ 48,564</u>	<u>\$ 64,961</u>	<u>\$ 60,298</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)

	<u>Fiscal Year</u>
	<u>2009</u>
General Fund:	
Reserved	\$ 12,121
Unreserved	<u>34,440</u>
Total General Fund	<u>\$ 46,561</u>
All Other Governmental Funds:	
Reserved	\$ 15,816
Unreserved, Reported in:	
Special Revenue Funds	9,191
Capital Projects Funds	<u>27,245</u>
Total All Other Governmental Funds	<u>\$ 52,252</u>

	<u>Fiscal Year</u>								
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:									
Nonspendable	\$ 2,228	\$ 1,916	\$ 1,519	\$ 1,168	\$ 580	\$ 435	\$ 357	\$ 1,346	\$ 1,365
Restricted	-	-	-	-	-	-	-	1,193	-
Committed	17,999	16,264	14,930	12,186	16,330	17,719	28,018	19,805	21,921
Assigned	10,412	10,341	10,776	21,665	18,629	19,486	18,781	21,857	24,981
Unassigned	<u>11,056</u>	<u>5,108</u>	<u>1,363</u>	<u>1,305</u>	<u>1,387</u>	<u>4,043</u>	<u>4,787</u>	<u>9,612</u>	<u>10,214</u>
Total General Fund	<u>41,695</u>	<u>33,629</u>	<u>28,588</u>	<u>36,324</u>	<u>36,926</u>	<u>41,683</u>	<u>51,943</u>	<u>53,813</u>	<u>58,481</u>
All Other Governmental Funds:									
Nonspendable	-	44	41	7	15	-	-	47	815
Restricted	47,244	49,260	55,905	44,392	44,817	45,965	50,857	51,465	54,253
Committed	9,932	5,717	347	-	5,318	7,271	15,903	9,582	18,233
Assigned	-	-	1,960	1,632	1,632	1,632	1,243	1,243	1,632
Unassigned	<u>(9,229)</u>	<u>(8,679)</u>	<u>(23,970)</u>	<u>(6,782)</u>	<u>(6,419)</u>	<u>(2,471)</u>	<u>(11,627)</u>	<u>(5,393)</u>	<u>(6,005)</u>
Total All Other Governmental Funds	<u>47,947</u>	<u>46,342</u>	<u>34,283</u>	<u>39,249</u>	<u>45,363</u>	<u>52,397</u>	<u>56,376</u>	<u>56,944</u>	<u>68,928</u>
Total Governmental Fund Balance	<u>\$ 89,642</u>	<u>\$ 79,971</u>	<u>\$ 62,871</u>	<u>\$ 75,573</u>	<u>\$ 82,289</u>	<u>\$ 94,080</u>	<u>\$ 108,319</u>	<u>\$ 110,757</u>	<u>\$ 127,409</u>

(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				
	2014	2015	2016	2017	2018
Revenues:					
Sales Tax	\$ 28,791	\$ 32,237	\$ 36,144	\$ 44,575	\$ 54,104
Property Tax	27,306	26,711	26,880	22,370	23,694
Other Taxes	6,920	7,662	7,608	7,681	8,272
Subventions and Grants	15,336	13,137	13,286	14,160	10,355
Licenses and Permits	61	109	87	81	88
Fees and Fines	8,751	9,199	10,520	10,552	10,991
Use of Money and Property	907	2,334	1,133	1,522	1,843
Charges for Current Services	5,589	6,257	7,014	7,859	8,367
Miscellaneous	2,253	2,067	2,477	2,578	2,260
Total Revenues	95,914	99,713	105,149	111,378	119,974
Expenditures					
Current:					
General Government	2,477	2,896	3,102	3,335	3,913
Community Development	5,209	6,684	5,119	5,245	5,272
Housing & Economic Development	-	-	-	-	-
Public Safety:					
Police	13,708	13,598	15,070	15,855	16,160
Fire	30,228	30,469	31,728	33,378	35,382
Public Works	3,239	5,563	8,958	8,874	9,053
Parks and Recreation	7,956	8,104	3,231	3,531	3,510
Capital Outlay	22,429	17,378	32,435	34,136	24,248
Debt Service:					
Principal Retirement	649	2,229	1,178	1,321	1,364
Interest and Fiscal Charges	189	138	694	548	507
Total Expenditures	86,084	87,059	101,515	106,223	99,409
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,830	12,654	3,634	5,155	20,565
Other Financing Sources (Uses):					
Sales of Real Property	11	12	655	1,465	113
Proceeds from Sale of Capital	-	5	7	3	1
Issuance of Debt	-	1,558	13,121	-	-
Bond Premium	-	-	785	-	-
Transfers In	970	2,482	2,070	8,373	3,272
Transfers Out	(5,300)	(7,254)	(6,304)	(12,365)	(7,398)
Total Other Financing Sources (Uses)	(4,319)	(3,197)	10,334	(2,524)	(4,012)
Extraordinary Items	-	-	-	-	-
Net Change in Fund Balances	\$ 5,511	\$ 9,457	\$ 13,968	\$ 2,631	\$ 16,553
Debt Service as a Percentage of					
Noncapital Expenditures ¹	1.2%	3.2%	2.4%	2.3%	2.3%

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

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

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 ¹
	Secured	Unsecured			
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%
2017	9,144,989	435,751		9,580,740	0.115%
2018	9,502,122	498,924		10,001,046	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.

¹The 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)

	2014	2015	2016	2017	2018
City Direct Rate:					
City Basic Rate	\$ 0.1152	\$ 0.1150	\$ 0.1150	\$ 0.1150	\$ 0.1150
Total City Direct Rate	0.1152	0.1150	0.1150	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	0.1832	0.1832	0.1834	0.1836	0.1825
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	0.0021
Air Pollution Control District	0.0004	0.0004	0.0004	0.0004	0.0004
Library Fund	0.0156	0.0158	0.0158	0.0158	0.0157
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	0.0141
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	0.2429	0.2430	0.2430	0.2426	0.2438
Visalia Unified School District Bonds	0.0300	0.0300	0.0226	0.0270	0.0183
Kaweah Delta Hospital Bonds	0.0282	0.0209	0.0237	0.0206	0.0198
Kaweah Delta Water Assessment	0.0004	0.0005	0.0004	0.0003	0.0004
Land and Improvements	-	-	-	-	-
Total Direct Rate¹	\$ 1.0588	\$ 1.0517	\$ 1.0472	\$ 1.0482	\$ 1.0386

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.

¹The 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	2018			2009		
	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.	\$ 178,141	1.86%	1	\$ -	-	-
Marshalls of California LLC	55,640	0.58%	2	-	-	-
California Water Service	52,106	0.54%	3	-	-	-
Perfection Pet Foods LLC	47,792	0.50%	4	-	-	-
Visalia Mall LP	44,491	0.46%	5	-	-	-
Caldwell Mooney Partners	42,621	0.44%	6	-	-	-
Bank of America	37,993	0.40%	7	-	-	-
Target Corporation	36,907	0.39%	8	-	-	-
VWR International LLC	36,896	0.39%	9	-	-	-
Cottonwood Fresno Holdings LLC	36,500	0.38%	10	-	-	-
Cottonwood Fresno Holdongs LLC	-	-	-	90,231	1.12%	1
California Dairies Inc.	-	-	-	73,551	0.91%	2
Imperial Bondware Corp.	-	-	-	43,412	0.54%	3
US Industrial Reit II	-	-	-	41,870	0.52%	4
Visalia Mall LP	-	-	-	39,266	0.49%	5
JLPK-Sequoia LP	-	-	-	30,147	0.37%	6
Crunch Time LP	-	-	-	26,480	0.33%	7
Blam-Jade A Gen PTNSHP	-	-	-	24,731	0.31%	8
Costco Wholesale Corporation	-	-	-	24,538	0.30%	9
Moore Business Forms Inc.	-	-	-	23,863	0.30%	10
Total Ten Largest Tax Payers	<u>\$ 569,087</u>	<u>5.94%</u>		<u>\$ 418,089</u>	<u>5.19%</u>	
All Other Tax Payers	<u>\$ 9,011,653</u>	<u>94.06%</u>		<u>\$ 7,633,499</u>	<u>94.81%</u>	
Total Assessed Valuation - All Tax Payers	<u>\$ 9,580,740</u>	<u>100.00%</u>		<u>\$ 8,051,588</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
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%
2017	20,337	20,337	100.00%	-	20,337	100.00%
2018	21,335	21,335	100.00%	-	21,335	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	Statewide Base Sales and Use Tax Rate					County Rate Measure R	City Rate Measure N	Combined Rate
		State Jurisdiction	Local Transportation Fund	Local City Rate	(1) City Rate Measure T				
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	4.75%	0.25%		1.00%			6.00%	
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%	0.25%	0.75% (3)	0.25% (4)			7.50%	
04/01/2007	03/31/2009	6.25%	0.25%	0.75%	0.25%	0.50% (5)		8.00%	
04/01/2009	06/30/2011	7.25%	0.25%	0.75%	0.25%	0.50%		9.00%	
07/01/2011	12/31/2012	6.25%	0.25%	0.75%	0.25%	0.50%		8.00%	
01/01/2013	12/31/2016	6.50%	0.25%	0.75%	0.25%	0.50%		8.25%	
01/01/2017	03/31/2017	6.00%	0.25%	1.00%	0.25%	0.50%		8.00%	
04/01/2017	Current	6.00%	0.25%	1.00%	0.25%	0.50%	0.50% (6)	8.50%	

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.
- (6) In November 2016, voters of the City of Visalia passed a 1/2 (half-cent) sales tax override (Measure N), effective April 1, 2017. The proceeds of this tax 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.

Source:

- (1)(2)(3) State Board of Equalization, State of California
(4)(5)(6) City of Visalia

CITY OF VISALIA
TAXABLE SALES TRANSACTIONS BY TYPE
2013-2017 CALENDAR YEARS
(Dollars in Thousands)

	<u>2012⁽¹⁾</u>	<u>2013⁽¹⁾</u>	<u>2014⁽¹⁾</u>	<u>2015⁽¹⁾</u>	<u>2016⁽¹⁾</u>	<u>2017⁽¹⁾</u>
Retail Stores						
Apparel Stores	\$ 106,654	\$ 117,386	\$ 123,465	\$ 128,885	\$ 138,129	\$ 138,637
General Merchandise Stores	360,708	372,736	382,040	392,404	398,900	400,820
Food Stores	101,802	100,028	109,234	108,996	123,005	120,900
Eating and Drinking Places	201,736	212,084	227,906	247,406	263,310	277,409
Home Furnishings and Appliances	62,602	61,870	65,265	83,136	91,778	86,839
Bldg. Material and Farm Implements	166,037	177,376	180,519	203,921	213,421	222,315
Auto Dealers and Auto Supplies	218,065	308,334	320,499	370,884	411,684	401,536
Service Stations	259,272	212,292	210,790	155,270	141,307	163,999
Other Retail Stores	170,604	234,171	266,053	208,015	212,872	203,637
Retail Stores Totals	<u>1,647,480</u>	<u>1,796,276</u>	<u>1,885,770</u>	<u>1,898,917</u>	<u>1,994,406</u>	<u>2,016,092</u>
All Other Outlets	<u>581,045</u>	<u>648,627</u>	<u>642,282</u>	<u>742,120</u>	<u>775,194</u>	<u>794,330</u>
Totals All Outlets	<u>2,228,525</u>	<u>2,444,903</u>	<u>2,528,051</u>	<u>2,641,037</u>	<u>2,769,600</u>	<u>2,810,422</u>

Source:

(1) MuniServices

Note: 2017 is latest available year.

CITY OF VISALIA
TOP 25 SALES TAX CONTRIBUTORS
2017 CALENDAR YEAR
(in alphabetical order)

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

Source: MuniServices

Note: 2017 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		
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	
2017	12,835	-	937	-	13,772	
2018	11,994	-	372	-	12,366	

NOTES:

¹US Department of Commerce Bureau of Economic Analysis

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

Business-type Activities								
Revenue Bonds	Certificates of Participation	Notes	Capital Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita	
\$ 6,450	\$ 14,687	\$ 214	\$ -	\$ 21,351	\$ 43,932	0.36%	\$ 355	
5,840	13,650	194	-	19,684	41,305	0.31%	333	
-	13,292	173	-	13,465	34,082	0.24%	271	
-	11,998	-	-	11,998	17,145	0.12%	135	
-	17,270	-	-	17,270	22,177	0.15%	173	
-	15,557	14,999	-	30,556	34,751	0.21%	268	
-	12,442	56,979	-	69,421	72,714	0.43%	566	
-	16,053	84,995	-	101,048	116,205	0.66%	887	
-	14,834	92,703	-	107,537	121,309	0.00%	911	
-	13,602	96,516	-	110,118	122,484	0.00%	899	

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value ¹	Debt Per Capita
	Certificates of Participation	Notes Payable	Capital Lease Obligations	Total		
2009	\$ 1,185	\$ -	\$ -	\$ 1,185	0.01%	\$ 10
2010	672	-	-	672	0.01%	5
2011	987	-	-	987	0.01%	8
2012	1,550	-	-	1,550	0.02%	12
2013	1,698	-	-	1,698	0.02%	13
2014	1,384	-	-	1,384	0.02%	11
2015	1,304	-	-	1,304	0.02%	10
2016	13,670	-	-	13,670	0.15%	104
2017	12,827	-	-	12,827	0.13%	96
2018	11,985	-	-	11,985	0.12%	88

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

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

CITY OF VISALIA
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2018
(In Thousands)

2017-18 City Assessed Valuation		\$ 10,001,046	
Successor Agency Incremental Valuation		<u>866,487</u>	
Total Assessed Valuation		<u>\$ 10,867,533</u>	
			Estimated Share of Overlapping Debt
	Percentage Applicable ¹	Outstanding Debt 6/30/18	<u>Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	0.502%	\$ 32,634	\$ 164
College of the Sequoias Visalia School Facilities Improvement District	67.143%	26,548	17,825
Visalia Unified School District	86.180%	55,560	47,882
Tulare Joint Union High School District	0.654%	23,287	152
Liberty School District	22.357%	667	149
Kaweah Delta Hospital District	85.003%	44,490	37,818
City of Visalia 1915 Act Bonds	100.000%	<u>586</u>	<u>586</u>
Total Overlapping Tax and Assessment Debt		<u>183,772</u>	<u>104,576</u>
Direct and Overlapping General Fund Debt:			
Tulare County Certificates of Participation	32.591%	33,425	10,894
Tulare County Pension Obligation Bonds	32.591%	251,220	81,875
Tulare County Board of Education Certificates of Participation	32.591%	34,660	11,296
College of The Sequoias Certificates of Participation	35.285%	5,235	1,847
Visalia Unified School District Certificates of Participation	86.180%	76,545	65,967
Liberty School District Certificates of Participation	22.357%	2,490	557
City of Visalia General Fund Obligations	100.000%	<u>12,366</u>	<u>12,366</u>
Total Direct and Overlapping General Fund Debt		<u>415,941</u>	<u>184,802</u>
Overlapping Tax Increment Debt (Successor Agency)	100.000%	<u>1,815</u>	<u>1,815</u>
Total Direct Debt		<u>12,366</u>	<u>12,366</u>
Total Overlapping Debt		<u>337,942</u>	<u>278,827</u>
Combined Total Debt		<u>\$ 350,308</u>	<u>\$ 291,193</u>

Notes:

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

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2009	2010	2011	2012
Assessed valuation	\$ 8,478,042	\$ 7,974,070	\$ 7,995,968	\$ 7,906,416
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,119,510	1,993,518	1,998,992	1,976,604
Debt limit percentage	15%	15%	15%	15%
Debt limit	317,927	299,028	299,849	296,491
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 317,927</u>	<u>\$ 299,028</u>	<u>\$ 299,849</u>	<u>\$ 296,491</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						
2013	2014	2015	2016	2017	2018	
\$ 7,700,933	\$ 8,079,201	\$ 8,628,953	\$ 9,110,634	\$ 9,580,740	\$ 10,001,046	
25%	25%	25%	25%	25%	25%	
1,925,233	2,019,800	2,157,238	2,277,659	2,395,185	2,500,262	
15%	15%	15%	15%	15%	15%	
288,785	302,970	323,586	341,649	359,278	375,039	
-	-	-	-	-	-	
<u>\$ 288,785</u>	<u>\$ 302,970</u>	<u>\$ 323,586</u>	<u>\$ 341,649</u>	<u>\$ 359,278</u>	<u>\$ 375,039</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						Debt Service Coverage
	Wastewater Revenue Bonds						
	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
			Principal	Interest			
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	-	-	-	
2017	26,822	12,863	13,959	-	-	-	
2018	27,060	13,561	13,499	-	-	-	

(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) (3)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	123,670	\$ 8,478,042	\$ 68,554	\$ 12,302,197	\$ 28,152	17.1%
2010	124,184	7,974,070	64,212	13,496,988	30,463	16.9%
2011	125,770	7,995,968	63,576	14,432,008	32,261	17.1%
2012	127,061	7,906,416	62,225	14,531,771	32,237	16.5%
2013	128,443	7,700,933	59,956	15,283,723	33,690	14.5%
2014	129,481	8,079,201	62,397	16,941,984	37,117	13.2%
2015	128,447	8,628,953	67,179	17,105,786	37,300	11.0%
2016	130,977	9,110,634	69,559	17,578,692	38,145	10.3%
2017	133,151	9,580,740	71,954	18,466,575	39,756	9.9%
2018	136,246	10,001,046	73,404	NA	NA	9.6%

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

* 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 2017.

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

Employer	2018			2016		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Tulare (1)	5,004	1	2.62%	4,892	1	2.64%
Visalia Unified School District (2)	2,762	2	1.45%	2,577	2	1.39%
Kaweah Delta Healthcare (4)	2,132	3	1.12%	2,132	3	1.15%
College of the Sequoias (4)	1,160	4	0.61%	1,160	4	0.63%
CIGNA Health Care (4)	700	5	0.37%	700	5	0.38%
City of Visalia (3)	605	6	0.32%	591	6	0.32%
VF Outdoor Inc (4)	600	7	0.31%	450	7	0.24%
Walmart (4)	400	8	0.21%	400	8	0.22%
International Paper (4)	350	9	0.18%	350	9	0.19%
Jostens (4)	320	10	0.17%	320	10	0.17%
Number of Employed (6)	190,900			185,600		

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
(6) State of California Employment Development Department

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	40	41	41	41	46	44	46	46	47	47
Administrative Services	37	32	32	32	31	NA	NA	NA	NA	NA
Community Development	35	49	49	49	55	61	64	65	65	65
Finance	NA	NA	NA	NA	NA	16	16	20	20	20
Fire	70	70	70	70	81	81	82	82	81	81
Housing & Economic Development	8	11	11	11	NA	NA	NA	NA	NA	NA
Parks & Recreation	44	34	34	34	32	32	34	12	12	12
Police	202	198	198	198	198	206	208	208	208	208
Public Works	142	115	115	115	115	118	121	139	141	143
Transportation & General Services	NA	NA	NA	NA	NA	18	18	27	29	29
Total	578	550	550	550	558	576	589	599	603	605

(NA) - Function was not active in this year

Source: City Budget

CITY OF VISALIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year				
	2009	2010	2011	2012	2013
Police:					
Calls for service - Calendar Year	121,997	120,452	123,883	130,980	126,767
Fire:					
Calls for service - Calendar Year	10,443	10,339	10,606	11,241	12,140
Refuse:					
Number of Residential Accounts	33,713	34,878	34,944	35,541	35,797
Number of Commercial Accounts	2,789	2,913	2,895	2,944	3,020
Total Refuse Accounts	36,502	37,791	37,839	38,485	38,817
Sewer:					
Number of Accounts Billed	34,638	35,965	36,475	36,635	37,180
Business Licenses:					
New licenses issued during the year	988	1,110	1,532	2,160	1,194
Total business licenses	10,338	10,554	11,065	11,450	11,533
Building Permits:					
Residential	1,399	1,438	1,241	1,507	1,602
Commercial	418	392	331	375	367
Miscellaneous	1,348	1,311	1,271	1,187	1,242
Total Building Permits	3,165	3,141	2,843	3,069	3,211

Source: City of Visalia

Fiscal Year				
2014	2015	2016	2017	2018
<u>129,828</u>	<u>134,287</u>	<u>144,856</u>	<u>144,489</u>	<u>153,701</u>
<u>12,482</u>	<u>12,518</u>	<u>14,065</u>	<u>14,283</u>	<u>15,301</u>
36,144	37,538	37,884	38,014	38,579
<u>3,731</u>	<u>3,747</u>	<u>3,758</u>	<u>4,043</u>	<u>3,993</u>
<u>39,875</u>	<u>41,285</u>	<u>41,642</u>	<u>42,057</u>	<u>42,572</u>
<u>36,962</u>	<u>38,801</u>	<u>39,195</u>	<u>39,640</u>	<u>40,181</u>
1,261	1,098	1,201	1,375	1,955
<u>11,784</u>	<u>11,920</u>	<u>12,145</u>	<u>12,098</u>	<u>12,268</u>
2,019	2,478	3,152	2,793	2,865
353	381	349	355	381
<u>1,474</u>	<u>1,673</u>	<u>1,648</u>	<u>1,745</u>	<u>1,497</u>
<u>3,846</u>	<u>4,532</u>	<u>5,149</u>	<u>4,893</u>	<u>4,743</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Police:					
Stations	3	3	3	3	3
Fire:					
Fire stations	5	5	5	5	5
Public Works:					
City Area in Square Miles	36	36	37	37	37
Streets (miles)	483	520	524	492	493
Traffic Signalized Intersections	107	112	115	115	118
Parks and Recreation:					
Developed City Park Acreage	296	265	270	291	291
City Owned Open Space Acreage	164	182	180	180	205
Public Libraries	1	1	1	1	1
Recreation Centers	6	3	3	3	5
Swimming Pools	4	4	4	4	0
Parks	37	40	42	42	50
Acres of Parks	NA	NA	NA	NA	493
Wastewater:					
Sanitary sewers (miles)	472	468	468	468	468
Storm sewers (miles)	272	240	240	240	240
Golf Course:					
Municipal golf courses	1	1	1	1	1

Source: Various City Departments

Fiscal Year				
2014	2015	2016	2017	2018
3	3	3	3	3
5	5	6	6	6
37	37	37	38	38
493	512	512	516	516
118	120	120	123	123
288	281	281	269	269
231	282	282	289	289
1	1	1	1	1
5	5	5	5	5
0	0	0	0	0
50	52	52	54	54
493	290	290	286	286
468	468	468	507	508
240	240	240	276	277
1	1	1	1	1

**CITY OF VISALIA
INSURANCE IN FORCE
FISCAL YEAR ENDED JUNE 30, 2018**

Coverage	Underwriter	Limits of Coverage	Deductibles	Policy Number	Period of Policy
PRIMARY POLICIES					
General liability over \$1,000,000 per occurrence (covers bodily injury, personal injury, property damage and errors/omissions, auto liability, or any combination thereof) ACCEL coverage effective 6/1/86	Authority for California Cities Excess Liability (ACCEL)	SIR \$1,000,000; ACCEL pooled layer \$4,000,000; Pool purchase \$45,000,000; total limits \$35,000,000	\$1,000,000 SIR		07/01/17 to 06/30/18
Commercial Property Policy	American Insurance	Bldg limits \$197 mil, deduct \$50k; Bus Pers Prop \$29 mil, Deduct \$5k; Extra Exp \$10m	\$50,000 bldg; \$5k contents;	DXJ80971503	07/01/17 to 06/30/18
Pollution Liability (Underground Storage Tank)	Crum & Forester	\$1 mil liability; \$1 mil aggregate	\$5k deductible	STP-114401	10/12/16 to 10/12/18
Excess Workers Compensation	Keenan & Associates/Safety National	XS work comp, loss control fees; admin fees; broker fees. \$25 million limits	\$1 mil SIR	SP4053346	07/01/17 to 06/30/18
Excess Health & Medical Coverage	CSAC EIA	Potential pool assessments when total pool claims exceed excess ins.	None		1/1/18 to 12/31/18
SPECIAL COVERAGES					
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	A2GA000732816AM	7/14/17 to 7/14/18
Contractors Equipment/Mobile Equipment/Fine Arts/Valuable Papers & Records	AGCS Marine Insurance Company	Contractors equip/mobile equip \$9,133,263 all covered property, including rented and leased; limit \$500 ee tool/\$5k per occurrence; Fine arts/Valuable papers & records \$500k blanket all locations; Commercial Fine Arts Floater, \$85k limit,	\$500 deductible	MXI93042476	7/1/17 to 7/1/18
Crime Policy/ Bond - General	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	Policy Number Pending	4/27/18 to 4/27/21
Crime Policy/Bond - Police	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	Policy Number Pending	4/27/18 to 4/27/21
Special Events Insurance	Diversified Risk	Liability policy available to citizens holding events in city facilities/parks			
EAP	Kaweah Delta Assistance Program				1/1/18 to 12/31/18
Long Term Disability (LTD)	Sun Life	66% of pre-disability earnings up to \$5,000 monthly benefit		234707	1/1/14 to 12/31/18
Life Insurance	Sun Life	City Manager 2X Annual Salary; Department Head Group \$75,000; All Other Employees \$30,000		234707	1/1/14 to 12/31/18
Dental	Preferred Benefits/Delta Dental	\$1,000 maximum annual benefit paid per insured (retirees and their dependents are not eligible for dental)		8244	1/1/18 to 12/31/18
Vision	Vision Service Plan	Annual benefits with VSP provider		ID #00849301	1/1/17 to 12/31/18

Compliance Section





M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

REBECCA AGREDEANO, C.P.A.

MARLA D. BORGES, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

WM. KENT JENSEN, C.P.A.

KATHLEEN M. LAMPE, C.P.A.

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

R. IAN PARKER, C.P.A.

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

GIUSEPPE SCALIA, C.P.A.

NATALIE H. SIEGEL, C.P.A.

LARRY W. AYERS, C.P.A.

JAMES G. DWYER, C.P.A.

KEVIN M. GREEN, C.P.A.

GREG GROEN, C.P.A.

ALAN S. MOORE, C.P.A.

D. CHRIS NEISE, E.A.

KENNETH B. NUNES, C.P.A.

KEITH M. SPRAGUE, C.P.A.

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

NORIKO A. AWBREY, C.P.A.

BRENDA A. DADDINO, C.P.A.

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

JASMAN S. KHOSA, C.P.A.

TRACY L. MCINTYRE, C.P.A.

KRYSTAL PARREIRA, C.P.A., M.S.A.

MARY L. QUILLIN, C.P.A.

RACHEL L. SCHROEDER, C.P.A.

GINILU VANDERWALL, C.P.A.

KRISTI WEAVER, C.P.A.

ROSALIND WONG, C.P.A.

*Dinuba
Hanford
Lindsay
Tulare
Visalia*

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Citizens Advisory Committee (CAC), with respect to the administration, financial management and accounting of the City's Measure T funds for the fiscal year ended June 30, 2018. The City's management is responsible for the City's administration, financial management and accounting for Measure T. 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, 2018, as approved by the City Council.

Findings: None

- (2) We updated our documentation of the following Measure T compliance provisions, as interpreted by the City Council adopted enabling ordinance, program guidelines and interim progress report 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 2017-18, 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 2016-17, unless the Council declared an economic emergency by a 4/5^{ths} vote;
 - e. Establishment of a separate "Economic Uncertainty" fund within the Measure T fund(s) of 25% of the budgeted Measure T tax revenues.

Finding:

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2017-18, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2016-17, unless the council declares an economic emergency by a 4/5^{ths} vote.

General Fund support for police and fire services during the fiscal year 2017-18, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2016-17; therefore, the City has met the maintenance of effort calculations.

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 25% of the annually budgeted revenues. The Fire and Police Measure T Economic Uncertainty Fund balances as of June 30, 2018, were \$634,204 and \$901,550, respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$36,154 and \$4,000, respectively.

- (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 2017-18 as prepared by the City.

Finding:

Our review indicated that 23 police officers and 15 firemen were hired as of June 30, 2018 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 28 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 18 planned to 15 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 project had been completed in February of 2016. However, there were some minimal remaining project costs that were incurred 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 finished construction of the project during the current fiscal year. The project was completed in April 2018. 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 prior 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 2015-16 fiscal year to fund the project. The Measure T Plan was recertified approving the Police Measure T Fund to pay 14% of the total debt payment in the amount of \$151,000. However, Measure T's portion of the COP proceeds and debt service payments is 9.577540%. Police Measure T Funds paid \$150,955 of debt service payments in the current year in accordance with approved plan and is budgeted to pay for their percentage of the project through an additional 13 years of debt service payments ending in fiscal year 2029-30.

Recommendation:

We recommend that Measure T's correct portion of the COP proceeds and debt service payments be reflected in the next annual recertification of the Plan.

Management Response:

City staff has made the changes and it will be reflected in the next annual recertification of the plan.

- (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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on administration, financial management and accounting. Accordingly, we do not express such an opinion or conclusion. 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 10, 2018
Visalia, California



M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

REBECCA AGREDEANO, C.P.A.

MARLA D. BORGES, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

WM. KENT JENSEN, C.P.A.

KATHLEEN M. LAMPE, C.P.A.

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

R. IAN PARKER, C.P.A.

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

GIUSEPPE SCALIA, C.P.A.

NATALIE H. SIGEL, C.P.A.

LARRY W. AYERS, C.P.A.

JAMES G. DWYER, C.P.A.

KEVIN M. GREEN, C.P.A.

GREG GROEN, C.P.A.

ALAN S. MOORE, C.P.A.

D. CHRIS NEISI, E.A.

KENNETH B. NUNES, C.P.A.

KEITH M. SPRAGUE, C.P.A.

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

NORIKO A. AWBREY, C.P.A.

BRENDA A. DADDINO, C.P.A.

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

JASMAN S. KHOSA, C.P.A.

TRACY L. MCINTYRE, C.P.A.

KRYSTAL FERREIRA, C.P.A., M.S.A.

MARY L. QUILLIN, C.P.A.

RACHEL L. SCHROEDER, C.P.A.

GINILU VANDERWALL, C.P.A.

KRISTI WEAVER, C.P.A.

ROSALIND WONG, C.P.A.

*Dinuba
Hanford
Lindsay
Tulare
Visalia*

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council
City of Visalia and Measure N Sales Tax Oversight Board
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 Measure N Sales Tax Oversight Board, with respect to the administration, financial management and accounting of the City's Measure N funds for the fiscal year ended June 30, 2018. The City's management is responsible for the City's administration, financial management and accounting for Measure N. 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 N commitments as expressed in the Measure N ballot measure from the November 8, 2016 election, the Enabling Ordinance adopted by the City Council, the Board of Equalization Agreements for implementation and administration of additional sales tax, and the City Council approved initial expenditure plan, annual expenditure plan and any amendments, as applicable for the current fiscal year.

Findings: None

- (2) We identified and documented the following Measure N compliance provisions, as interpreted by the City Council adopted enabling ordinance and interim progress report 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 an initial spending plan specifying the uses of the proceeds of the sales or use tax for the period between implementation of the sales and use tax and the end of the subsequent fiscal year; and,
 - b. Establishment of an annual expenditure plan, as part of adoption of an annual City General Fund budget, specifying the uses of the proceeds of the sales or use tax for the coming fiscal year prior to the expiration of the initial expenditure plan; and,
 - c. That any amendments to the initial expenditure plan and subsequent annual expenditure plan were made by resolution adopted by a majority of the Council following:
 - i. Submission for comment and recommendation to the Measure N Sales Tax Oversight Committee and
 - ii. Public hearing during at least two regularly scheduled and appropriately noticed meetings of the City Council; and,
 - d. That the initial expenditure plan, any subsequent annual expenditure plan and any amended expenditure plans were made publicly accessible at all times; and,
 - e. Establishment of a separate "Economic Uncertainty" fund within the Measure N fund(s) of 10% of the budgeted Measure N sales tax proceeds for the coming plan year; and,
 - f. Establishment of a separate "Maintenance and Emerging Needs" fund within the Measure N fund(s) of 10% of the budgeted Measure N sales tax proceeds for the coming plan year of which 2% of the budgeted Measure N sales tax proceeds shall be used for youth programs; and,
 - g. That none of the Measure N sales tax proceeds were used to pay annual debt service requirements.

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 10% of the annually budgeted revenues. The Measure N Economic Uncertainty Fund balance as of June 30, 2018, was \$1,100,000. The amount for the Measure N Economic Uncertainty Fund met the required 10%.

The Measure also calls for the establishment and funding of a Maintenance and Emerging Needs Fund in the amount of 10% of the annually budgeted revenues of which 2% of the budgeted revenues shall be used for youth programs. The Maintenance and Emerging Needs Fund and The Maintenance and Emerging Needs Fund - Youth Fund were both funded during the fiscal year June 30, 2018, with the amount of \$880,000 and \$220,000, respectively which met the required percentages.

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

Findings: None

- (6) We performed procedures to verify the summaries of Measure N receipts, disbursements and unexpended funds pertaining to the fiscal year 2017-2018 as prepared by the City.

Finding:

Police

The amended Measure N Plan calls for the hiring of 13 police officers and three police professional staff in the initial plan year, which is through June 30, 2018. Our review indicated that eight police officers and three police professional staff were hired as of June 30, 2018 in accordance with plan objectives. One additional police officer was hired during the fiscal year; however, the officer resigned prior to June 30, 2018 and the position remained open as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Parks and Recreation

The amended Measure N Plan also calls for the hiring of two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator. Our review indicated an urban forest employee and a recreation coordinator were hired as of June 30, 2018. City staff has indicated as of October 31, 2018, these positions have been filled.

Maintenance and Emerging Needs (Including Youth)

The Measure N Plan also calls for the implementation of a Clubhouse Networking program in which the Maintenance and Emerging Needs Fund - Youth Fund was able to fund various hourly employees working on the Clubhouse Networking program in accordance with the Plan.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure N Plan. During the fiscal year 2017-2018, the City approved the existing capital project roll-over policy to include Measure N Funds as many of the projects have been approved and possibly started but not completed in the current fiscal year. Now those projects can be rolled into the next fiscal year if the project was not completed which will bring consistency across all City projects and funds.

Fire

A ladder truck had been purchased as of June 30, 2017 in accordance with the Measure N plan. However, there were some remaining project costs that were incurred during the current fiscal year. An air truck has been purchased as of June 30, 2018 in accordance with the Measure N plan.

Police

As of June 30, 2018, four police officer vehicles and two police professional staff vehicles had been purchased and the approval of nine additional police officer vehicles had been made in accordance with the Measure N plan.

Also, during the 2017-2017 fiscal year the City approved the purchase for the Body Worn Camera Program in accordance with the Plan. No amounts had been expended as of June 30, 2018.

Roads

Various road projects have been completed in fiscal year 2017-2018 in accordance with the Measure N plan. \$2,692,327 had been expended during the fiscal year ended June 30, 2018.

Parks and Recreation

No Capital Improvement Program expenditures amounts had been included in the Measure N plan or expended as of June 30, 2017.

Maintenance and Emerging Needs (Including Youth)

The Whittman Center re-roof project had been completed by June 30, 2018 in accordance with the Measure N plan.

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

Findings: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on administration, financial management and accounting. Accordingly, we do not express such an opinion or conclusion. 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 Measure N Sales Tax Oversight Board 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 10, 2018
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 2017-18 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**

Fiscal Year Ended June 30	Locally- Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Assessed Value	Incremental Assessed Value
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
2017	159,202,054	31,905,255	521,796	191,629,105	71,719,119
2018	166,077,971	19,965,433	602,306	186,645,710	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 2017-18 ASSESSED VALUATION

Property Owner	Fiscal Year 2017-18 Total Assessed Value	Percentage of Total ⁽¹⁾
1 Hotel Circle GL Holding LLC	\$ 14,813,099	7.94%
2 Donald John & Shelly Kaye Groppetti	10,862,665	5.82%
3 Willow Street Development Co LLC	10,555,065	5.66%
4 Kenneth J. Curti (TR)	8,418,297	4.51%
5 Mark Whittlesey (TR)	5,990,299	3.21%
6 Three Ten Center Street LLC	4,180,880	2.24%
7 Troy Korsgaden	2,300,000	1.23%
8 Pile Partners #1 LLC	2,101,224	1.13%
9 Smith Auto Parts	2,062,627	1.11%
10 Dinesh & Diane L Sharma (TRS)	1,849,823	0.99%
	\$ 63,133,979	

⁽¹⁾ Fiscal Year 2017-18 assessed valuation: \$186,645,710

Source: Tulare County Auditor Controller's Office

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

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

* Partial Year due to the dissolution of The 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)

Fiscal Year	Tax Revenues	Debt Service	Coverage
2008-09	\$ 488	\$ 220	222%
2009-10	434	225	193%
2010-11	429	230	187%
2011-12*	489	240	204%
2012-13**	245	245	100%
2013-14**	255	255	100%
2014-15**	260	260	100%
2016-2020**	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, 2018 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, 2018 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.