

# State of California

# City of Visalia



Visalia Riverway Sports Park



New Parking Structure



District 2 Police Substation



Fox Tower Clock

## Comprehensive Annual Financial Report

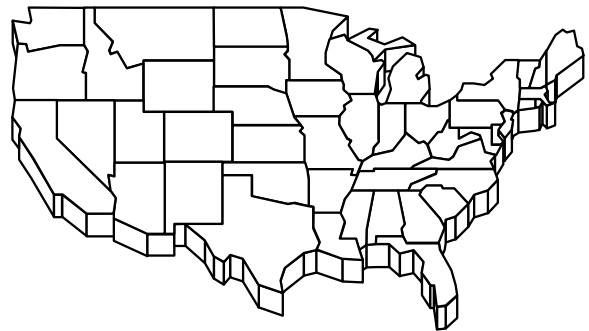
**Fiscal Year Ended June 30, 2009**



CITY OF VISALIA  
STATE OF CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009



**Prepared by the Finance Department**

**707 W. Acequia Ave.  
Visalia, California 93291  
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**CITY OF VISALIA  
JUNE 30, 2009**

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January 13, 2010

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

State law requires that local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon comprehensive framework of internal control that it has established. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The auditing firm of Brown Armstrong Accountancy Corporation has issued an unqualified ("clean") opinion on the City of Visalia's financial statements for the year ending June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Our Comprehensive Annual Financial Report (CAFR) is divided into the following 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**, which includes the financial statements, notes and supplemental information, 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 Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds as well as non-major governmental, internal service and other funds. Also included in this section is the independent Auditor's report on the Basic Financial Statements.

**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.

**Compliance Section.**

**The Single Audit Section** is a report required by the Federal Government. As a recipient of Federal and State financial assistance, the City is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations associated with those assistance programs. This internal control structure is subject to periodic evaluations by management and by an independent financial auditor. This audit, called the Single Audit, is done in conformity with federal regulations and an audit report is issued with findings, if any.

**Measure T Agreed Upon Procedures Audit.** The citizens of the City of Visalia in 2004 passed a sales tax ballot measure for public safety operations. An annual compliance audit was required as part of the measure and is included in this document.

**Government Profile.** Visalia is a growing community 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 consistently ranks as the second most productive agricultural county in the United States. The City currently has a land area of approximately 35 square miles with a population of 123,670 as of January 2009, the 47<sup>th</sup> largest city in the State of California and 4<sup>th</sup> largest city in the San Joaquin Valley.

The City was founded in 1852, incorporated in 1874, and became a charter city in 1923. The charter was amended in 1974 and operates under a Council-Manager form of government. The City Council is comprised of five members who are elected at large to alternating four-year terms staggered every two years. The Council selects one of its members to serve as 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 for appointing, with Council approval, the City's various department heads.

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

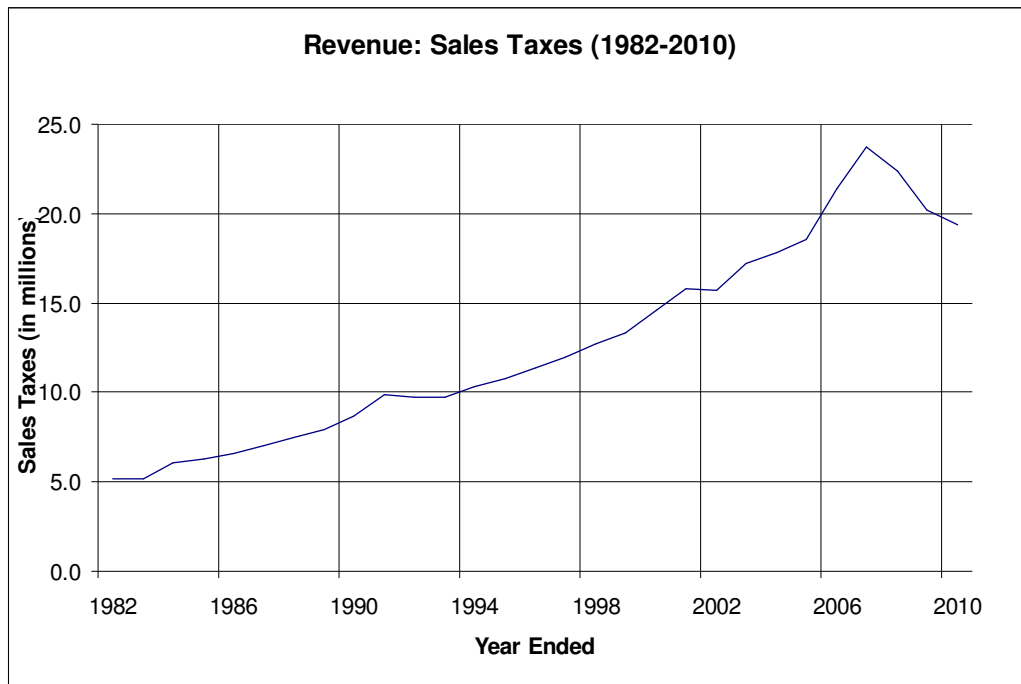
The City Council is required to adopt a budget by no later than the close of the prior fiscal year. This budget is prepared on a two-year basis and serves as the foundation for the City's fiscal planning and financial control. The budget is prepared by departments (e.g. Community Development), by funds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

**Local economy.** This last fiscal year saw the most severe economic contraction since the depression. Economic activity has dropped, unemployment has hit double digits statewide and businesses have closed or retrenched. For fiscal year 2008/09, single family permits were 392 units while just 3 years ago the City issued 1,524 permits. Construction activity has screeched to a crawl.

The recession has taken its toll on businesses. The City's largest department store, Gottschalks, closed this year as the chain closed all its stores in Washington, Oregon, Idaho, Nevada and California, a causality of the recession. A second department store chain, Mervyn's, also closed and closed a store in Visalia. A new, larger retailer, the Sportsman Warehouse, a specialty hunting supply store opened early in the fiscal year and closed after Christmas as the company restructured.

To put into context the severity of the recession, consider Chart 1, Revenue: Sales Tax 1982 – 2010. Notice that in the past 30 years, sales tax has not had a major decline until 2008. This decline is dramatic and severe. The chart provides a graphic tale of what most businesses have had to face recently.

Chart 1



Despite the difficult financial times, some positive things have occurred this past fiscal year:

- When Gottschalks closed, Macy's purchased two of the chain's stores, one in Visalia and one in Fresno. This Macy's is now open in Visalia.
- Kaweah Delta Hospital completed \$136 million of improvements including a 6 story tower.
- The Orchard Walk shopping complex now has a Ross Dress for Less, Target, Radio Shack, Subways, McDonalds and soon to open a Mexican market, Vallarta's.
- California Dairies, a large producer of powder milk, is close to completing a \$100,000,000 expansion of its processing plant in the industrial park.
- Fresno Pacific College began developing a larger satellite complex on Plaza Drive, better serving the higher educational needs of Visalia.
- The City annexed 400 acres into the City's industrial park on North Plaza Drive.
- A local bottle manufacturer expanded its operations.

**City Capital Improvements.** While the private sector slowed, a number of local governmental projects were completed or begun, including:

- The completion of Rawhide Baseball Stadium, the home of the Rawhide, a class A minor league team affiliated with the Diamondbacks. The renovation was recognized nationally as the best small venue renovation in professional baseball this year.
- The City began the second phase of the Riverway Sports Park with 4 lighted, little league baseball fields, a concession stand and parking area.
- Fire Station 56, with its training facility opened this fall, providing a number of fire props which will allow the department to improve their fire readiness.
- Substantial work has been done on the Santa Fe Bridge over crossing of Highway 198.
- Extension of the St. Johns River trail system by another ¼ mile, east of McAuliff Ave.
- Renovation of Plaza Park's softball backstops.

The City completed a number of street projects, including:

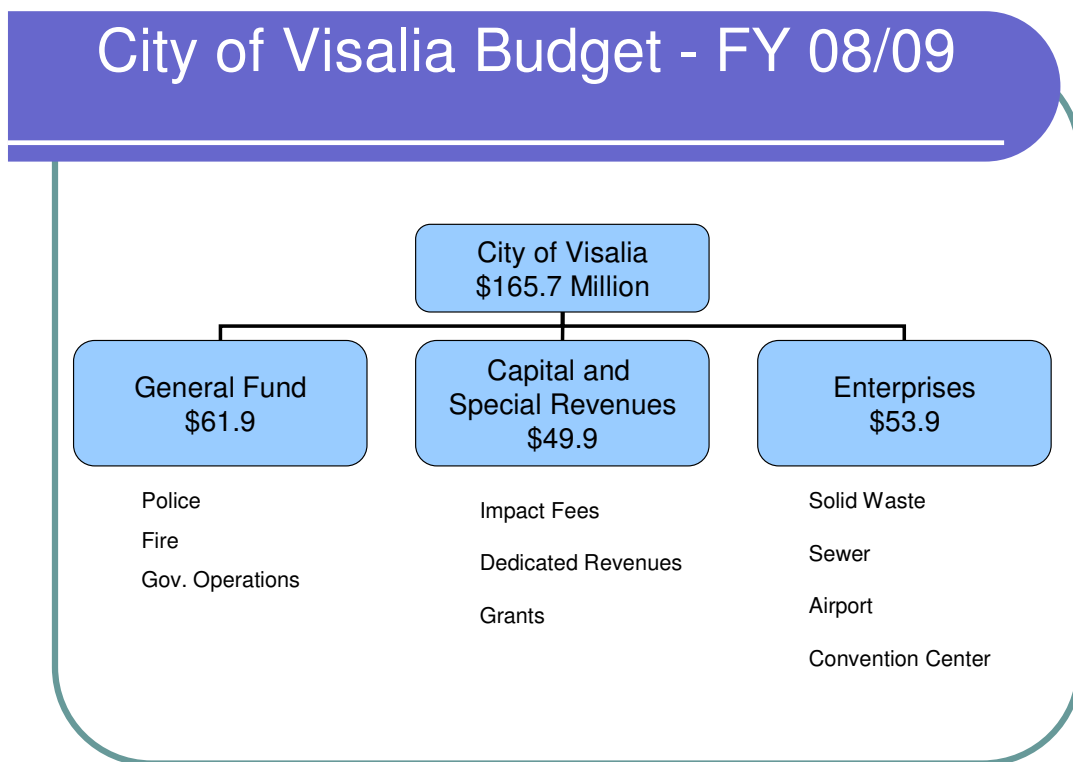
- The two way conversion of Acequia St. between Bridge and Conyer Streets.
- Intersection improvements on the arterial intersections of Dinuba Blvd./Riggin Ave. and Demaree Street/Riggin Ave.
- Major overlay improvements on County Center Drive from Packwood Creek to Whitendale Ave.
- Cooperative agreement with Tulare County to widen Demaree St. from Caldwell Ave. south to Cartmill Ave. in Tulare.
- Road 80 widening north of Goshen Ave.

These civic improvements are being constructed almost exclusively from current resources. To the City's credit, the City Council over a number of years has accumulated resources to now embark on a building program which will benefit Visalia's citizens long into the future.

**Long-term financial events**

Because of the severity of the economic recession, it is appropriate to review the financial health of the City. The City's budget can be divided into three categories: General Fund, Special Revenue Funds and City Business-like Funds. The three fund types are further divided into various activities. Collectively, these funds provide the Visalia residents with the services and capital assets as shown below in Chart 2, Visalia's Budget Framework. These three groupings have different characteristics and are managed differently.

Chart 2  
Visalia's Budget Framework  
Fiscal Year 2008/09



- General Fund - The General Fund is principally supported by non-restricted taxes, available for use at the discretion of the City Council. The General Fund supports the principal operating activities of the City: Police, Fire, Recreation, Park Maintenance, Streets, Community Development and General Government. The recession has most visibly impacted the General Fund as Sales and Property Taxes have declined over the last several years. As revenues have declined, the City has had to reduce positions, including public safety. Nevertheless, the number of layoffs at the end of the fiscal year were few (8) compared to what has occurred in other cities.
- Capital and Special Revenues Funds - These revenues are restricted for specific uses, whether they are derived from taxes, impact fees or grants. Special revenue funds which are used to build capital assets have had to scale back their building plans as revenues have declined. Impact fee funds in particular have been the most severely impacted by construction spending, therefore, impact fees have fallen by 60%.
- Enterprise or Business-like Funds - The City's businesses of Waste Water, Solid Waste, Airport, Transit, Valley Oaks Golf, Convention Center, and Building Safety strive to act like business entities, charging fees sufficient to recover costs and replace their capital assets. Airport and Transit receive significant Federal and State grant revenues which supplement their fee revenues. The Convention Center receives a substantial subsidy from the General Fund to pay for the Convention Center building and subsidy operations by approximately \$3 million a year.

The enterprises have adjusted to the recession in different ways. Transit use has actually increased as riders have found the Transit service a cost effective alternative. The largest enterprises, Solid Waste and Waste Water, have not seen their revenues decline in the recession. Valley Oak Golf has had some decline in revenue, but the Golf Course has been able to handle its revenue losses. Building Safety and Convention Center have taken significant steps to reduce cost as their revenues have declined but remain at acceptable levels.

In the larger picture, the State altered revenues received by local governments to encourage greater reliance on property tax. The State took away from cities sales tax and vehicle license fees and replaced them with offsetting amounts of the local property tax. The mechanics of this change has occurred in two parts: 1) The State has swapped Vehicle License Fees (VLF) collected by the Department of Motor Vehicles for local property tax; and, 2) ¼ of each California cities' sales tax has been traded for local property tax. Although the second swap, sales tax for property tax, will stop after the State's deficit bonds are paid off sometime around 2015, depending upon sales tax growth, the first swap will remain with the City into the future. The property tax swap has proved to be beneficial to Visalia as the City has experienced double digit assessed value growth for the last several years but slowed these past 2 years. The consequence of this change is illustrated in Table I, Property Tax Receipts from All Sources, below which shows substantial changes in property tax revenues.

Table I  
Property Tax Receipts From All Sources  
Fiscal Year Ending June 30  
(Amounts in Thousands)

	2005	2006	2007	2008	2009
Tax Increment	\$ 5,300	\$ 6,128	\$ 7,211	\$ 8,159	\$ 8,618
Property Tax	15,822	18,953	23,515	24,818	26,602
Total	<u>\$ 21,122</u>	<u>\$ 25,081</u>	<u>\$ 30,726</u>	<u>\$ 32,977</u>	<u>\$ 35,220</u>
Change from prior year		19%	23%	7%	7%

Visalia is now more dependent upon local property related events and should tend to improve the stability of the City's revenues, particularly the City's General Fund. Property tax is the City's number one revenue source. In the past, Sales Tax was the City's number one revenue source. Because assessed values trail actual economic activity and development, property tax receipts grew this past year despite a general slowing in the local economy. The economic downturn, however, will decrease Visalia's assessed value for FY 2009/10 by 5.6%. A continued decline in this revenue source is likely until the housing market improves and construction activity increases.

In contrast, consider the Table II, Various Sales Tax Revenues. In the last several years, this revenue source has also grown dramatically because of voter initiatives and growth in economic activity. The City now has two new sales tax sources, Measure T, a local ¼ cent tax for public safety passed in 2004, and Measure R, a county-wide, ½ cent sales tax measure for road improvement passed in 2006. The revenues have grown this past year; however, notice that all the growth this last year is due to new Measure R revenues. Without this new revenue source, Sales Tax would have declined by \$3 million, a reflection of the declining economic activity.

Table II  
Various Sales Tax Revenues  
Fiscal Year Ending June 30  
(Amounts in Thousands)

	2005	2006	2007	2008	2009
General Sales Tax	\$ 14,548	\$ 17,430	\$ 17,331	\$ 17,154	\$ 15,215
Measure T Sales Tax	4,217	5,194	5,220	5,050	4,478
Measure R Sales Tax	-	-	83	2,272	5,307
Total	<u>\$ 18,765</u>	<u>\$ 22,624</u>	<u>\$ 22,634</u>	<u>\$ 24,476</u>	<u>\$ 25,000</u>
Change from prior year		21%	0%	8%	2%

In particular, the City will need to manage its Measure T resources more closely. Measure T laid out a plan which assumed sustained revenue growth at 3% a year. With revenues down by almost 15%, a reevaluation of what activities are sustainable will be a Council priority this coming year.

### **Relevant financial actions**

The City over the last several years has made great strides in developing secure revenue sources to pay for infrastructure and the maintenance of that infrastructure. As a result, the monies collected from impact fees and maintenance assessment districts have grown substantially until this last year, as shown in Table III, Governmental Impact and Maintenance Fees.

Table III  
Governmental Impact and Maintenance Fees  
Fiscal Year Ending June 30  
(Amounts in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Transportation Impact Fees	\$ 3,576	\$ 9,296	\$ 9,387	\$ 13,514	\$ 4,273
Other Impact Fees	4,326	10,973	9,983	6,313	2,290
Maintenance Assessments	864	1,009	1,541	1,787	2,078
Total	<u>\$ 8,766</u>	<u>\$ 21,278</u>	<u>\$ 20,911</u>	<u>\$ 21,614</u>	<u>\$ 8,641</u>
Change from prior year		143%	-2%	3%	-60%

The significant change this year is that Table III's revenues declined by almost 2/3. These declines are due to slowing construction activity. Capital projects are funded by these impact fees. As these fees decline, the City will produce fewer projects this year but the change will not affect governmental operations.

It is also significant to note that annual Maintenance Assessment fees have increased by over \$1 million over the last 5 years. These monies are used to maintain common areas throughout the City around subdivisions and are carried out by contractors.

The City completes fiscal year 2008/09 facing its most significant fiscal challenges since possibly the depression. The City's Sales Tax revenues have declined dramatically and property taxes show signs of weakening. Measure T, a special sales tax for Public Safety is off 15% from 2 years ago. Impact fees have plummeted by more than 60 percent from a year earlier. These declines will require that the City restructure and right size its programs and capital plans to live within the resources it receives. This new fiscal reality is confronting all California governments as revenue bases have changed. To Visalia's credit, City Councils have worked to maintain fiscally sound budgets and adequate reserves to meet these fiscal challenges. The City's reserves will cushion the economic blow but the City still needs to adjust to current economic conditions.

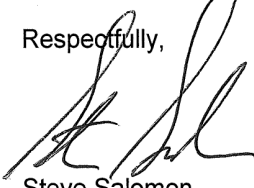
### **Awards and acknowledgments**

The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Visalia for its CAFR for the fiscal year ended June 30, 2008. This was the 23rd year the City of Visalia has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet these requirements and we will submit it for GFOA's Award program.

The preparation of this document could not have been accomplished without the dedicated services of the entire staff of the Finance Department. Sincere appreciation goes to Tim Fosberg, Danielle Dew, Renee Nagel, Melody Murch, Kari Blofsky and Jason Montgomery for their hard work in preparing this document as well as the auditing firm of Brown Armstrong Accountancy Corporation. We would also like to thank the members of the City Council for their continued guidance and direction in the management of the City.

Respectfully,



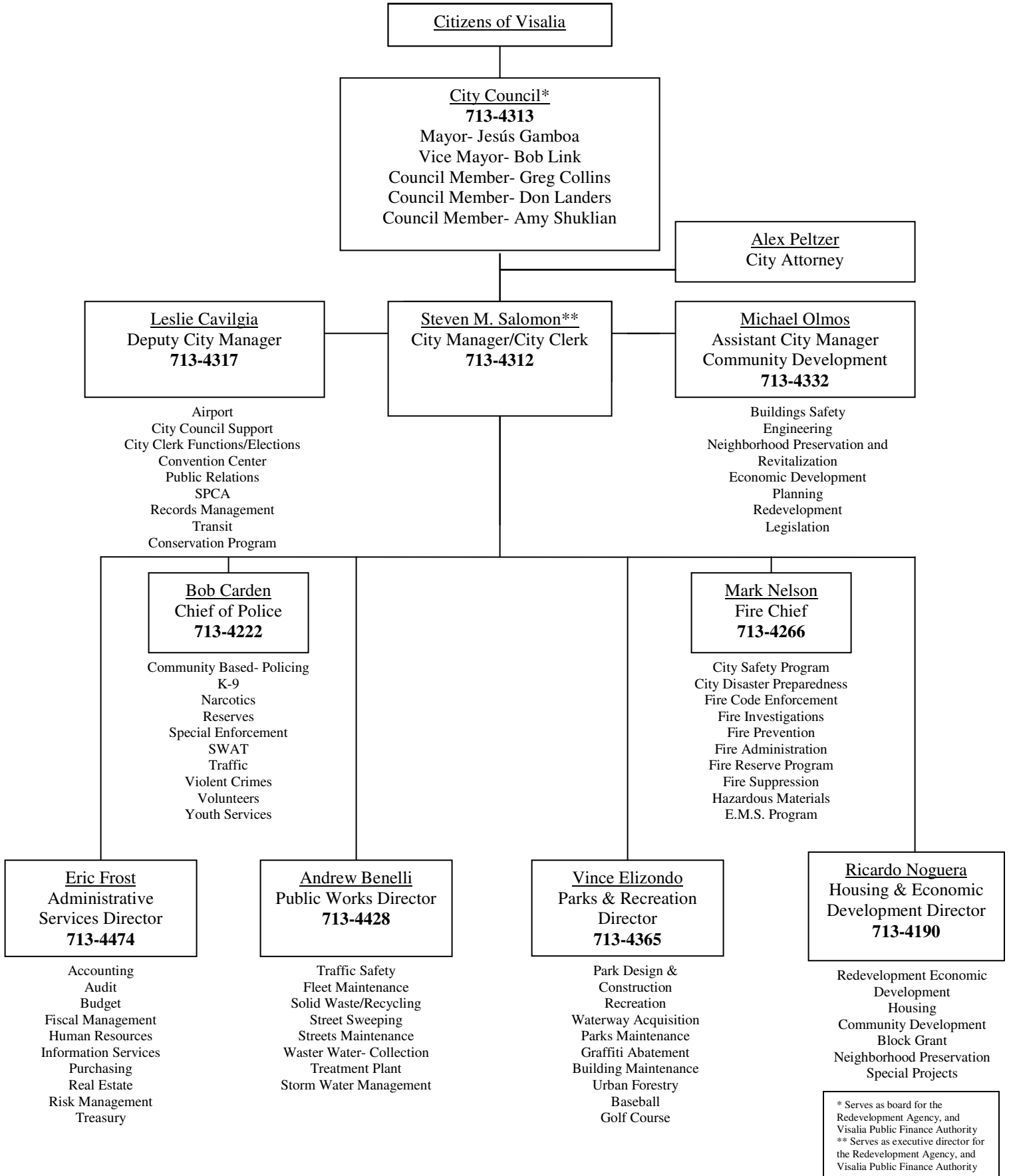
Steve Salomon  
City Manager



Eric Frost  
Administrative Services Director



# CITY OF VISALIA



# 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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R. St".

President

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

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Visalia for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This is the twenty-third year that the City of Visalia has achieved this prestigious national award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **FINANCIAL STATEMENTS**

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Peter C. Brown, CPA

**Burton H. Armstrong, CPA, MST**

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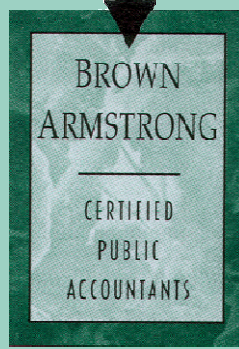
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**INDEPENDENT AUDITOR'S REPORT  
ON BASIC FINANCIAL STATEMENTS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Visalia, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 of Visalia, California, as of June 30, 2009, and the respective changes in the financial position and cash flows, where applicable thereof, and the respective budgetary comparisons listed as part of the basic financial statements for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Visalia, California's basic financial statements. The introductory section, the major fund budgetary comparison schedules, the combining and individual non-major fund financial statements and schedules, and the statistical tables identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. These financial statements and schedules are also the responsibility of the management of the City of Visalia, California. The major fund budgetary comparison schedules and the combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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 on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2010 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. 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
January 13, 2010

**CITY OF VISALIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FISCAL YEAR ENDED JUNE 30, 2009**

The GASB 34 Government-wide statements present a combined picture of 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 has 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, Single Audit Report, Measure T audit report, 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 longer-term view, in a manner similar to private-sector businesses.

The **Statement of Net Assets** 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 assets. 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 assets 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 assets 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 the both the Statement of Net Assets 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, housing & economic development, police, fire, public works, parks and recreation services. The City's **Business-type Activities** includes the convention center, airport, golf course, wastewater, solid waste & street sweeping, transit, storm sewer maintenance, and building safety.

The City's Government-wide Financial Statements include not only the City itself (referred to as the primary government) but also a legally separate redevelopment agency. A Component Unit Report of the Redevelopment Agency is also prepared which includes an independent auditor's report on its financial statements. Also, the Visalia Public Finance Authority and the Downtown Improvement District (a property based improvement district) are financially accountable to the City and are blended into these financials.

## **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, 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.

**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 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 and Storm Sewer Maintenance, Solid Waste & Street Sweeping, Transit, 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 assets of these funds have been included within governmental activities in the government-wide financial statements. The City uses internal service funds to account for Fleet Maintenance, Vehicle Replacement, Information Services, Risk Management, Health Benefits and Compensated Absences.



**Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's fiduciary activities are reported in the Statement of Fiduciary Net Assets included in the Basic Financial Statements and in the Agency Funds statement of Changes in Assets and Liabilities included in the Supplemental Information. For the City of Visalia, five fiduciary funds are maintained: the Los Rios Assessment District, the Property Based Improvement District #2 and #3 (for Downtown Visalians & Alliance), the Village West Improvement Project, and the Orchard Walk Underground, which is in progress.

### **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**

As the City's population has grown, the City increased its net assets and revenues. This past fiscal year the population grew by 2.2%. The California Consumer Price Index for All Urban Consumers for the same period decreased by 1.5%. The major factors driving the City's financial results this fiscal year are the following:

- Dramatic decline in construction activity, evidenced by a 2/3 drop in impact fee revenues as well as a similar decline in single family dwelling permits.
- The continued and steepening decline in Sales Tax revenues.
- The City almost completed the renovation of the City's minor league baseball park complex, the Rawhide Stadium.

### **Government-wide Statements**

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

- The City's Total Assets increased by \$23.5 million (4.2%) during the current fiscal year. This was mainly due to an increase in capital assets of \$19.7 million in road construction, and \$11.0 million in almost completing the renovation of the Rawhide Stadium recreation park. The increase in capital assets was partially offset by a decrease in cash.
- The City's Total Liabilities decreased by \$2.5 million (3.4%) during the current fiscal year. This was mainly due to a \$2.3 million reduction in long term debt. No new debt was accumulated, and annual debt payments were made.

*Table 1*  
**Government-wide City Totals**  
(in millions)

	<u>FY 08-09</u>	<u>FY 07-08</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Assets	\$ 586.1	\$ 562.6	\$ 23.5	4.2%
Liabilities	70.1	72.6	(2.5)	-3.4%
Net Assets	516.0	490.0	26.0	5.3%
Revenues	159.5	162.3	(2.8)	-1.7%
Expenditures	135.3	129.6	5.7	4.4%

- The City's Total Net Assets (assets exceeding its liabilities) were \$516.0 million as of June 30, 2009. Of this amount, \$93.8 million (18.2%) are unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's Total Revenues, including program and general revenues, were \$159.5 million for fiscal year 2008-09, a decrease of \$2.8 million (1.7%) from last year, while total City expenses were \$135.3 million, an increase of \$5.7 million (4.4%) from last year. The revenue decline is mainly due to the general economic decline while the increase in expenses is due to the costs of major capital projects which have been in process for the last several years.
- Program Revenues were \$85.1 million (revenues derived from specific activities) and \$74.4 million of General Revenues (e.g. taxes and investment earnings). Governmental activity revenue and business-type activity revenue were \$93.8 million (58.8%) and \$65.7 million (41.2%) respectively.
- Expenses for governmental activities and for business-type activities were \$84.1 million (an 8.2% increase from last year) and \$51.2 million (a 1.4% decrease from last year) respectively.

#### **Fund Financial Statements**

- The General Fund's revenues were \$55.8 million for fiscal year 2008-09 (a \$5.8 million or 9.4% decrease from last year), while the General Fund's expenditures were \$62.8 million (a \$4.2 million or 7.2% increase from last year). The revenue decrease was mainly due to Building Safety becoming a separate fund, a dramatic decrease in sales tax, a decrease in interest rates, a significant decrease in fair market value gains and decreases in gains from sales.
- The General Fund's fund balance decreased by \$9.7 million as expenditures exceeded revenues. Fund balance was \$46.6 million at fiscal year end, of which \$12.1 million has been reserved for advances to other funds, encumbrances and inventories. Some \$32.5 million of fund balance is unreserved but designated by City Council for specific purposes.

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

**Analysis of Governmental Net Assets**

The City's governmental assets are shown in Table 2, Governmental Net Assets. These assets exceeded its liabilities by \$314.5 million. The largest portion of the net assets, \$190.2 million (60.5%) is Investment in Capital Assets Net of Related Debt (debt to acquire those assets). The remaining portions of the City's net assets are: \$52.3 million (16.6%), represents resources that are subject to restrictions, and the remaining \$72.0 million (22.9%) being unrestricted.

*Table 2*  
**Governmental Net Assets**  
(in millions)

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 106.8	\$ 120.1	\$ (13.3)	-11%
Current and Other Assets	33.3	33.2	0.1	0%
Adv. To Other Funds & Internal Balances	3.8	3.8	-	0%
Capital Assets, Net of Accum. Deprec.	212.8	186.5	26.3	14%
Total Assets	<u>356.7</u>	<u>343.6</u>	<u>13.1</u>	<u>4%</u>
<b>Liabilities</b>				
Other Liabilities	16.2	16.0	0.2	1%
Long-Term Debt Outstanding	26.1	26.5	(0.4)	-2%
Total Liabilities	<u>42.3</u>	<u>42.5</u>	<u>(0.2)</u>	<u>0%</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	190.2	163.3	26.9	16%
Restricted	52.3	56.2	(3.9)	-7%
Unrestricted (1)	72.0	81.6	(9.6)	-12%
Total Net Assets	<u>\$ 314.5</u>	<u>\$ 301.1</u>	<u>\$ 13.4</u>	<u>4%</u>

(1) \$32.5 million has been designated by City Council in the General Fund for capital project and operational expenses. \$7.5 million has been reserved for advances to other funds.

A detailed schedule of the General Fund's Fund Balance can be found in the Statistical Section.

- *Cash and Investments* of \$106.8 million decreased \$13.3 million from last year because capital projects were constructed.
- *Capital Assets, Net of Accumulated Depreciation* totaling \$212.8 million are categorized in *Table 8, Capital Assets*. This amount increase by \$26.3 million over last year as capital projects were constructed or in progress.
- *Long-Term Debt* totaling \$26.1 million is comprised of Tax Allocation Bonds, Certificates of Participation, government loans, bank loans, capital lease obligations and compensated absences. Long-term debt decreased by \$0.4 million due to debt payments made by the City exceeding the increase in compensated absences. See accompanying *Notes to Basic Financial Statements, Note 7 – Long-Term Debt* for further detail.
- *Net Assets - Invested in Capital Assets, Net of Related Debt* of \$190.2 million represents the City's Capital Assets less accumulated depreciation and any debt used to finance its construction or purchase.

- *Restricted Net Assets* of \$52.3 million is primarily found in Capital Projects funds which have been restricted for related capital projects.
- *Unrestricted Net Assets* of \$72.0 million is the remaining part of the assets that can be used to finance operational and capital asset expenditures without constraints established by debt covenants or other legal requirements, or being subject to any restrictions by the originating revenue source. However, with respect to the General Fund, \$7.5 million has been reserved for advances to other funds and City Council has committed \$32.5 million towards specific capital projects and operational expenditures. Additional information on the General Fund's Fund Balance can be found following the Statistical Section.

### Analysis of Changes in Governmental Net Assets

Governmental activities are summarized in Table 3, Change in Governmental Net Assets, showing that during fiscal year 2008-09 the City's net assets decreased by \$24.4 million (68%). Total governmental revenues of \$99.4 million, decreased by \$18.3 million (16%) and total governmental expenses of \$84.1

*Table 3*  
**Changes in Governmental Net Assets**  
(in millions)

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 15.9	\$ 32.6	\$ (16.7)	-51%
Operating Grants & Contributions	5.2	3.9	1.3	33%
Capital Grants & Contributions	7.7	8.0	(0.3)	-4%
General Revenues:				
Taxes				
Sales	25.0	24.5	0.5	2%
Property	25.6	24.8	0.8	3%
Incremental Property	8.6	8.2	0.4	5%
Other	6.1	7.4	(1.3)	-18%
Investment Earnings	4.8	7.5	(2.7)	-36%
Capital Asset Adjustments	-	0.1	(0.1)	-100%
Miscellaneous	0.5	0.7	(0.2)	-29%
Total Revenues	<u>99.4</u>	<u>117.7</u>	<u>(18.3)</u>	<u>-16%</u>
<b>EXPENSES</b>				
General Government	8.0	5.9	2.1	36%
Community Development	5.5	12.2	(6.7)	-55%
Housing & Economic Development	0.5	0.6	(0.1)	-17%
Police	28.9	27.7	1.2	4%
Fire	13.7	11.8	1.9	16%
Public Works	15.6	10.0	5.6	56%
Parks & Recreation	10.4	7.7	2.7	35%
Interest on Long-Term Debt	1.5	1.8	(0.3)	-17%
Total Expenses	<u>84.1</u>	<u>77.7</u>	<u>6.4</u>	<u>8%</u>
Increase (Decrease) in Net Assets				
Before Transfers	15.3	40.0	(24.7)	-62%
Transfers	<u>(3.6)</u>	<u>(3.9)</u>	<u>0.3</u>	<u>-8%</u>
Increase (Decrease) in Net Assets	11.7	36.1	(24.4)	-68%
Net Assets at Beg. of Year, as Restated	<u>302.8</u>	<u>265.0</u>	<u>37.8</u>	<u>14%</u>
Net Assets at End of Year	<u>\$ 314.5</u>	<u>\$ 301.1</u>	<u>\$ 13.4</u>	<u>4%</u>

million, increased by \$6.4 million (8%) when compared to last year. The most significant revenue change was the decreases in charges for services, caused by a dramatic drop in impact fees. The most significant expenditure increase was public works, and parks & recreation expenditures. The public works increase was driven by road construction projects, and the parks & recreation increase was due to the renovation work on the Rawhide Stadium.

## **PROGRAM REVENUES**

### **Charges for Services**

The decrease of \$16.7 million (51%) over last year is a result of the dramatic decrease in impact fees caused by the significant decline in construction activity.

### **Grants (Operating & Capital) & Contributions**

The combined income from grants and contributions increased from last year by \$1.0 million out of a total of \$12.9 million for fiscal year 2008-09, mainly due to increased community development grants of \$0.7 million from the American Recovery and Reinvestment Act.

## **GENERAL REVENUES**

- **Sales Tax** - Sales tax grew \$.5 million from last year with a current year total of \$25.0 million. Sales tax increase was due entirely from a new Sales Tax increase for roads, Measure R. Without this new sales tax, revenues would have declined by \$3.0 million.
- **Property Taxes** - Property tax revenues increased \$0.8 million (3%) over last year, currently totaling \$25.6 million. Although property taxes had a slight increase, a 5.6% decrease in the assessed roll shows that property taxes will decrease in the future.
- **Incremental Property Tax** - The incremental property tax increased \$0.4 million (5%) over last year, currently totaling \$8.6 million. Like Property Taxes, Incremental Property Taxes are expected to decrease in the future.
- **Investment Earnings** - Investment earnings decreased \$2.7 million over last year due to lower cash balances, lower returns, and less gains from sales of investments.

## **EXPENSES**

- **General Government** - Of the \$8.0 million in expenses, \$3.8 million were "pass-through taxes" paid to other tax collecting entities for RDA development agreements. Other costs included in General Government are those expenditures not allocated out to all the other City activities.
- **Community Development** - There were \$5.5 million in expenses reflecting a decrease of \$6.7 million (55%) which was mainly due to a \$4.5 million contribution from the Redevelopment Agency to the Tulare County Housing Authority's 70 unit Mill Creek apartment complex at Lovers Lane and Mill Creek in the prior fiscal year and the transfer of the Building Safety activity from the General Fund to a Business-type Fund.
- **Police** - There were \$28.9 million in expenses, a net increase of \$1.2 million (4%) which was due to increases in salaries.
- **Fire** - There were \$13.7 million in expenses, an increase of \$1.9 million (16%) which was due to Fire Station 55 being constructed as well as an increase in employee salaries.

- **Public Works** - There were \$15.6 million in expenses, an increase of \$5.6 million. This increase is due to a significant amount of street projects completed (Transportation Fund) in the last fiscal year.
- **Interest on Long Term Debt** - There was \$1.5 million in interest expense for fiscal year 08-09. Principal payments were made on Tax Allocation Bonds, Certificates of Participation, government loans and bank loans. Debt service decreased by \$0.3 million due to no new debt issuance, and payments being made during the fiscal year.
- **Transfers Out** - There were \$3.6 million in transfer to the Convention Center to cover its debt service and operating cost.

### Analysis of Business-Type Net Assets

The City's business-type net assets, shown in [Table 4, Business-Type Net Assets](#), exceeded liabilities by \$201.5 million. The largest portion of the net assets, Invested in Capital Assets, Net of Related Debt is \$174.5 million (86%). \$5.3 million (3%) represents resources that are subject to restrictions. The remaining balance of \$21.7 million (11%) represents unrestricted net assets.

*Table 4*  
**Business-Type Net Assets**  
(in millions)

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 31.7	\$ 21.5	\$ 10.2	47%
Current and Other Assets	7.5	9.1	(1.6)	-18%
Internal Balances	(3.8)	(3.8)	-	0%
Capital Assets	194.0	192.2	1.8	1%
Total Assets	<u>229.4</u>	<u>219.0</u>	<u>10.4</u>	<u>5%</u>
<b>Liabilities</b>				
Other Liabilities	6.0	5.9	0.1	2%
Long-Term Debt Outstanding	21.9	24.1	(2.2)	-9%
Total Liabilities	<u>27.9</u>	<u>30.0</u>	<u>(2.1)</u>	<u>-7%</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	174.5	178.2	(3.7)	-2%
Restricted	5.3	11.5	(6.2)	-54%
Unrestricted	21.7	(0.7)	22.4	-3200%
Total Net Assets	<u>\$ 201.5</u>	<u>\$ 189.0</u>	<u>\$ 12.5</u>	<u>7%</u>

- **Cash and Investments** increased \$10.2 million (47%), the major causes for the increase was due to Wastewater's \$6.3 million net increase in cash due to rate increases and population growth, and Transit's \$3.5 million net increase due to increased grant revenues.
- **Capital Assets** totaling \$194.0 million increased by \$1.8 million (1%) mainly due to Transit's purchase of new buses, and Valley Oak Golf's purchase of new golf carts. See [Table 8 - Capital Assets, Net of Accumulated Depreciation](#) below for additional detail.
- **Long-Term Debt** totaling \$21.9 million is composed of Revenue Bonds, Certificates of Participation, government loans, bank loans, capital lease obligations and compensated

absences. Regularly scheduled payments decreased the long-term debt by \$2.2 million. See accompanying *Notes to Basic Financial Statements, Note 7- Long-Term Debt* for further detail.

- **Net Assets - Invested in Capital Assets, Net of Related Debt** totaling \$174.5 million (2% decrease) represents capital assets less accumulated depreciation and net of any debt used to finance its construction or purchase.
- **Restricted Net Assets** of \$5.3 million is for various capital projects and debt service reserve.
- **Unrestricted Net Assets** of \$21.7 million experienced an increase of \$22.4 million. Unrestricted Net Assets are normally the part of assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

### Analysis of Changes in Business-Type Net Assets

Table 5, *Changes in Business-type Net Assets*, shows the results of the City's Businesses for the last two fiscal years. The City's Business-type activities during fiscal year 2008-09 increased the City's net assets by \$12.5 million (7%). Total Business-type revenues of \$60.1 million increased by \$15.4 million

*Table 5*  
**Changes in Business-Type Net Assets**  
(in millions)

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 42.3	\$ 39.2	\$ 3.1	8%
Operating Grants & Contributions	5.1	3.9	1.2	31%
Capital Grants & Contributions	8.9	1.1	7.8	709%
Investment Earnings	1.0	1.4	(0.4)	-29%
Miscellaneous	2.8	(0.9)	3.7	-411%
Total Revenues	<u>60.1</u>	<u>44.7</u>	<u>15.4</u>	<u>34%</u>
<b>EXPENSES</b>				
Convention Center	5.4	6.7	(1.3)	-19%
Airport	2.6	3.0	(0.4)	-13%
Golf Course	2.5	2.4	0.1	4%
Wastewater & Storm Sewer	12.6	16.5	(3.9)	-24%
Solid Waste & Street Sweeping	18.0	15.4	2.6	17%
Transit	8.1	7.9	0.2	3%
Building Safety	2.0	-	2.0	100%
Total Expenses	<u>51.2</u>	<u>51.9</u>	<u>(0.7)</u>	<u>-1%</u>
Increase in Net Assets Before Transfers	8.9	(7.2)	16.1	-224%
Transfers	3.6	3.9	(0.3)	-8%
Increase in Net Assets	<u>12.5</u>	<u>(3.3)</u>	<u>15.8</u>	<u>-479%</u>
Net Assets at Beg. of Yr., As Restated	<u>189.0</u>	<u>192.3</u>	<u>(3.3)</u>	<u>-2%</u>
Net Assets at End of Yr.	<u>\$ 201.5</u>	<u>\$ 189.0</u>	<u>\$ 12.5</u>	<u>7%</u>

(34%) when compared to last year and were due mainly to an increase in capital grant revenues by \$9.0 million. Total Business-type expenses of \$51.2 million, which decreased by \$0.7 million, was due to a decrease in depreciation caused by a write off of approximately \$8.0 million in Solid Waste fixed assets that were individually under the \$5,000 threshold with a net book value of \$3.0 million.

## Revenues

- **Charges for Services** – These revenues were up collectively by \$3.1 million because a new Business-type fund was added, Building Safety, which had \$1.7 million in additional revenues. The Waste Water and Solid Waste funds added another \$2.5 million in revenues while the Airport declined by \$0.8 million as fuel sales decreased due to a change in commercial air service which no longer purchases their fuel in Visalia.
- **Capital Grants and Contributions** – Transit received a substantial increase in capital grants as it replaced 24 buses this past year, funded mainly from Federal grants.
- **Miscellaneous Revenues** – These revenues are higher this year than last year due to a downward adjustment in contributed capital in Fiscal Year 07/08. This year, contributed capital in the Waste Water Treatment Plant fund for dedicated sewers was positive.

## Expenses

- **Conventions Center** – Last year, the Convention Center had an unusual one-time depreciation charge that caused expenses to be \$1 million higher than normal.
- **Airport** – Expenses declined as the Airport's commercial airline changed and the new airline discontinued purchasing fuel from Visalia's airport.
- **Golf Course** – Despite a difficult year, the golf course's revenues remained stable.
- **Wastewater & Storm Sewer Maintenance** – The Wastewater fund's expenses declined substantially because in FY 07/08, the fund had \$3 million in unusual depreciation charges.
- **Solid Waste & Street Sweeping** – Solid Waste decided to discontinue inventorying all its containers. As a result, this fixed asset was expensed this year, resulting in a \$3.6 million charge to write off these assets.
- **Transit** – Transit's expenses remained essentially flat this last year.
- **Building Safety** – Building Safety is a new Business-type Fund which did not exist as a separate fund last year. Nevertheless, expenses have declined substantially as construction activity has declined.



## FUND FINANCIAL ANALYSIS

Governmental Funds are reported on the modified accrual basis in the fund statements, essentially eliminating the effects of fixed 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)

	<u>FY 08-09</u>	<u>FY 07-08</u>	<u>Increase (Decrease)</u>	
			\$	%
<b>Assets</b>				
Cash and Investments	\$ 93.1	\$ 108.1	\$ (15.0)	-14%
Other Assets	34.9	32.9	2.0	6%
Internal Balances	7.5	7.3	0.2	3%
Total Assets	<u>135.5</u>	<u>148.3</u>	<u>(12.8)</u>	<u>-9%</u>
<b>Liabilities</b>				
Deferred Revenue	14.7	15.4	(0.7)	-5%
Advances From Other Funds	13.1	12.8	0.3	2%
Other Liabilities	8.9	7.6	1.3	17%
Total Liabilities	<u>36.7</u>	<u>35.8</u>	<u>0.9</u>	<u>3%</u>
<b>Fund Balances</b>				
Reserved	28.8	24.3	4.5	19%
Designated	36.6	43.1	(6.5)	-15%
Undesignated	33.4	45.1	(11.7)	-26%
Total Fund Balances	<u>\$ 98.8</u>	<u>\$ 112.5</u>	<u>\$ (13.7)</u>	<u>-12%</u>

**Assets** – The composition of assets changed substantially during the year with a substantial decrease in cash and an increase in internal balances and other assets. Other assets increased as Transportation Impact Fee receivables increased and internal balances increased, leaving a moderate decrease in net assets of -9%.

**Liabilities** – Liabilities increased slightly as accounts payable from Transportation Impact Fees increased.

**Fund Balance** – Reserved Fund Balance increased as General Fund advances were increased by having lower available internal service cash balances to provide advances to a number of funds. Designated Fund Balance decreased as special revenue funds accumulated for specific purposes decreased. Undesignated Fund Balance decreased as revenues accumulated in special revenue and capital project funds decreased.

Table 7, Statement of Revenues & Expenditures – Governmental Funds, shows the results of the last two fiscal years' activities. Notably, revenues were down by \$16.4 million. The decline was in two general areas: impact fees and tax revenues. Impact fees declined from \$19.8 million in FY 07/08 to \$6.6 million in FY 08/09, a \$13.2 million decline. Tax revenues would have had a larger decline except that a new sales tax, Measure R for roads, started and offset a decline.

Expenditures actually increased as the City spent impact fees on capital projects collected in prior periods and the City renovated the Rawhide Baseball stadium with General Fund monies collected over a number of years.

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

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
Revenues	\$ 98.7	\$ 115.1	\$ (16.4)	-14%
Expenditures	109.9	98.9	11.0	11%
Excess Revenues Over Expenditures	(11.2)	16.2	(27.4)	-169%
Other Sources & (Uses)	(2.5)	2.5	(5.0)	-200%
Net Change	\$ (13.7)	\$ 18.7	\$ (32.4)	-173%

### **Governmental Funds**

By June 30, 2009, the City's Governmental Funds had total fund balance of \$98.8 million, a decrease of \$13.7 million from the prior fiscal year, which was a combination of increases and decreases in various funds.

The most significant fund balance change was the Transportation Fund. Lower development activity caused a drop of \$9.4 million in revenues, and more City projects caused an increase in expenditures of \$3.6 million, for a total of \$13.0 million.

Total Governmental Fund revenues were \$98.7 million, which decreased by \$16.4 million (14%) when compared to last fiscal year. The major decrease was due to a \$16.7 million decrease in charges for services and \$2.7 million decrease in interest earnings.

Governmental Fund expenditures of \$109.9 million increased \$11.0 million (11%) when compared to last fiscal year. This was mainly due to higher street capital expenditures, Rawhide Stadium renovations, and Fire Station 56.

Other Financing Sources and Uses in the governmental funds were a net decrease of \$5.0 million mainly due to the decrease in interest and decrease on gain on sale of investments.

### **ANALYSIS OF MAJOR GOVERNMENTAL FUNDS**

**General Fund** - The General Fund's fund balance decreased by \$9.8 million. Revenues in total decreased by \$5.8 million of which \$2.8 million was due to building safety being moved to a separate fund, sales tax decrease was \$1.9 million due to the slowing economy, and business license and motor vehicle in lieu decreased \$1.0 million due to the slowing economy. Both these revenue sources are expected to continue to slow next year. Total expenditures were \$4.2 million higher of which Capital Projects increased by \$5.0 million due to a major push on capital projects, mainly Oaks Stadium.

Fund balance was \$46.6 million at fiscal year end. Of this balance, \$34.4 million (70%) is unreserved but designated by City Council for specific projects.

**Community Development** - This fund accounts for the Community Development Block Grants (CDBG) and Home Investment Partnership Program (HOME) Grant funds. The fund's assets include \$8.0 million in notes and loans receivable and \$1.5 million in amounts due from other governments. All loans are fully offset by deferred revenue as the loans are not expected to be repaid within the next year. The notes and loans receivable are for housing assistance as well as past rental rehabilitation loans. Community Development's revenues exceeded expenditures by \$1.1 million for the year, due to a \$1.3 million foreclosed home grant. As a result, fund balance increased \$0.6 million from last fiscal year to \$0.4 million.

**Parking District** - The Parking District fund is a capital project fund used to provide additional parking in downtown Visalia. This year's main activities were selling a parking lot to the Transit fund, and converting variable rate debt to long-term fixed rate debt.

**Redevelopment Districts** - The Redevelopment Districts' funds account for the financing and construction activities in the various redevelopment project areas. The districts receive funding from property tax increment revenues and are considered a blended component unit of the City of Visalia. Separate component unit financial statements of the Redevelopment Agency are also available from the City by request.

The districts' fund balances increased by \$1.8 million to total \$8.0 million as of June 30, 2009. Revenues increased by \$0.1 million, primarily from increased property tax increment payments, to total \$9.2 million. Expenditures decrease by \$4.8 million, mainly due to a \$4.5 million contribution to the Tulare County Housing Authority's 70 unit Mill Creek Townhouse Complex at Lovers Lane and Mill Creek during the prior fiscal year. Because the Redevelopment project areas are nearing the debt issue time limit, the projects are nearing the end of their active life.

**Transportation** - The Transportation Funds are used to account for the financing and construction of streets, roads, and various transportation infrastructure and facilities. Funding is provided primarily by Transportation Impact Fees. Additionally the fund receives ¼ cent of the 7 ¼ cent retail sales tax collected statewide. The Transportation Fund's Fund Balance decreased \$4.3 million to \$3.0 million. Revenues decreased dramatically from \$14.0 million in FY 07-08 to \$4.5 million in FY 08-09 while planned projects of \$8.4 million were completed.

**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 Supplemental Information. Combined they received \$25.3 million in revenue and have a combined Fund Balance at year end of \$38.8 million.

## ANALYSIS OF MAJOR PROPRIETARY FUNDS

### Business-Type Funds

Please refer to *Table 4 Business-Type Net Assets* and *Table 5 – Changes in Business-Type Net Assets* above for detail and information on assets, liabilities, net assets, program revenues, fund expenses and transfers.

Enterprise Funds combined net assets totaled \$201.5 million at the end of the fiscal year, an increase of \$12.5 million. Enterprise revenues were \$60.1 million this year, an increase of \$15.4 million from last year. Operating expenses were \$51.2 million, down \$0.7 million from last year.

**Convention Center** - Operating revenues remained relatively flat compared to the prior year despite a slowing economy. Salaries and operating expenses decreased \$0.2 million, exclusive of depreciation.

**Airport** - Operating revenues decreased by \$0.8 million to \$1.5 million mainly due to lower aviation fuel sales. Operating expenditures decreased by \$0.4 million due to lower aviation fuel sales.

**Valley Oak Golf Course** - Operating revenues decreased by \$1.2 million (44%) due to lower rounds of golf, and expenses increased by \$0.1 million (6%) because of increased course maintenance costs.

**Wastewater & Storm Sewer Maintenance** - Operating revenues increased \$1.6 million (12%) to \$15.6 million due to a rate increase and population growth. The operating expenses decreased this year due to a large capital adjustment in the prior fiscal year.

**Solid Waste & Street Sweeping** - Operating revenues increased approximately \$1.0 million, (7%) due to a rate increase and population growth. Expenses decreased \$0.7 million due to a write off of approximately \$8.0 million in Solid Waste fixed assets that were individually under the \$5,000 threshold which caused a \$0.7 million decrease in depreciation expense.

**Transit** - Operating revenues in Transit decreased \$0.3 million and expenses increased \$0.2 million. After accounting for the grant and other grant revenues, the Transit system essentially broke even in 2009.

**Building Safety** - Operating revenues in Building Safety were \$1.7 million, and expenses were \$2.0 million. Building Safety was included in the General fund through the end of the last fiscal year. Comparisons will become available in the next fiscal year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### **General Fund - Original and Final Budget Comparison**

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

Budgeted total revenues increased by \$1.0 million, to a final budgeted amount of \$56.7 million, mainly due to \$0.9 million in various additional state and county grant funding secured by the City.

Budgeted total expenditures increased by \$7.2 million to a final budgeted amount of \$64.3 million, mainly due to \$6.8 million in numerous Capital Outlay (Project) net increases and \$0.4 million in additional Police funding.

### **General Fund - Final Budget and Actual Comparison**

Total revenues were \$1.0 million lower than the final budgeted amount, as detailed below:

Sales Tax – declined by \$2.1 million as the economy slowed.

Property Tax – was \$1.0 million more than expected. The significant rise in assessed property values along with higher growth resulted in an increases significantly higher than anticipated. However, recent trends suggest that this revenue source will remain flat or also decline next year.

Business License Taxes were \$0.3 million higher than the final budget of \$1.8 million.

Total expenditures were \$1.5 million lower than the final budgeted amount as detailed below:

Police was below budget by \$0.5 million, Housing and Economic Development was below budget by \$0.3 million, and Parks and Recreation was below budget by \$0.7 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2009 totaled \$406.8 million (net of accumulated depreciation), as shown in Table 8, Capital Assets, Net of 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 Depreciation**  
(in millions)

	FY 08-09	FY 07-08	Increase (Decrease)	
			\$	%
<b>Governmental Activities</b>				
Land	\$ 26.7	\$ 26.0	\$ 0.7	3%
Buildings	30.7	31.5	(0.8)	-3%
Improvements	10.1	10.0	0.1	1%
Equipment	9.0	8.4	0.6	7%
Infrastructure	98.0	89.7	8.3	9%
Construction in Progress	38.3	20.9	17.4	83%
<b>Total</b>	<u>212.8</u>	<u>186.5</u>	<u>26.3</u>	<u>14%</u>
<b>Business-Type Activities</b>				
Land	14.6	13.7	0.9	7%
Buildings	18.8	19.3	(0.5)	-3%
Improvements	41.1	41.0	0.1	0%
Equipment	22.6	20.4	2.2	11%
Infrastructure	84.8	83.6	1.2	1%
Construction in Progress	12.1	14.2	(2.1)	-15%
<b>Total</b>	<u>\$ 194.0</u>	<u>\$ 192.2</u>	<u>\$ 1.8</u>	<u>1%</u>
<b>Total City-Wide</b>	<u>\$ 406.8</u>	<u>\$ 378.7</u>	<u>\$ 28.1</u>	<u>7%</u>

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

#### Governmental

- Construction in Progress increased \$17.4 million as both the Rawhide Baseball Stadium renovation and Fire Training Center/Station 55 were almost, but not quite completed at year end.

#### Business-type

- Land was purchased by Transit from the Parking District for \$0.9 million. New busses were purchased by Transit.

## **Debt Administration**

The City's total long-term debt decreased by \$2.5 million (5%) during the fiscal year as shown in [Table 9, Outstanding Debt](#). This was due to no new debt being issued, the City's regularly scheduled debt service payments of \$3.8 million, plus changes to Compensated Absences. See accompanying *Notes to Basic Financial Statements, Note 7* for further detail. The following summarizes the City's outstanding debt.

*Table 9*  
**OUTSTANDING DEBT**  
**(in millions)**

	<b>FY 08-09</b>	<b>FY 07-08</b>	<b>Increase (Decrease)</b>	
			<b>\$</b>	<b>%</b>
<b>Governmental Activities</b>				
Tax Allocation Bonds	\$ 4.0	\$ 4.2	\$ (0.2)	-5%
Certificates of Participation	2.8	3.0	(0.2)	-7%
Notes Payable	15.8	16.0	(0.2)	-1%
Compensated Absences	3.5	3.3	0.2	6%
<b>Total</b>	<b>26.1</b>	<b>26.5</b>	<b>(0.4)</b>	<b>-2%</b>
<b>Business-Type Activities</b>				
Revenue Bonds	6.5	7.0	(0.5)	-7%
Certificates of Participation	14.7	15.7	(1.0)	-6%
Notes Payable	0.2	0.9	(0.7)	-78%
Compensated Absences	0.6	0.5	0.1	20%
<b>Total</b>	<b>\$ 22.0</b>	<b>\$ 24.1</b>	<b>\$ (2.1)</b>	<b>-9%</b>
<b>Total City-Wide</b>	<b>\$ 48.1</b>	<b>\$ 50.6</b>	<b>\$ (2.5)</b>	<b>-5%</b>

## **REQUEST FOR FINANCIAL INFORMATION**

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

**CITY OF VISALIA**  
**FISCAL YEAR ENDED JUNE 30, 2009**

**STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities are required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis – 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 Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all 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 inter-fund 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 assets. It is also prepared on the full accrual basis, 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 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 Assets is computed and reconciled with the Statement of Net Assets.

Both these statements include the financial activities of the City, the Visalia Public Finance Authority, and the Redevelopment Agency of the City of Visalia, which is legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

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 ASSETS**  
**JUNE 30, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$ 104,167,126	\$ 29,895,489	\$ 134,062,615
Restricted Cash and Investments (Note 3)	2,642,873	1,831,433	4,474,306
Accounts Receivable	3,211,572	2,907,136	6,118,708
Interest Receivable	737,413	-	737,413
Taxes Receivable	4,551,746	65,345	4,617,091
Notes and Loans Receivable (Note 5)	13,466,230	-	13,466,230
Supplies	472,377	104,318	576,695
Advances to Other Funds (Note 4)	3,750,774	(3,750,774)	-
Internal Balances	(104,229)	104,229	-
Due from Other Governmental Units	4,569,963	2,475,075	7,045,038
Land Held for Redevelopment (Note 1G)	3,067,864	-	3,067,864
Prepays and Deposits	3,394,081	353,957	3,748,038
Unamortized Debt Issuance Cost	41,304	1,445,850	1,487,154
Capital Assets, Net of Accumulated Depreciation (Note 6):			
Capital Assets Not Being Depreciated	64,954,308	26,683,731	91,638,039
Capital Assets Being Depreciated	147,799,934	167,309,086	315,109,020
<b>Total Assets</b>	<b>356,723,336</b>	<b>229,424,875</b>	<b>586,148,211</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts, Interest, and Contracts Payable	7,498,361	2,247,025	9,745,386
Deferred Revenue	2,251,307	2,417,510	4,668,817
Due to Other Governmental Units	770,829	-	770,829
Customer Deposits	556,660	176,794	733,454
Accrued Personnel Costs (Note 11)	405,447	84,963	490,410
Liability for Self-Insurance Claims (Note 12)	4,038,099	-	4,038,099
Unamortized Debt Premium	625,550	1,076,377	1,701,927
Long-Term Debt (Note 7):			
Due Within One Year	1,733,256	1,724,802	3,458,058
Due in More Than One Year	24,388,279	20,161,307	44,549,586
<b>Total Liabilities</b>	<b>42,267,788</b>	<b>27,888,778</b>	<b>70,156,566</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	190,173,281	174,515,033	364,688,314
Restricted for:			
Capital Projects	28,263,043	2,705,301	30,968,344
Debt Service	1,613,095	2,566,637	4,179,732
Redevelopment Projects	4,539,480	-	4,539,480
Special Revenue Projects	17,836,421	-	17,836,421
<b>Total Restricted Net Assets</b>	<b>52,252,039</b>	<b>5,271,938</b>	<b>57,523,977</b>
Unrestricted	72,030,228	21,749,126	93,779,354
<b>Total Net Assets</b>	<b>\$ 314,455,548</b>	<b>\$ 201,536,097</b>	<b>\$ 515,991,645</b>

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



**CITY OF VISALIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 7,993,563	\$ 116,866	\$ -	\$ -	\$ (7,876,697)	\$ -	\$ (7,876,697)
Community Development	5,491,544	1,198,203	3,552,922	-	(740,419)	-	(740,419)
Housing & Economic Development	526,336	134,960	-	-	(391,376)	-	(391,376)
Public Safety							
Police	28,899,613	1,957,242	1,324,710	-	(25,617,661)	-	(25,617,661)
Fire	13,665,145	968,869	25,113	-	(12,671,163)	-	(12,671,163)
Public Works	15,624,584	9,581,472	-	7,653,345	1,610,233	-	1,610,233
Parks & Recreation	10,447,622	1,968,333	311,685	-	(8,167,604)	-	(8,167,604)
Interest on Long-Term Debt	1,458,788	-	-	-	(1,458,788)	-	(1,458,788)
<b>Total Governmental Activities</b>	<b>84,107,195</b>	<b>15,925,945</b>	<b>5,214,430</b>	<b>7,653,345</b>	<b>(55,313,475)</b>	<b>-</b>	<b>(55,313,475)</b>
<b>Business-Type Activities</b>							
Convention Center	5,396,602	3,135,798	-	-	-	(2,260,804)	(2,260,804)
Airport	2,626,113	1,544,636	-	126,318	-	(955,159)	(955,159)
Valley Oak Golf	2,538,968	2,520,462	-	-	-	(18,506)	(18,506)
Wastewater and Storm							
Sewer Maintenance	12,606,269	15,608,829	-	-	-	3,002,560	3,002,560
Solid Waste and Street Sweeping	17,973,722	15,554,086	97,003	373,000	-	(1,949,633)	(1,949,633)
Transit	8,062,701	2,186,448	5,025,516	8,368,336	-	7,517,599	7,517,599
Building Safety	1,979,131	1,730,542	-	-	-	(248,589)	(248,589)
<b>Total Business-Type Activities</b>	<b>51,183,506</b>	<b>42,280,801</b>	<b>5,122,519</b>	<b>8,867,654</b>	<b>-</b>	<b>5,087,468</b>	<b>5,087,468</b>
<b>Total</b>	<b>\$ 135,290,701</b>	<b>\$ 58,206,746</b>	<b>\$ 10,336,949</b>	<b>\$ 16,520,999</b>	<b>(55,313,475)</b>	<b>5,087,468</b>	<b>(50,226,007)</b>
<b>General Revenues</b>							
Taxes:							
Sales Taxes							
					25,000,006	-	25,000,006
Property Taxes							
					25,601,692	-	25,601,692
Incremental Property Taxes							
					8,618,100	-	8,618,100
Other Taxes							
					6,147,584	-	6,147,584
Investment Earnings							
					4,770,457	961,481	5,731,938
Miscellaneous							
					465,106	2,886,491	3,351,597
<b>Transfers</b>							
					(3,637,449)	3,637,449	-
<b>Total General Revenues and Transfers</b>							
					<b>66,965,496</b>	<b>7,485,421</b>	<b>74,450,917</b>
<b>Change in Net Assets</b>							
					11,652,021	12,572,889	24,224,910
Net Assets - Beginning of Year, As Restated							
					<u>302,803,527</u>	<u>188,963,208</u>	<u>491,766,735</u>
Net Assets - End of Year							
					<u>\$ 314,455,548</u>	<u>\$ 201,536,097</u>	<u>\$ 515,991,645</u>

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

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**CITY OF VISALIA  
FISCAL YEAR ENDED JUNE 30, 2009**

**FUND FINANCIAL STATEMENTS**

GASB 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 2008-09. Individual non-major funds are presented in the Supplemental Information section.

**GENERAL FUND**

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

**COMMUNITY DEVELOPMENT FUND**

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

**PARKING DISTRICT FUND**

Established 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.

**REDEVELOPMENT DISTRICTS FUND**

Funds were established to account for the financing and construction activities in the various specific redevelopment projects areas. The redevelopment district's purpose is to encourage better uses of the area's resources (i.e. land, buildings and improvements to the properties). Improvements in this area, can be both of a public or private nature, financing is provided by the Visalia Redevelopment Agency that receives its funding through proceeds from tax-exempt debt, property tax increment, property sales and earnings on investments.

**TRANSPORTATION FUND**

The transportation funds are 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, 2009**

	General Fund	Community Development	Parking District	Redevelopment Districts
<b>ASSETS</b>				
Cash and Investments (Note 3)	\$ 33,571,523	\$ 49,140	\$ 1,615,519	\$ 11,898,580
Restricted Cash and Investments (Note 3)	321,522	-	-	1,299,489
Account Receivable	1,179,713	9,144	-	20,352
Interest Receivable	737,125	-	-	-
Taxes Receivable	3,591,462	-	-	65,086
Notes and Loans Receivable (Note 5)	873,984	8,056,870	445,945	4,006,609
Supplies	31,084	-	-	-
Advances to Other Funds (Note 4)	7,537,095	-	-	-
Due from Other Governmental Units	546,374	1,471,170	-	-
Land Held for Redevelopment (Note 1G)	-	-	-	3,067,864
Prepays and Deposits	2,534,958	50,748	-	-
<b>Total Assets</b>	<b>\$ 50,924,840</b>	<b>\$ 9,637,072</b>	<b>\$ 2,061,464</b>	<b>\$ 20,357,980</b>
<b>LIABILITIES</b>				
Accounts, Interest and Contracts Payable	\$ 1,332,091	\$ 102,086	\$ 45,298	\$ 331,128
Deferred Revenue	2,132,353	8,057,924	-	4,014,277
Advances from Other Funds (Note 4)	-	1,058,818	-	7,223,800
Due to Other Governmental Units	-	-	-	770,829
Customer Deposits	494,060	-	-	50,000
Accrued Personnel Costs (Note 11)	405,446	14,045	-	1,361
<b>Total Liabilities</b>	<b>4,363,950</b>	<b>9,232,873</b>	<b>45,298</b>	<b>12,391,395</b>
<b>FUND BALANCES</b>				
Fund Balances (Note 10)				
Reserved for:				
Encumbrances	2,018,494	128,180	30,590	29,929
Supplies and Prepaid Expenditures	2,566,042	50,748	-	-
Land Held for Redevelopment	-	-	-	3,067,864
Advances to Other Funds	7,537,095	-	-	-
Debt Service	-	-	-	-
Economic Uncertainty	-	-	-	-
Low and Moderate Income Housing	-	-	-	1,441,687
Unreserved:				
Designated by City Council, Reported in:				
General Fund	32,472,813	-	-	-
Capital Projects Funds	-	-	-	-
Undesignated, Reported in:				
General Fund	1,966,446	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	225,271	1,985,576	3,427,105
<b>Total Fund Balances</b>	<b>46,560,890</b>	<b>404,199</b>	<b>2,016,166</b>	<b>7,966,585</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 50,924,840</b>	<b>\$ 9,637,072</b>	<b>\$ 2,061,464</b>	<b>\$ 20,357,980</b>

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

	Transportation	Other Governmental Funds	Totals
<b>ASSETS</b>			
Cash and Investments (Note 3)	\$ 4,041,576	\$ 41,904,889	\$ 93,081,227
Restricted Cash and Investments (Note 3)	-	1,021,862	2,642,873
Account Receivable	1,733,857	268,506	3,211,572
Interest Receivable	-	-	737,125
Taxes Receivable	-	889,087	4,545,635
Notes and Loans Receivable (Note 5)	-	82,822	13,466,230
Supplies	-	-	31,084
Advances to Other Funds (Note 4)	-	-	7,537,095
Due from Other Governmental Units	-	2,558,530	4,576,074
Land Held for Redevelopment (Note 1G)	-	-	3,067,864
Prepays and Deposits	-	-	2,585,706
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 5,775,433</u>	<u>\$ 46,725,696</u>	<u>\$ 135,482,485</u>
<b>LIABILITIES</b>			
Accounts, Interest and Contracts Payable	\$ 2,629,605	\$ 2,616,384	\$ 7,056,592
Deferred Revenue	104,599	360,799	14,669,952
Advances from Other Funds (Note 4)	-	4,788,715	13,071,333
Due to Other Governmental Units	-	-	770,829
Customer Deposits	-	12,600	556,660
Accrued Personnel Costs (Note 11)	-	123,338	544,190
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>2,734,204</u>	<u>7,901,836</u>	<u>36,669,556</u>
<b>FUND BALANCES</b>			
Fund Balances (Note 10)			
Reserved for:			
Encumbrances	122,552	7,883,516	10,213,261
Supplies and Prepaid Expenditures	-	-	2,616,790
Land Held for Redevelopment	-	-	3,067,864
Advances to Other Funds	-	-	7,537,095
Debt Service	-	1,613,095	1,613,095
Economic Uncertainty	-	1,448,297	1,448,297
Low and Moderate Income Housing	-	-	1,441,687
Unreserved:			
Designated by City Council, Reported in:			
General Fund	-	-	32,472,813
Capital Projects Funds	-	3,126,191	3,126,191
Undesignated, Reported in:			
General Fund	-	-	1,966,446
Special Revenue Funds	-	9,190,688	9,190,688
Capital Projects Funds	2,918,677	15,562,073	24,118,702
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>3,041,229</u>	<u>38,823,860</u>	<u>98,812,929</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 5,775,433</u>	<u>\$ 46,725,696</u>	<u>\$ 135,482,485</u>

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

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**CITY OF VISALIA  
RECONCILIATION OF GOVERNMENTAL FUNDS - FUND BALANCE  
WITH GOVERNMENTAL NET ASSETS  
JUNE 30, 2009**

**Total Fund Balances - Governmental Funds** \$ 98,812,929

CAPITAL ASSETS TRANSACTIONS:

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

Capital Assets at Historical Cost:	\$ 287,685,720	
Accumulated Depreciation:	<u>(74,931,478)</u>	212,754,242

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service fund 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 assets.

17,175,513

LONG TERM LIABILITIES

Unamortized Costs: In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the governmental-wide statements, debt issuance costs are amortized over the life of the debt. Net unamortized debt issuance costs on the statement of net assets are:

Unamortized Debt Issuance Discount	41,304	
Unamortized Debt Issuance Premium	<u>(625,550)</u>	(584,246)

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

Tax Allocation Bonds	(3,985,000)	
Certificates of Participation	(2,797,600)	
Notes Payable	(15,798,361)	
Compensated Absences Payable	<u>(3,540,574)</u>	(26,121,535)

DEFERRED REVENUE

Deferred Revenue: In governmental funds, future payments for notes receivable are treated as deferred revenue. In governmental-wide statements, future payments of notes receivable are recorded as offset of notes receivable.

12,418,645

**Total Net Assets - Governmental Activities** \$ 314,455,548

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, 2009**

	General Fund	Community Development	Parking District	Redevelopment Districts
<b>REVENUES</b>				
Sales Taxes	\$ 15,214,855	\$ -	\$ -	\$ -
Property Taxes	25,601,692	-	-	8,618,100
Other Taxes	6,082,655	-	-	64,929
Subventions and Grants	2,102,752	3,549,180	-	3,742
License and Permits	62,449	-	-	-
Fees and Fines	1,016,420	67,710	-	-
Uses of Money and Property	2,306,562	70,158	87,620	388,676
Charges for Current Services	2,506,685	-	179,001	-
Miscellaneous	876,787	2,288	490	112,601
Total Revenues	<u>55,770,857</u>	<u>3,689,336</u>	<u>267,111</u>	<u>9,188,048</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,962,942	-	-	3,775,268
Community Development	1,313,367	2,417,067	27,303	1,882,241
Housing & Economic Development	526,789	-	-	-
Public Safety:				
Police	25,419,851	-	-	-
Fire	11,275,017	-	-	-
Public Works	3,537,275	-	-	-
Parks and Recreation	6,242,601	-	-	-
Capital Outlay	11,500,436	171,057	169,903	127,833
Debt Service:				
Principal	-	-	-	201,976
Interest and Fiscal Charges	-	-	135,048	963,339
Total Expenditures	<u>62,778,278</u>	<u>2,588,124</u>	<u>332,254</u>	<u>6,950,657</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,007,421)</u>	<u>1,101,212</u>	<u>(65,143)</u>	<u>2,237,391</u>
Other Financing Sources (Uses)				
Sales of Real Property	15,569	-	903,000	-
Transfers In (Note 4)	381,212	-	507,884	-
Transfers Out (Note 4)	<u>(3,138,241)</u>	<u>(507,884)</u>	<u>-</u>	<u>(367,098)</u>
Total Other Financing Sources (Uses)	<u>(2,741,460)</u>	<u>(507,884)</u>	<u>1,410,884</u>	<u>(367,098)</u>
Net Changes in Fund Balances	(9,748,881)	593,328	1,345,741	1,870,293
Fund Balances - Beginning of Year	<u>56,309,771</u>	<u>(189,129)</u>	<u>670,425</u>	<u>6,096,292</u>
Fund Balances - End of Year	<u>\$ 46,560,890</u>	<u>\$ 404,199</u>	<u>\$ 2,016,166</u>	<u>\$ 7,966,585</u>

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



	Transportation	All Other Governmental Funds	Totals
<b>REVENUES</b>			
Sales Taxes	\$ -	\$ 9,785,151	\$ 25,000,006
Property Taxes	-	-	34,219,792
Other Taxes	-	-	6,147,584
Subventions and Grants	-	7,212,101	12,867,775
License and Permits	-	-	62,449
Fees and Fines	4,272,954	3,251,111	8,608,195
Uses of Money and Property	213,598	1,703,843	4,770,457
Charges for Current Services	-	2,575,089	5,260,775
Miscellaneous	46,452	750,041	1,788,659
Total Revenues	<u>4,533,004</u>	<u>25,277,336</u>	<u>98,725,692</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	6,738,210
Community Development	-	219	5,640,197
Housing & Economic Development	-	-	526,789
Public Safety:			
Police	-	3,106,230	28,526,081
Fire	-	601,178	11,876,195
Public Works	36,180	2,856,292	6,429,747
Parks and Recreation	-	-	6,242,601
Capital Outlay	8,380,005	21,512,500	41,861,734
Debt Service:			
Principal	-	408,800	610,776
Interest and Fiscal Charges	-	347,922	1,446,309
Total Expenditures	<u>8,416,185</u>	<u>28,833,141</u>	<u>109,898,639</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,883,181)</u>	<u>(3,555,805)</u>	<u>(11,172,947)</u>
Other Financing Sources (Uses)			
Sales of Real Property	-	-	918,569
Transfers In (Note 4)	-	1,270,975	2,160,071
Transfers Out (Note 4)	(400,183)	(1,192,038)	(5,605,444)
Total Other Financing Sources (Uses)	<u>(400,183)</u>	<u>78,937</u>	<u>(2,526,804)</u>
Net Changes in Fund Balances	(4,283,364)	(3,476,868)	(13,699,751)
Fund Balances - Beginning of Year	<u>7,324,593</u>	<u>42,300,728</u>	<u>112,512,680</u>
Fund Balances - End of Year	<u>\$ 3,041,229</u>	<u>\$ 38,823,860</u>	<u>\$ 98,812,929</u>

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

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**CITY OF VISALIA  
RECONCILIATION OF THE NET CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
WITH THE CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

**Total Net Change in Fund Balances - Governmental Funds** \$ (13,699,751)

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:	\$ 28,621,453	
Depreciation Expense (Net of Internal Service Fund Depreciation Expense):	<u>(4,934,989)</u>	23,686,464

DEBT SERVICE: In governmental funds, repayments of long-term debt are reported as expenditures. In the governmental-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	611,264
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In governmental funds, principal repayments for notes and loans receivable are recognized as revenue. In governmental-wide statements, principal repayments of notes and loans receivable are recorded as deduction of notes receivable.

Change in unearned revenue relating to notes and loans receivable	380,378
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DEBT ISSUE COSTS: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the governmental-wide statements, debt issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:

Net Issue Costs Amortized for the Period	60,125
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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 allocating to governmental activities were:

	<u>613,541</u>
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**Total Change in Net Assets - Governmental Activities** \$ 11,652,021

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

**CITY OF VISALIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes				
Property	\$ 24,291,260	\$ 24,424,160	\$ 25,480,395	\$ 1,056,235
Sales	17,313,400	17,313,400	15,214,855	(2,098,545)
Transient Occupancy	2,065,500	2,065,500	1,935,884	(129,616)
Franchise	1,989,000	1,856,100	2,134,845	278,745
Business License	1,931,000	1,931,000	2,011,926	80,926
Fuel Tax	-	-	-	-
<b>Total Taxes</b>	<b>47,590,160</b>	<b>47,590,160</b>	<b>46,777,905</b>	<b>(812,255)</b>
Subventions and Grants				
Police & Other	873,470	1,790,094	1,651,972	(138,122)
Motor Vehicle License - In Lieu	646,400	646,400	570,825	(75,575)
<b>Total Subvention and Grants</b>	<b>1,519,870</b>	<b>2,436,494</b>	<b>2,222,797</b>	<b>(213,697)</b>
Licenses and Permits				
Other License and Permits	66,300	66,300	62,449	(3,851)
<b>Total Licenses and Permits</b>	<b>66,300</b>	<b>66,300</b>	<b>62,449</b>	<b>(3,851)</b>
Fees and Fines				
Vehicle Code and Parking Violations	954,700	954,700	831,434	(123,266)
Local Ordinance Violations	324,700	324,700	303,084	(21,616)
<b>Total Fees and Fines</b>	<b>1,279,400</b>	<b>1,279,400</b>	<b>1,134,518</b>	<b>(144,882)</b>
Use of Money and Property				
Interest Earned	1,577,000	1,577,000	1,802,283	225,283
Rents and Concessions	362,500	362,500	504,279	141,779
<b>Total Use of Money and Property</b>	<b>1,939,500</b>	<b>1,939,500</b>	<b>2,306,562</b>	<b>367,062</b>
Charges for Services				
Engineering and Subdivision Fees	423,200	423,200	207,323	(215,877)
Zoning Fees	431,230	431,230	325,443	(105,787)
Special Public Safety Services	369,500	369,500	950,239	580,739
Recreation Programs	830,300	860,300	993,217	132,917
<b>Total Charges for Services</b>	<b>2,054,230</b>	<b>2,084,230</b>	<b>2,476,222</b>	<b>391,992</b>
Other Revenue	1,323,400	1,353,400	790,404	(562,996)
<b>Total Revenues</b>	<b>55,772,860</b>	<b>56,749,484</b>	<b>55,770,857</b>	<b>(978,627)</b>

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

	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
<b>Expenditures</b>				
General Government	\$ 3,224,410	\$ 3,239,010	\$ 2,962,942	\$ 276,068
Community Development	932,850	885,820	1,313,367	(427,547)
Housing and Economic Development	875,500	875,500	526,789	348,711
Public Safety				
Police	25,566,880	25,931,693	25,419,851	511,842
Fire	11,319,080	11,348,918	11,275,017	73,901
Public Works	3,467,240	3,466,166	3,537,275	(71,109)
Parks and Recreation	6,907,010	6,908,176	6,242,601	665,575
Capital Outlay	4,823,860	11,616,668	11,500,436	116,232
<b>Total Expenditures</b>	<b>57,116,830</b>	<b>64,271,951</b>	<b>62,778,278</b>	<b>1,493,673</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,343,970)</u>	<u>(7,522,467)</u>	<u>(7,007,421)</u>	<u>515,046</u>
Other Financing Sources (Uses)				
Sales of Property	800	800	15,569	14,769
Transfers In	-	-	381,212	381,212
Transfers Out	<u>(3,052,200)</u>	<u>(3,052,200)</u>	<u>(3,138,241)</u>	<u>(86,041)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>(3,051,400)</u></b>	<b><u>(3,051,400)</u></b>	<b><u>(2,741,460)</u></b>	<b><u>309,940</u></b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (4,395,370)</u>	<u>\$ (10,573,867)</u>	<u>(9,748,881)</u>	<u>\$ 824,986</u>
Fund Balances Beginning of Year			<u>56,309,771</u>	
Fund Balances End of Year			<u>\$ 46,560,890</u>	

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

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**CITY OF VISALIA  
FISCAL YEAR ENDED JUNE 30, 2009**

**MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a 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 2008-09.

**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 OAK GOLF**

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

**WASTEWATER AND STORM SEWER MAINTENANCE**

Established to account for the collection and treatment of wastewater, and 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 AND STREET SWEEPING**

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 regulation of building activity within the City of Visalia. Fees are designed to recover the full cost of the Building Safety function.

**CITY OF VISALIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds			
	Convention Center	Airport	Valley Oak Golf	Wastewater & Storm Sewer Maintenance
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments (Note 3)	\$ 47,980	\$ 350	\$ 229,156	\$ 25,201,770
Accounts Receivable	214,162	87,710	4,836	1,315,989
Taxes Receivable	-	-	-	-
Supplies	-	35,506	68,812	-
Due from Other Governmental Units	-	-	-	6,723
Advance to Other Funds	-	-	-	-
Prepaid Expenses	2,474	15,755	16,689	126,040
<b>Total Current Assets</b>	<b>264,616</b>	<b>139,321</b>	<b>319,493</b>	<b>26,650,522</b>
<b>Non-Current Assets</b>				
Restricted Cash and Investments (Note 3)	1,731,325	-	-	100,108
Unamortized Debt Issuance Cost	1,445,850	-	-	-
Capital Assets (Note 6)				
Land	829,047	3,000,590	914,971	7,028,247
Construction in Progress	2,345	516,226	62,001	2,923,742
Buildings	16,931,022	2,163,499	898,240	2,937,862
Improvements Other Than Buildings	5,406,572	10,138,209	3,808,064	61,319,963
Machinery, Equipment, and Vehicles	1,728,662	1,069,160	1,768,804	6,233,118
Infrastructure	-	-	-	102,215,875
Accumulated Depreciation	(11,422,532)	(7,632,836)	(2,504,504)	(52,427,350)
<b>Total Non-Current Assets</b>	<b>16,652,291</b>	<b>9,254,848</b>	<b>4,947,576</b>	<b>130,331,565</b>
<b>Total Assets</b>	<b>16,916,907</b>	<b>9,394,169</b>	<b>5,267,069</b>	<b>156,982,087</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts, Interest, and Contracts Payable	142,327	95,195	172,526	706,796
Deferred Revenue	-	590	-	79,019
Advances from Other Funds	-	223,125	3,248,996	-
Customer Deposits	7,390	1,103	70,476	-
Accrued Personnel Costs	-	-	-	2,795
Unamortized Debt Premium	1,076,377	-	-	-
Current Portion of Long Term Debt (Note 7)				
Compensated Absences	-	7,591	-	24,251
Notes Payable	-	19,699	-	-
Bonds Payable	-	-	-	610,000
Certificates of Participation	1,037,400	-	-	-
<b>Total Current Liabilities</b>	<b>2,263,494</b>	<b>347,303</b>	<b>3,491,998</b>	<b>1,422,861</b>
<b>Non-Current Liabilities</b>				
Non-current portion of Long-term Debt (Note 7)				
Compensated Absences	101,224	33,726	-	108,119
Notes Payable	-	194,067	-	-
Bonds Payable	-	-	-	5,840,000
Certificates of Participation	13,650,000	-	-	-
Liability for Self-insurance Claims (Note 12)	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>13,751,224</b>	<b>227,793</b>	<b>-</b>	<b>5,948,119</b>
<b>Total Liabilities</b>	<b>16,014,718</b>	<b>575,096</b>	<b>3,491,998</b>	<b>7,370,980</b>
<b>NET ASSETS (DEFICIT) (Note 10)</b>				
Invested in Capital Assets, Net of Related Debt	(842,811)	9,041,082	4,947,576	123,781,457
Restricted for:				
Debt Service	1,037,400	19,699	-	610,000
Capital Projects	-	-	-	-
Unrestricted	707,600	(241,708)	(3,172,505)	25,219,650
<b>Total Net Assets (Deficit)</b>	<b>\$ 902,189</b>	<b>\$ 8,819,073</b>	<b>\$ 1,775,071</b>	<b>\$ 149,611,107</b>

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



	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Solid Waste & Street Sweeping	Transit	Building Safety	Total	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Investments (Note 3)	\$ 852,658	\$ 3,563,575	\$ -	\$ 29,895,489	\$ 11,085,899
Accounts Receivable	1,231,177	53,262	-	2,907,136	288
Taxes Receivable	5,495	59,850	-	65,345	-
Supplies	-	-	-	104,318	441,293
Due from Other Governmental Units	55,080	2,413,272	-	2,475,075	-
Advance to Other Funds	-	-	-	-	9,500,000
Prepaid Expenses	185,120	7,877	2	353,957	808,375
<b>Total Current Assets</b>	<b>2,329,530</b>	<b>6,097,836</b>	<b>2</b>	<b>35,801,320</b>	<b>21,835,855</b>
<b>Non-Current Assets</b>					
Restricted Cash and Investments (Note 3)	-	-	-	1,831,433	-
Unamortized Debt Issuance Cost	-	-	-	1,445,850	-
Capital Assets (Note 6)					
Land	-	2,839,871	-	14,612,726	-
Construction in Progress	6,156	8,560,535	-	12,071,005	967,482
Buildings	195,640	6,493,243	-	29,619,506	654,910
Improvements Other Than Buildings	432,490	428,457	-	81,533,755	185,984
Machinery, Equipment, and Vehicles	14,238,407	17,057,954	227,884	42,323,989	15,535,502
Infrastructure	-	-	-	102,215,875	-
Accumulated Depreciation	(7,692,570)	(6,603,456)	(100,791)	(88,384,039)	(8,816,233)
<b>Total Non-Current Assets</b>	<b>7,180,123</b>	<b>28,776,604</b>	<b>127,093</b>	<b>197,270,100</b>	<b>8,527,645</b>
<b>Total Assets</b>	<b>9,509,653</b>	<b>34,874,440</b>	<b>127,095</b>	<b>233,071,420</b>	<b>30,363,500</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts, Interest, and Contracts Payable	386,677	698,423	45,081	2,247,025	441,769
Deferred Revenue	76,244	2,261,607	50	2,417,510	-
Advances from Other Funds	-	-	278,653	3,750,774	214,988
Customer Deposits	-	-	97,825	176,794	-
Accrued Personnel Costs	-	-	82,168	84,963	-
Unamortized Debt Premium	-	-	-	1,076,377	-
Current Portion of Long Term Debt (Note 7)					
Compensated Absences	25,861	-	-	57,703	-
Notes Payable	-	-	-	19,699	-
Bonds Payable	-	-	-	610,000	-
Certificates of Participation	-	-	-	1,037,400	-
<b>Total Current Liabilities</b>	<b>488,782</b>	<b>2,960,030</b>	<b>503,777</b>	<b>11,478,245</b>	<b>656,757</b>
<b>Non-current Liabilities</b>					
Non-current portion of Long-term Debt (Note 7)					
Compensated Absences	215,277	18,894	-	477,240	3,401,831
Notes Payable	-	-	-	194,067	-
Bonds Payable	-	-	-	5,840,000	-
Certificates of Participation	-	-	-	13,650,000	-
Liability for Self-insurance Claims (Note 12)	-	-	-	-	4,038,099
<b>Total Non-Current Liabilities</b>	<b>215,277</b>	<b>18,894</b>	<b>-</b>	<b>20,161,307</b>	<b>7,439,930</b>
<b>Total Liabilities</b>	<b>704,059</b>	<b>2,978,924</b>	<b>503,777</b>	<b>31,639,552</b>	<b>8,096,687</b>
<b>NET ASSETS (DEFICIT) (Note 10)</b>					
Invested in Capital Assets, Net of Related Debt	7,180,123	28,776,604	127,093	173,011,124	8,527,645
Restricted for:					
Debt Service	-	-	-	1,667,099	-
Capital Projects	-	-	-	-	-
Unrestricted	1,625,471	3,118,912	(503,775)	26,753,645	13,739,168
<b>Total Net Assets (Deficit)</b>	<b>\$ 8,805,594</b>	<b>\$ 31,895,516</b>	<b>\$ (376,682)</b>	<b>201,431,868</b>	<b>\$ 22,266,813</b>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds.				104,229	
Net Assets of Business-Type Activities				<u>\$ 201,536,097</u>	

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

**CITY OF VISALIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds			
	Convention Center	Airport	Valley Oak Golf	Wastewater & Storm Sewer Maintenance
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,135,798	\$ 1,544,636	\$ 2,520,462	\$ 15,608,829
<b>OPERATING EXPENSES</b>				
Salaries, Wages and Employee Benefits	2,054,815	433,866	-	2,475,754
Maintenance and Operations	2,307,272	1,444,377	2,314,272	6,291,797
Insurance Premiums and Loss Provisions	-	-	-	-
Depreciation and Amortization	429,233	665,845	213,777	3,058,322
Total Operating Expenses	4,791,320	2,544,088	2,528,049	11,825,873
Operating Income (Loss)	(1,655,522)	(999,452)	(7,587)	3,782,956
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	107,286	2,446	-	811,687
Interest (Expense)	(599,589)	(10,182)	(7,110)	(218,396)
Grant Income	-	126,318	-	-
Other Income	75,334	147,759	7,729	202,601
Other (Expenses)	(10,175)	(73,382)	(7,702)	(570,923)
Total Nonoperating Revenues (Expenses)	(427,144)	192,959	(7,083)	224,969
Income (Loss) Before Operating Transfers	(2,082,666)	(806,493)	(14,670)	4,007,925
Contributions	-	-	-	1,256,575
Transfers In (Note 4)	2,728,796	-	-	-
Transfers Out (Note 4)	-	-	-	-
Net Contributions and Transfers	2,728,796	-	-	1,256,575
Change in Net Assets	646,130	(806,493)	(14,670)	5,264,500
Net Assets (Deficit) - Beginning	256,059	9,625,566	1,789,741	144,346,607
Net Assets (Deficit) - Ending	\$ 902,189	\$ 8,819,073	\$ 1,775,071	\$ 149,611,107

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

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Solid Waste & Street Sweeping	Transit	Building Safety		
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 15,554,086	\$ 2,186,448	\$ 1,730,542	\$ 42,280,801	\$ 19,036,396
<b>OPERATING EXPENSES</b>					
Salaries, Wages and Employee Benefits	4,302,003	371,037	1,047,782	10,685,257	2,388,755
Maintenance and Operations	9,013,772	6,289,416	888,274	28,549,180	3,465,955
Insurance Premiums and Loss Provisions	-	-	-	-	11,785,634
Depreciation and Amortization	987,747	1,389,178	23,168	6,767,270	1,192,974
Total Operating Expenses	14,303,522	8,049,631	1,959,224	46,001,707	18,833,318
Operating Income (Loss)	1,250,564	(5,863,183)	(228,682)	(3,720,906)	203,078
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	17,481	22,581	-	961,481	520,992
Interest (Expense)	(23,599)	-	(23,358)	(882,234)	(12,967)
Grant Income	470,003	13,393,852	-	13,990,173	-
Other Income	390,487	741,512	27,619	1,593,041	63,231
Other (Expenses)	(3,677,692)	(15,392)	-	(4,355,266)	(122,600)
Total Nonoperating Revenues (Expenses)	(2,823,320)	14,142,553	4,261	11,307,195	448,656
Income (Loss) Before Operating Transfers	(1,572,756)	8,279,370	(224,421)	7,586,289	651,734
Contributions	-	-	36,875	1,293,450	209,584
Transfers In (Note 4)	-	1,097,789	36,692	3,863,277	109,269
Transfers Out (Note 4)	-	-	(225,828)	(225,828)	(301,345)
Net Contributions and Transfers	-	1,097,789	(152,261)	4,930,899	17,508
Change in Net Assets	(1,572,756)	9,377,159	(376,682)	12,517,188	669,242
Net Assets (Deficit) - Beginning	10,378,350	22,518,357	-	-	21,597,571
Net Assets (Deficit) - Ending	\$ 8,805,594	\$ 31,895,516	\$ (376,682)		\$ 22,266,813
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds.				55,701	
Change in Net Assets of Business-Type Activities				\$ 12,572,889	

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, 2009**

	Business-Type Activities - Enterprise Funds			
	Convention Center	Airport	Valley Oak Golf	Wastewater & Storm Sewer Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers or Other Funds	\$ 3,394,231	\$ 1,677,165	\$ 2,523,821	\$ 16,732,243
Cash Payments to Employees for Services	(2,048,872)	(426,325)	-	(2,485,743)
Cash Payments to Suppliers for Services	(2,316,418)	(1,402,170)	(2,348,360)	(5,873,640)
Cash Received from Other Governments	-	141,288	-	-
Other Income	75,334	147,759	7,729	206,714
Other Expenses	(10,175)	(73,382)	(7,702)	(570,923)
Net Cash Provided (Used) by Operating Activities	(905,900)	64,335	175,488	8,008,651
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grant Income	-	126,318	-	-
Advance (to) from Other Funds	-	223,125	392,001	(2,884)
Other Income	-	-	-	-
Transfers In	2,728,796	-	-	-
Transfers (Out)	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,728,796	349,443	392,001	(2,884)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Expenses, Net	(199,915)	(502,272)	(559,802)	(2,283,415)
Contributions	-	-	-	1,256,575
Long Term Debt Payments - Principal	(1,148,267)	(19,463)	-	(1,251,749)
Long Term Debt Payments - Interest	(599,589)	(10,182)	(7,110)	(218,396)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,947,771)	(531,917)	(566,912)	(2,496,985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	107,286	2,446	-	811,687
Net Cash Provided by Investing Activities	107,286	2,446	-	811,687
Net Increase (Decrease) in Cash and Cash Equivalents	(17,589)	(115,693)	577	6,320,469
Cash and Investments - Beginning of Year	1,796,894	116,043	228,579	18,981,409
Cash and Investments - End of Year	<u>\$ 1,779,305</u>	<u>\$ 350</u>	<u>\$ 229,156</u>	<u>\$ 25,301,878</u>
Consisting of:				
Unrestricted	\$ 47,980	\$ 350	\$ 229,156	\$ 25,201,770
Restricted	1,731,325	-	-	100,108
	<u>\$ 1,779,305</u>	<u>\$ 350</u>	<u>\$ 229,156</u>	<u>\$ 25,301,878</u>

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

	Business-Type Activities - Enterprise Funds			
	Convention Center	Airport	Valley Oak Golf	Wastewater & Storm Sewer Maintenance
Reconciliation of Operating Income (Loss) to				
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (1,655,522)	\$ (999,452)	\$ (7,587)	\$ 3,782,956
Other Income	75,334	147,759	7,729	202,601
Other Expenses	(10,175)	(73,382)	(7,702)	(570,923)
Adjustments to Reconcile Operating Income to Net				
Cash Flows from Operating Activities:				
Depreciation and Amortization	429,233	665,845	213,777	3,057,270
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	258,433	132,529	3,359	1,123,414
Taxes Receivable	-	-	-	4,113
Supplies	-	23,478	(343)	-
Due from Other Governments	-	141,288	-	-
Prepaid Expenses	-	2,622	(1,143)	21,006
Accounts, Interest, and Contracts Payable	(10,196)	22,331	(43,054)	394,638
Deferred Revenue	-	(6,224)	-	3,565
Accrued Personnel Costs	5,943	7,541	-	(9,989)
Liability for Self-Insurance Claims	-	-	-	-
Customer Deposits	1,050	-	10,452	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (905,900)</u>	<u>\$ 64,335</u>	<u>\$ 175,488</u>	<u>\$ 8,008,651</u>

(Continued)

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

**CITY OF VISALIA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Solid Waste & Street Sweeping	Transit	Building Safety	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers or Other Funds	\$ 15,773,448	\$ 2,111,081	\$ 1,730,542	\$ 43,942,531	\$ 19,068,846
Cash Payments to Employees for Services	(4,291,929)	(365,133)	(965,614)	(10,583,616)	(15,341,703)
Cash Payments to Suppliers for Services	(9,155,598)	(6,460,383)	(745,320)	(28,301,889)	(2,279,144)
Cash Received from Other Governments	(26,563)	(226,334)	-	(111,609)	-
Other Income	390,487	741,512	27,619	1,597,154	63,231
Other Expenses	-	(15,392)	(23,358)	(700,932)	(122,600)
Net Cash Provided (Used) by Operating Activities	2,689,845	(4,214,649)	23,869	5,841,639	1,388,630
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grant Income	470,003	13,393,852	-	13,990,173	-
Advance (to) from Other Funds	(910,082)	-	278,653	(19,187)	24,956
Other Income	-	-	-	-	40,687
Transfers In	-	1,097,789	36,692	3,863,277	109,269
Transfers (Out)	-	-	(225,828)	(225,828)	(301,345)
Net Cash Provided (Used) by Noncapital Financing Activities	(440,079)	14,491,641	89,517	17,608,435	(126,433)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Expenses, Net	(1,771,178)	(6,765,484)	(150,261)	(12,232,327)	(1,856,839)
Contributions	-	-	36,875	1,293,450	168,897
Long Term Debt Payments - Principal	-	-	-	(2,419,479)	-
Long Term Debt Payments - Interest	(23,599)	-	-	(858,876)	(12,967)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,794,777)	(6,765,484)	(113,386)	(14,217,232)	(1,700,909)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	17,482	22,581	-	961,482	520,992
Net Cash Provided by Investing Activities	17,482	22,581	-	961,482	520,992
Net Increase (Decrease) in Cash and Cash Equivalents	472,471	3,534,089	-	10,194,324	82,280
Cash and Investments - Beginning of Year	380,187	29,486	-	21,532,598	11,003,619
Cash and Investments - End of Year	\$ 852,658	\$ 3,563,575	\$ -	\$ 31,726,922	\$ 11,085,899
Consisting of:					
Unrestricted	\$ 852,658	\$ 3,563,575	\$ -	\$ 29,895,489	\$ 11,085,899
Restricted	-	-	-	1,831,433	-
	\$ 852,658	\$ 3,563,575	\$ -	\$ 31,726,922	\$ 11,085,899

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

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Solid Waste & Street Sweeping	Transit	Building Safety	Total	
Reconciliation of Operating Income (Loss) to					
Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 1,250,564	\$ (5,863,183)	\$ (228,682)	\$ (3,720,906)	\$ 203,078
Other Income	390,487	741,512	27,619	1,593,041	63,231
Other Expenses	-	(15,392)	(23,358)	(700,932)	(122,600)
Adjustments to Reconcile Operating Income to Net					
Cash Flows from Operating Activities:					
Depreciation and Amortization	987,747	1,389,178	23,168	6,766,218	1,192,974
Net Change in Assets and Liabilities:					
Accounts and Interest Receivable	219,362	(15,517)	-	1,721,580	32,450
Taxes Receivable	-	(59,850)	-	(55,737)	-
Supplies	-	-	-	23,135	(45,182)
Due from Other Governments	(26,563)	(226,334)	-	(111,609)	10,000
Prepaid Expenses	30,806	1,313	(2)	54,602	(2,630)
Accounts, Interest, and Contracts Payable	(136,118)	(9,567)	45,081	263,115	(31,411)
Deferred Revenue	(36,514)	(162,713)	50	(201,836)	-
Accrued Personnel Costs	10,074	5,904	82,168	101,641	99,611
Liability for Self-Insurance Claims	-	-	-	-	(10,891)
Customer Deposits	-	-	97,825	109,327	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,689,845</u>	<u>\$ (4,214,649)</u>	<u>\$ 23,869</u>	<u>\$ 5,841,639</u>	<u>\$ 1,388,630</u>

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

**CITY OF VISALIA  
FISCAL YEAR ENDED JUNE 30, 2009**

**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 Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Fiduciary Funds include the following Agency Funds:

**Los Rios Assessment District**

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

**Property and Business Improvement Districts #2 & #3**

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

**Village West Improvement District**

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

**Orchard Walk Underground**

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



**CITY OF VISALIA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2009**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Investments (Note 3)	\$ 522,987
Accounts Receivable	<u>3,558</u>
 Total Assets	 <u>\$ 526,545</u>
 <b>Liabilities</b>	
Due to Others	<u>\$ 526,545</u>
 Total Liabilities	 <u>\$ 526,545</u>

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

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**CITY OF VISALIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2009**

**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. Blended component units included in the City’s financial statements are identified below with a brief explanation of the reason for their inclusion.

The **Community Redevelopment Agency** was developed to fund projects with tax increment financing that will encourage better use of land in its area. The Agency has four redevelopment districts, each reported in a separate Capital Project Fund. They are: **Downtown**, created in the early 1970’s; **East Visalia**, created in 1986; **Mooney Boulevard**, created in 1987; and **Central Visalia**, created in 1989. The Agency is blended into the City’s financial statements because it exclusively serves the City and is governed by a board comprised of the City’s elected council.

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 Agency. The VPFA has the power to issue bonds to pay the cost of any public capital improvements. The Authority is controlled by the City and has the same governing body as the City, which also performs accounting and administrative function for the Authority. The financial activities of the VPFA are included in the 1996 Certificates of Participation Debt Service Fund, the Convention Center and Theaters Enterprise Fund.

Financial statements or financial information for the above component units 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, **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. VCFA is not a component unit of the City.

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

### A. Reporting Entity (Continued)

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

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

The **Village West Improvement 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** was established to collect assessments on real property in the District.

### 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 Government 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 Government Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, 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 Assets and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

### B. Basis of Presentation (Continued)

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. 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 *non-operating* 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 fund 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 non-operating revenues and expenses.

### C. Major Funds

GASB Statement 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 grant 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 the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

**Community Development Fund** is used to account for the housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants and Rental Rehabilitation Grant funds. Also, when money that was previously loaned out is paid back, it again becomes available for use in the rehabilitation and development programs.

**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.

**Redevelopment Districts Fund** is used to account for the financing and construction activities in the various specific redevelopment projects areas. The redevelopment district's purpose is to encourage better uses of the area's resources (i.e. land, buildings and improvements to the properties). Improvements in this area, can be both of a public or private nature, financing is provided by the Visalia Redevelopment Agency that receives its funding through proceeds from tax-exempt debt, tax increment, property sales and earnings on investments.

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

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

C. Major Funds (Continued)

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

**Convention Center Fund** is used to account for 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 Oak 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 and Storm Sewer Maintenance Fund** is used to account for the collection and disposal of wastewater and operations of the City's storm and sewer drain activity. Revenue is provided by user charges and impact fees as well as capital grant funding.

**Solid Waste and Street Sweeping 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 fund, 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.

The City also reports the following fund types:

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

**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. Agency Funds maintained by the City are the Los Rios Assessment District Fund, the Property and Business Improvement Districts #2 and #3 Funds, Village West Improvement District, and the Orchard Walk Underground.

D. Basis of Accounting

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

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

### D. Basis of Accounting (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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, 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 assets maybe 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.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

### E. Property Tax

Tulare County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. 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, which retains all penalties.

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. 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.

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

F. Compensated Absences (Continued)

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. Combined and Segregated Funds

As of the beginning of the fiscal year ending June 30, 2009, the City segregated out the Building Safety operations previously reported in the General Fund's Community Development function and these operations are now being accounted for as an enterprise fund titled Building Safety.

I. Capital Assets

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

With the implementation of GASB Statement 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 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is calculated using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	25 - 50 years
Improvements other than buildings	10 - 20 years
Machinery, equipment and vehicles	3 - 10 years
Sewer and storm drain infrastructure	100 years
Streets and infrastructure	40 - 100 years

Major outlays for capital assets and improvements 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.



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

### **I. Capital Assets (Continued)**

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

During the fiscal year ending June 30, 2009, the City wrote off approximately \$8.0 million of Solid Waste's fixed assets (refuse bins, boxes and cans) that were individually under the \$5,000 capitalization threshold. This resulted in an approximate \$3.0 million (net book value) loss in Non-operating other expenses.

### **J. New Funds, New Governmental Activity, and Presentation Changes**

As of the beginning of the fiscal year ending June 30, 2009, the City:

- Segregated the Building Safety operations previously included in the General Fund's Community Development function and created a new Enterprise Fund titled Building Safety.
- Established an Agency fund titled Orchard Walk Assessment District for the collection of District's assessments on real property to repay bonds for underground utilities.

### **K. Implementation of Accounting Pronouncements**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)* effective for the year ended June 30, 2009. This statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. See Note 13 – Contingent Liabilities for further information.

## **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, Council approval is required to spend reserves from any fund.

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING** (Continued)

A. Budgetary Information (Continued)

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 Council is authorized to make appropriation adjustments to the budget during the year as deemed necessary. The 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:		
Redevelopment	\$	626,911
Transportation		2,179,494
Non-Major Funds:		
Special Revenue Funds:		
Waterways		100,360
Groundwater		24,878
Special Service Districts		189,326
Measure T - Fire		67,482
Measure R - Local		324
Transportation Grants		691,468
Capital Project Funds:		
Storm Sewer Construction		759,860

**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, 2009 are classified in the Statement of Net Assets as follows:

Governmental-Wide Statement of Net Assets:		
Cash and Investments	\$	134,062,615
Restricted Cash and Investments		4,474,306
Fiduciary Funds Statement of Net Assets:		
Cash and Investments		<u>522,987</u>
Total cash and investments	\$	<u><u>139,059,908</u></u>

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

Cash and investments as of June 30, 2009, consist of the following:

Cash on hand	\$ 11,035
Deposits with financial institutions	10,330,511
Investments	<u>128,718,362</u>
Total cash and investments	<u>\$ 139,059,908</u>

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

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

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

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

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**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

**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.

<u>Investment Type</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency - Coupon	2.37
Local Agency Investment Fund	-
Medium Term Notes	0.75
Certificates of Deposit	0.13
Local Agency Bonds	13.00
Held by Trustee:	
Money Market Funds	0.12
Investment Contracts	11.49
Total	11.49

**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

As of June 30, 2009 and during the 2008-2009 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.

**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 No. 40 does not require disclosure as to credit risk:

Investment Type		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End			Not Rated
				AAA	AA	A	
Federal Agency Securities	\$ 14,138,470	N/A	\$ -	\$ 14,138,470	\$ -	\$ -	\$ -
Corporate Medium Term Notes	9,178,667	A	-	-	9,178,667	-	-
State Investment Pool	87,001,630	N/A	-	-	-	-	87,001,630
Certificates of Deposit	15,480,000	N/A	-	-	-	-	15,480,000
Local Agency Bonds	66,299	N/A	-	-	-	-	66,299
Held by Bond Trustee:							
Money market funds	792,196	A	-	792,196	-	-	-
Investment contracts	2,061,100	N/A	-	-	-	-	2,061,100
<b>Total</b>	<b>\$ 128,718,362</b>		<b>\$ -</b>	<b>\$ 14,930,666</b>	<b>\$ 9,178,667</b>	<b>\$ -</b>	<b>\$ 104,609,029</b>

**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 U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of **total City of Visalia investments** are as follows:

Issuer	Investment Type	Reported
Federal Home Loan Bank	Federal agency securities	\$ 8,678,150
Federal Home Loan Mortgage Corporation	Federal agency securities	2,157,500
Federal Farm Credit Agency	Federal agency securities	3,302,820
<b>Total</b>		<b>\$ 14,138,470</b>

### **NOTE 3 – CASH AND INVESTMENTS (Continued)**

#### **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, 2009, none of the City of Visalia investments were held by the broker-dealer (counterparty) that was used by the City of Visalia to buy the securities.

#### **Investment in State Investment Pool**

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

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

**NOTE 4 – INTERFUND TRANSACTIONS**

A. Transfers Among Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made expenditures on behalf of another fund. Transfers between funds during the fiscal year ended June 30, 2009, were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
<b>General Fund</b>	Compensated Absences	\$ 155,384 (B)
	Building Safety	225,828 (B)
<b>Special Revenue Funds:</b>		
Grant & Loan Funds	General Fund	111,270 (A)
Measure R - Regional	Transportation Impact	400,183 (A)
Measure R - Regional	State Transportation Grants	85,559 (A)
Measure R - Regional	Measure R - Local	8,690 (A)
<b>Debt Service Fund:</b>		
East Visalia Redevelopment Tax Allocation Bond	East Redevelopment District Capital Projects Fund	367,098 (C)
VPFA - Refunding Bonds	General Fund	298,175 (C)
<b>Capital Project Funds:</b>		
Parking District	Community Development Capital Projects Fund	<u>507,884 (C)</u>
GOVERNMENTAL Funds Sub-Total		<u>2,160,071</u>
<b>Enterprise Funds:</b>		
Convention Center	General Fund	1,163,379 (B)
Convention Center	General Fund	1,565,417 (C)
Transit	Transportation Grants	1,097,789 (A)
Building Safety	Vehicle Replacement	<u>36,692 (A)</u>
ENTERPRISE Funds Sub-Total		<u>3,863,277</u>
<b>Internal Service Funds:</b>		
Health Benefits	Risk Management	<u>109,269 (B)</u>
	<b>TOTAL TRANSFERS</b>	<u><u>\$ 6,132,617</u></u>

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

**NOTE 4 – INTERFUND TRANSACTIONS** (Continued)

**B. Long-Term Interfund Advances**

At June 30, 2009, the funds below had made advances which were not expected to be repaid within the next year.

	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General Fund		\$ 7,537,095
Internal Service Funds:		
Vehicle Replacement		4,700,000
Information Services		2,020,000
Risk Management		1,680,000
Fleet Maintenance		1,100,000
Special Revenue Funds:		
Special Service District (a)	\$ 148,966	
Measure R - Regional (c)	1,236,319	
Lake Kaweah (d)	440,445	
Grant & Loan Funds (e)	434,015	
Capital Project Funds:		
Community Development (f)	1,058,818	
Government Facilities Impact Fee (g)	53,410	
Public Safety Impact Fee (b)	2,475,560	
Enterprise Funds:		
Valley Oak Golf (h)	3,248,996	
Building Safety (i)	278,653	
Airport (j)	223,125	
Internal Service Funds:		
Health Benefits (k)	214,988	
Redevelopment Agency:		
East Visalia (l)(m)	<u>7,223,800</u>	
Total Advances	<u>\$ 17,037,095</u>	<u>\$ 17,037,095</u>

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

- (a) To be repaid through higher assessment fees.
- (b) To be repaid from future impact fees.
- (c) To be repaid from future impact fees.
- (d) To be repaid from monthly storm sewer fees
- (e) To be repaid from grant revenue to be received in fiscal year 2008-09.
- (f) To be repaid from a draw request from HOME & CDBG made in fiscal year 2008-09.
- (g) To be repaid from future impact fees.
- (h) To be repaid through a 15-year repayment plan, agreed to by the golf course management co.
- (i) To be repaid through future building permit fees.
- (j) To be repaid from federal grant funding in FY09-10.
- (k) To be repaid from charges to employees for health benefits.
- (l) To be repaid through the East Visalia Redevelopment District adopted financial plan.
- (m) RDA advances for property purchases will be repaid when the related property is sold.



## **NOTE 4 – INTERFUND TRANSACTIONS** (Continued)

### C. Internal Balances

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

## **NOTE 5 – NOTES AND LOANS RECEIVABLE AND DEFERRED REVENUE**

### A. 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, land sales and SPCA equipment. The Parking District holds notes relating to payment of downtown parking in-lieu fees. Various housing funds hold notes related to housing development. The Redevelopment loans are mainly for developers who develop residential housing projects for low income persons which meet affordability requirements. At June 30, 2009, these notes receivable totaled \$873,984 in the General Fund, \$445,945 in the Parking District Fund, \$8,139,692 in housing related funds and \$4,006,609 in the Redevelopment Fund. No loans have been made in the Enterprise Funds or any other fund.

In August 1999, the Redevelopment Agency (“the Agency”) entered into a \$1,055,150 promissory note agreement with a developer for the development of a 95 unit senior housing project of which 94 units will be rented at an affordable rental rate to very low and low income seniors and 1 unit to an on-site manager. The note bears 3% simple interest and will be due in full to the City in 55 years. To the extent there is excess cash flow from the project, the developer is required to repay all accrued interest and principal annually. The note receivable is recorded in the Mooney Boulevard, Downtown and Central Visalia Redevelopment District Low & Moderate Capital Project Funds.

In April 2002, the Agency entered into a \$900,000 promissory note agreement with Visalia Senior Housing II, Inc., a nonprofit public benefit corporation, for the development of a 60 unit senior housing project. The note bears 3% simple interest and will be due in full to the City in 55 years. To the extent there is excess cash flow from the project, the development is required to repay all accrued interest and principal annually. The note receivable is recorded in the Mooney Boulevard, Downtown and Central Visalia Redevelopment District Low & Moderate Capital Project Funds.

In January 2007, the Agency entered into a \$2,500,000 promissory note agreement with Visalia Senior Housing III, Inc., a nonprofit public benefit corporation, for the development of senior housing project. The note bears 3% simple interest and will be due in full to the City in 55 years. Only \$1,308,765 of the loan has been extended as of June 30, 2009. To the extent there is excess cash flow from the project, the development is required to repay all accrued interest and principal annually. The note receivable is recorded in the HOME Fund.

In August of 2008, the City entered into an agreement with Kaweah Management Company to acquire and renovate a triplex on North Encina in order to provide affordable housing. The 40 year loan carries a 3% interest as long as the project remains affordable according to the terms of the agreement. At June 30, 2009, the notes receivable totaled \$338,945.

Over time, the City has provided loans to Habitat for Humanity of Tulare County to provide homes to those of very low income. In September of 2008, the City loaned \$300,000 to Habitat for Humanity. The most recent loan requires that Habitat use the monies to build low cost housing, that the houses be completed within 5 years of the note’s issuance and that when the homes are completed, the new home owner meets certain affordability requirements and that the note be assigned from Habitat to the new homeowner. The affordability covenant runs for 45 years, forgiving 1/45 of the loan’s balance each year as long as the owner meets the terms of the affordability covenant. As of June, the City had \$608,104 in loans to Habitat for Humanity and \$290,066 in loans assigned from Habitat for Humanity to qualifying home owners.

**NOTE 5 – NOTES AND LOANS RECEIVABLE AND DEFERRED REVENUE (Continued)**

**A. Notes Receivable (Continued)**

	Issue Date	Maturity	Balance at June 30, 2008	Additions	Repayments	Balance at June 30, 2009
<b>GOVERNMENTAL FUNDS</b>						
<u>General Fund</u>						
Valley Oak SPCA	Sept 2002	Jan 2013	\$ 27,000	\$ -	\$ 6,000	\$ 21,000
Visalia Investment Associates - Fees	April 2006	April 2009	50,102	-	25,051	25,051
Visalia Investment Associates	April 2004	June 2034	472,101	-	8,414	463,687
JoAnn Fabrics - Def. Impact Fees	Dec 2006	June 2011	149,587	-	35,747	113,840
Lock it Up -Def. Imp. Fees	Oct 2006	June 2012	164,404	-	41,101	123,303
Heiland Electronics - Def. Imp. Fees	Jan. 2005	June 2012	38,601	-	9,650	28,951
Anacapa - Def. Imp. Fees	Jan 2007	June 2012	62,250	-	12,450	49,800
Kryptonite - Def. Imp. Fees	Jan 2007	June 2012	38,252	-	9,563	28,689
Jigsaw #1 - Def. Imp. Fees	Jan 2007	June 2012	15,635	-	3,127	12,508
Jigsaw #2 - Def. Imp. Fees	Sept 2007	June 2012	8,944	-	1,789	7,155
Subtotal General Fund			<u>1,026,876</u>	<u>-</u>	<u>152,892</u>	<u>873,984</u>
<u>Parking District Loans</u>						
Comfort Suites	Oct 2002	Oct 2032	227,933	-	5,244	222,689
Korwood - Crawdaddys	July 2005	July 2015	164,015	23,969.00	97,187	90,797
Chamber - Property	June 2005	June 2008	81,863	-	2,083	79,780
Chamber - In-lieu parking	June 2005	June 2008	51,071	-	3,173	47,898
Nepinsky Family Trust	May 2008	May 2013	5,799	-	1,018	4,781
			<u>530,681</u>	<u>23,969</u>	<u>108,705</u>	<u>445,945</u>
<u>Housing Related Funds</u>						
VIAH	June 2002	June 2012	172,500	-	172,500	-
Central Valley Christian	June 2002	June 2012	50,000	200,000.00	167,178	82,822
Visalia Senior Housing III	Jan 2007	Jan 2062	1,308,765	-	-	1,308,765
CDBG	Various	Various	1,495,285	137,415.00	174,853	1,457,847
HOME	Various	Various	4,881,988	469,780.00	61,510	5,290,258
Subtotal Housing Funds			<u>7,908,538</u>	<u>807,195.00</u>	<u>576,041</u>	<u>8,139,692</u>
<u>Redevelopment Agency Funds</u>						
Kaweah Management (1)	June 1996	Nov 2025	250,000	-	-	250,000
Tulare County Housing Authority (1)	Aug 2003	Aug 2058	47,500	-	-	47,500
Encina Triplex	Aug 2008	Aug 2048	-	343,820.00	4,875	338,945
Downtown Senior Housing (1)	April 2002	April 2057	900,000	-	-	900,000
Kimball Court (1)	Aug 1999	Aug 2054	1,055,150	-	-	1,055,150
Town Meadows (1)	April 2001	April 2015	114,000	-	-	114,000
Habitat for Humanity (1)	Dec 2003	Dec 2048	324,043	300,000.00	15,939	608,104
Habitat for Humanity Assigned Loans	Various	Various	322,497	-	32,491	290,006
Willow Street Development	Nov 2002	Nov 2027	366,079	-	9,951	356,128
Mooney Boulevard Redevelopment	Various	Various	15,859	-	1,544	14,315
East Visalia Redevelopment	Various	Various	32,461	-	-	32,461
Subtotal Redevelopment Fund			<u>3,427,589</u>	<u>643,820.00</u>	<u>64,800</u>	<u>4,006,609</u>
Total Governmental Funds			<u>\$ 12,893,684</u>	<u>\$ 1,474,984</u>	<u>\$ 902,438</u>	<u>\$ 13,466,230</u>

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

**NOTE 5 – NOTES AND LOANS RECEIVABLE AND DEFERRED REVENUE** (Continued)

B. Loans Receivable

The City and Redevelopment Agency use several sources of funds to mainly provide financial assistance 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 \$1,457,847 at June 30, 2009.

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 \$5,290,258 at June 30, 2009.

*Redevelopment* 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 \$4,006,609 at June 30, 2009.

Since the City does not expect to collect these notes and loans in the near term, they have been offset by entries to deferred revenue or reserved fund balance in the fund financial statements.

The *California Housing Finance Authority Agency* (CHFA) awarded the City a \$500,000 low-interest loan in which the City used as loans to other non-profit organizations. As of June 30, 2009, the statuses of the loans are as follows:

As of June 30, 2009, the City had a remaining loan balance of \$50,000 with the Central Valley Christian Housing Development Corporation (CVC) to be used for the purchase and rehabilitation of single family residences. The loan bears a 3% interest rate, and with accrued interest to date the loan balance is \$82,822. Repayment of principal and interest is deferred during the term of the loan and becomes due June 3, 2012.

As of June 30, 2009, the Visalians Interested in Affordable Housing (VIAH), a non-profit organization, had fully repaid their CHFA loan.

## NOTE 6 – CAPITAL ASSETS

### A. Capital Assets Additions and Retirements

	<b>Balance June 30, 2008</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments</b>	<b>Balance June 30, 2009</b>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
Capital assets not being depreciated					
Land	\$ 25,962,046	\$ 803,200	\$ 303,200	\$ 200,978	\$ 26,663,024
Construction in progress	<u>20,919,783</u>	<u>18,432,184</u>	<u>1,821,406</u>	<u>760,723</u>	<u>38,291,284</u>
	<u>46,881,829</u>	<u>19,235,384</u>	<u>2,124,606</u>	<u>961,701</u>	<u>64,954,308</u>
Capital assets being depreciated					
Buildings	35,493,942	49,707	-	-	35,543,649
Improvements other than buildings	17,797,988	1,295,450	-	-	19,093,438
Machinery, equipment and vehicles	20,060,442	2,356,531	1,392,484	(227,285)	20,797,204
Infrastructure - streets, traffic signals & signs	<u>136,619,649</u>	<u>16,588,101</u>	<u>7,484,340</u>	<u>1,573,711</u>	<u>147,297,121</u>
	<u>209,972,021</u>	<u>20,289,789</u>	<u>8,876,824</u>	<u>1,346,426</u>	<u>222,731,412</u>
Accumulated depreciation					
Buildings	(3,963,247)	(804,648)	-	(5,082)	(4,772,977)
Improvements other than buildings	(7,840,403)	(1,004,269)	-	(168,181)	(9,012,853)
Machinery, equipment and vehicles	(11,697,361)	(1,500,184)	1,272,175	76,248	(11,849,122)
Infrastructure - streets, traffic signals & signs	<u>(46,862,815)</u>	<u>(2,818,863)</u>	<u>856,746</u>	<u>(471,594)</u>	<u>(49,296,526)</u>
	<u>(70,363,826)</u>	<u>(6,127,964)</u>	<u>2,128,921</u>	<u>(568,609)</u>	<u>(74,931,478)</u>
Governmental Capital Asset Activity, Net	<u>\$ 186,490,024</u>	<u>\$ 33,397,209</u>	<u>\$ 8,872,509</u>	<u>\$ 1,739,518</u>	<u>\$ 212,754,242</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Capital assets not being depreciated					
Land	\$ 13,709,727	\$ 903,000	\$ -	\$ -	\$ 14,612,727
Construction in progress	<u>14,162,009</u>	<u>1,337,472</u>	<u>3,428,477</u>	<u>-</u>	<u>12,071,004</u>
	<u>27,871,736</u>	<u>2,240,472</u>	<u>3,428,477</u>	<u>-</u>	<u>26,683,731</u>
Capital assets being depreciated					
Buildings	29,586,368	33,138	-	-	29,619,506
Improvements other than buildings	79,270,030	2,308,837	45,112	-	81,533,755
Machinery, equipment and vehicles	46,076,920	8,496,937	12,249,868	-	42,323,989
Infrastructure - sewer and storm drainage	<u>99,874,212</u>	<u>2,341,663</u>	<u>-</u>	<u>-</u>	<u>102,215,875</u>
	<u>254,807,530</u>	<u>13,180,575</u>	<u>12,294,980</u>	<u>-</u>	<u>255,693,125</u>
Accumulated depreciation					
Buildings	(10,204,949)	(601,033)	-	-	(10,805,982)
Improvements other than buildings	(38,294,243)	(2,225,438)	45,112	-	(40,474,569)
Machinery, equipment and vehicles	(25,735,728)	(2,801,967)	8,812,985	-	(19,724,710)
Infrastructure - sewer and storm drainage	<u>(16,239,946)</u>	<u>(1,138,832)</u>	<u>-</u>	<u>-</u>	<u>(17,378,778)</u>
	<u>(90,474,866)</u>	<u>(6,767,270)</u>	<u>8,858,097</u>	<u>-</u>	<u>(88,384,039)</u>
Business-type Capital Asset Activity, Net	<u>\$ 192,204,400</u>	<u>\$ 8,653,777</u>	<u>\$ 6,865,360</u>	<u>\$ -</u>	<u>\$ 193,992,817</u>

**NOTE 6 – CAPITAL ASSETS (Continued)**

B. Depreciation Allocation

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

**Governmental Activities**

General Government	\$ 1,679,880
Community Development	7,476
Public Works	2,818,683
Housing & Economic Development	-
Public Safety:	
Police	100,550
Fire	96,608
Community Services	231,792
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>1,192,975</u>
Total Governmental Activities	<u>\$ 6,127,964</u>

**Business-Type Activities**

Building Safety	\$ 23,168
Airport	665,845
Convention Center	429,233
Valley Oak Golf	213,777
Wastewater and Storm Sewer Maintenance	3,058,322
Solid Waste and Street Sweeping	987,747
Transit	<u>1,389,178</u>
Total Business-Type Activities	<u>\$ 6,767,270</u>

**NOTE 7 – LONG-TERM DEBT**

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

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

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

**NOTE 7 – LONG-TERM DEBT (Continued)**

**A. Current Year Transactions and Balances**

	Original Issue Amount	Balance at June 30, 2008	Additions	Retirements	Balance at June 30, 2009	Due Within One Year
<b><u>Governmental Activity Debt</u></b>						
Redevelopment Agency Tax Allocation Bonds:						
2003 East Visalia District	\$ 5,185,000	\$ 4,205,000	\$ -	\$ (220,000)	\$ 3,985,000	\$ 225,000
Certificates of Participation:						
2005 VPFA - Refunding (1)	3,454,400	2,986,400	-	(188,800)	2,797,600	197,600
Notes:						
2008 HUD Sec. 108 Loans - Parking	4,210,000	4,013,000	-	-	4,013,000	327,000
2007 RDA - Mooney District	6,244,700	6,244,700	-	-	6,244,700	-
2004 RDA - Mooney District	2,707,250	2,438,973	-	(76,222)	2,362,751	78,991
2004 RDA - Central District	1,842,750	1,660,141	-	(51,882)	1,608,259	53,767
2003 CHFA HELP Loan	500,000	500,000	-	-	500,000	-
2003 RDA - Downtown District	1,500,000	1,144,011	-	(74,360)	1,069,651	77,655
	17,004,700	16,000,825	-	(202,464)	15,798,361	537,413
Compensated Absences	-	3,314,175	1,026,755	(800,356)	3,540,574	773,243
Total Governmental Activity	\$ 25,644,100	\$ 26,506,400	\$ 1,026,755	\$ (1,411,620)	\$ 26,121,535	\$ 1,733,256
<b><u>Business-Type Activity Debt</u></b>						
Revenue Bonds:						
2003 Wastewater Fund	\$ 9,725,000	\$ 7,040,000	\$ -	\$ (590,000)	\$ 6,450,000	\$ 610,000
Certificates of Participation:						
2005 VPFA - Refunding (1)	18,135,600	15,678,600	-	(991,200)	14,687,400	1,037,400
Notes:						
2003 Airport Hangars	315,000	233,229	-	(19,463)	213,766	19,699
2002 HUD Sec. 108 Loan-Wastewater	3,685,000	686,000	-	(686,000)	-	-
	4,000,000	919,229	-	(705,463)	213,766	19,699
Compensated Absences	-	494,014	122,819	(81,890)	534,943	57,703
Total Business-Type Activity	\$ 31,860,600	\$ 24,131,843	\$ 122,819	\$ (2,368,553)	\$ 21,886,109	\$ 1,724,802

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

**B. Redevelopment Agency Tax Allocation Bonds**

On June 18, 2003, the Community Redevelopment Agency issued \$5,185,000 of 2003 Tax Allocation Refunding Bonds (2003 Bonds) to retire all of the outstanding variable rate 1990 Tax Allocation Bonds described above and to pay for the 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 2004, principal is payable each July 1 through 2026.

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

### **C. Public Finance Authority Tax Allocation Revenue Bonds**

On November 1, 1993, the Visalia Public Finance Authority issued \$5,605,000 in Tax Allocation Revenue Bonds (TARB) to fund future projects in the Central Visalia and Mooney Boulevard redevelopment project areas. These bonds are secured by the tax revenues received by the Agency for each project area. Annual installments are to be made each August 1 to a sinking fund in amounts necessary to fund repayment of the bonds at their maturity dates in accordance with the bond indenture. The effect of the sinking fund payments is to reduce the outstanding principal. These bonds have fixed interest rates of 5.785% to 6.125% and maturity dates of 2005 and 2023. The TARB was called and refinanced by the Stockmen's bank loan in fiscal year 2005. See Note 9.

### **D. Certificates of Participation**

On November 15, 1996, the Visalia Public Financing Authority (VPFA) issued Series A and Series B Refunding Certificates of Participation in the amount of \$16,245,000 and \$14,400,000, respectively, to refund the Visalia Public Building Authority 1985 and 1991 COP issues. Repayment of Series A and Series B is secured by the lease payments made under the lease agreement. Additionally, Series A is secured by a pledge of certain motor vehicle license fees. Both Series A and Series B principal and interest are payable semi-annually each June 1 and December 1 through December 1, 2026. Interest on the two issues ranges from 3.6% to 5.4%. Of this issue 84% is allocable to the Convention Center and 16% is considered general long-term debt. The 1996 Certificates of Participation were refunded by the 2005 Refunding Certificates of Participation. See Note 9.

The City leases the Convention Center and exhibit hall under a non-cancelable lease extending to December 1, 2026, from the Visalia Public Financing Authority. Under this lease, the City makes semi-annual payments, which are sufficient to pay principal and interest on the 1996 Certificates of Participation described below. The cost of the building and the balance of the debt evidenced by the 1996 Certificates of Participation have been included in the City's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the City at its conclusion, and is payable from general government resources.

### **E. Revenue Bonds**

On August 6, 2002, the City issued Wastewater System Revenue Bonds Series 2002 in the amount of \$9,725,000. The proceeds were used to finance additions to the wastewater system. The Bonds are secured by a pledge of the net operating revenue of the wastewater system. Interest rates range from 3% to 4.5%. Commencing December 1, 2002, interest payments are due each June 1 and December 1. Commencing 2003, principal payments are due each December with the final payment due in 2017.

### **F. Note – Stockmen's Bank Loan – RDA Downtown District**

On December 30, 2002, Stockmen's Bank loaned the Redevelopment Agency \$1,500,000 to be used to repay in full the WestAmerica Bank Loan and to fund redevelopment projects within the Downtown Redevelopment Project area. Interest will accrue at the five year treasury constant index to be fixed five years at a time ranging from 4.30% to 5.20%. The loan is secured by a pledge of the Downtown Redevelopment Project Area property tax increment. Commencing June 30, 2003, interest and principal payments are due each June 30 and December 30 with the final payment due June 30, 2019.

**NOTE 7 – LONG-TERM DEBT** (Continued)

G. 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. Each note is made up of ten CUSIPs with maturity dates in February and August from 2009 to 2018. Each CUSIP has a fixed interest rate ranging from 2.62% to 4.62%. 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.

H. Note – Stockman's Bank Loan – Airport Hangars

On June 4, 2003, the City entered into a \$315,000 variable rate note to finance the City's airport hangars projects. The note bears an interest rate ranging from 4.45% to 5.35%. The note is unsecured and to be repaid monthly until June 4, 2018.

I. Note – HUD Section 108 Guaranteed Loan – Wastewater Treatment Plant

On August 9, 2001, the City entered into a \$3,685,000 Note, Series 2001-A Certificates, guaranteed by the Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. Interest on the note ranges from 5.01% to 5.53% and is payable semi-annually on August 1 and February 1. Commencing in 2003, principal payments are due each August 1 with final payment due on August 1, 2008. Proceeds from the note are used to finance the expansion of the infrastructure in the City's wastewater treatment facilities. The Note is secured by a pledge of revenues from the Wastewater Enterprise Fund the Trunk-line Construction Capital Project Fund. An Economic Development Initiative grant in the amount of \$675,000 has been awarded by HUD to the City to be used for the repayment of interest on the note.

J. Note – CHFA - HELP Loan – RDA Revolving Fund

On April 15, 2002, the City entered into a \$500,000 10-year deferred loan agreement with the California Housing Finance Agency (HELP Loan). The loan proceeds will be used as a revolving fund to finance site acquisition and construction of single-family homes. The loan bears 3% interest and is due April 15, 2012.

K. Note – Stockman's 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. See Note 9.

L. Note – Stockman's Bank Loan – RDA Mooney District

On June 29, 2007, the Redevelopment Agency of the City of Visalia entered into a \$6,244,700 loan with Citizens Business Bank. The loan proceeds will be used for various redevelopment projects in the Mooney District. The bank loan is fixed for 5 years at a time with a floor rate of 6.54% and a ceiling rate of 7.50%. Principal and interest installments are due semiannually on June 29<sup>th</sup> and December 29<sup>th</sup>. The interest rate will be adjusted on the 5, 10 and 15 year anniversary dates, based on the 5 year U.S. Treasury note rate plus 150 basis points.



**NOTE 7 – LONG-TERM DEBT (Continued)****M. 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 Assets. In business-type activities and enterprise funds, the unpaid liability is accrued when the liability occurs.

**N. 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	
	Principal	Interest	Principal	Interest
	\$ 960,013	\$ 1,058,997	\$ 1,667,099	\$ 955,788
2010	1,003,887	1,024,539	1,738,407	879,760
2011	1,553,865	1,135,990	1,818,957	799,507
2012	1,099,239	944,413	1,900,351	715,450
2013	1,175,108	898,526	1,985,191	627,223
2014	6,798,102	3,663,709	10,355,361	1,833,646
2015-2019	4,744,863	2,236,428	1,885,800	102,480
2020-2024	5,245,884	718,749	-	-
2025-2029				
	<u>\$ 22,580,961</u>	<u>\$ 11,681,351</u>	<u>\$ 21,351,166</u>	<u>\$ 5,913,854</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 and other improvements. As of June 30, 2009, \$449,500 of the principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$72,020 bond designated as the, "Limited Obligation Improvement Bonds, Village West Improvement Project, Series 2007" for the unpaid assessments levied upon the Village West Improvement Project special assessment district. The City then purchased the bonds for the City's cash portfolio. The bonds yield 6% and mature on September 2, 2022, and were for the construction of street improvements in the Village West Subdivision.

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

**NOTE 9 – REFINANCING AND REFUNDING****Refinancing of Tax Allocation Revenue Bonds**

On November 1, 1993, the Visalia Public Finance Authority issued \$5,605,000 in Tax Allocation Revenue Bonds (TARB) to fund future projects in the Central Visalia and Mooney Boulevard redevelopment project areas. On September 7, 2004, the City Council, Redevelopment Agency Board and Visalia Public Finance Authority 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 bonds were subsequently called with an effective date of November 1, 2004.

## **NOTE 9 – REFINANCING AND REFUNDING** (Continued)

### Refunding Certificates of Participation

On May 1, 2005, the City issued \$21,590,000 of 2005 Refunding Certificates of Participation (the Certificates) to (a) provide a portion of the money necessary to prepay and defease the 1996 Series A and B Certificates, (b) to finance a reserve fund for the Certificates, and (c) to pay the costs of delivery incurred in connection with 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, 2005, with the final payment due in the year 2020. The 2005 Certificates will advance refund the outstanding Certificates Series 1996A and 1996B. The 1996 Certificates were fully called on December 1, 2006, at 102%.

## **NOTE 10 – NET ASSETS AND FUND BALANCES**

GASB Statement 34 incorporates the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

### A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-Wide level, and are described below:

*Invested in Capital Assets, Net of Related Debt* describes the portion of Net Assets 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 Assets 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 Assets which is not restricted to use.

### B. Reserves

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

Reserve for **encumbrances** represents the portion of fund balance set aside for open purchase orders.

Reserves for **supplies and prepaid items, non-current notes receivable, advances and land held for redevelopment** are the portions of fund balance set aside to indicate these items due to represent available, spendable resources even though they are a component of assets.

Reserve for **debt service** is the portion of fund balance legally restricted to the payment of principal and interest on long-term liabilities.

Reserve for **economic uncertainty** is the portion of fund balance legally restricted for implementing the Measure T plan, in years where actual revenues are less than budgeted.

Reserve for **low and moderate income housing** is the portion of the fund balance restricted for low and moderate income housing activities.

**NOTE 10 – NET ASSETS AND FUND BALANCES** (Continued)

C. Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. See Schedule of Fund Balance – General Fund after the Statistical Information Section for detail of current year General Fund designations.

D. Fund Balance and Net Asset Deficits

The following funds had deficit fund balances or net assets at June 30, 2009. Future revenues or inter-fund transfers are expected to offset these deficits:

Special Revenue Funds:		
Measure R - Regional	\$	778,035
Kaweah Lake		440,445
Capital Project Funds:		
Public Safety Impact Fee		2,910,070
Enterprise Funds:		
Building Safety		376,682

**NOTE 11 – EMPLOYEE BENEFITS**

A. CalPERS Safety and Miscellaneous Employees Plans

Substantially all full-time City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit pension plan, which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of service: one service year equals one year of employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2009, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	50
Monthly Benefits, as a % of Annual Salary	3.0%	2.0 - 3.0%
Required Employee Contribution Rates	9%	8%
Required Employer Contribution Rates	27.16%	15.11%

Retirement benefits for Police Safety employees are based on the last or highest 12 months of salary. Retirement benefits for all other non-public safety employees (Miscellaneous) are based on the last or highest 36 months of salary.

**NOTE 11 – EMPLOYEE BENEFITS** (Continued)

A. CalPERS Safety and Miscellaneous Employees Plans (Continued)

All qualified permanent and probationary employees are eligible to participate in PERS. Safety employees contribute 9% of their pay and miscellaneous employees contribute 8% of their pay towards their CalPERS pension. Benefit provisions and all other requirements are established by State statute and City ordinance. Contributions necessary to fund PERS on an actuarial basis are determined by PERS and its Board of Administration.

CalPERS determines contribution requirements using a modification of the Entry Age Actuarial Cost Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to compute contribution requirements and also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions with each payroll.

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to Plan amendments, changes in actuarial assumptions, or changes in actuarial method are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

The Plans' actuarial value (which differs from market value) and funding progress over the most recent available three years is set forth below at their actuarial valuation date of June 30:

**Safety Plan:**

THREE-YEAR TREND INFORMATION FOR THE SAFETY PLAN

Fiscal Year	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2007	\$ 5,491,934	100%	\$ -
2008	5,927,938	100%	\$ -
2009	6,033,214	100%	\$ -

FUNDED STATUS OF SAFETY PLAN

Valuation Date	Actuarial		Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets				
2004	\$ 81,153,330	\$59,032,722	\$ 22,120,608	72.7%	\$10,995,128	201.2%
2005	88,006,915	68,726,724	19,280,191	78.1%	11,691,619	164.9%
2006	95,526,105	76,417,874	19,108,231	80.0%	12,274,110	155.7%
2007	104,244,993	84,681,100	19,563,893	81.2%	13,576,974	144.1%
2008	114,537,460	92,862,745	21,674,715	81.1%	15,003,532	144.5%

**NOTE 11 – EMPLOYEE BENEFITS** (Continued)

**Miscellaneous Plan:**

THREE-YEAR TREND INFORMATION FOR THE MISCELLANEOUS PLAN

Fiscal Year	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
2007	\$ 3,380,485	100%	\$ -
2008	3,810,266	100%	\$ -
2009	4,442,747	100%	\$ -

FUNDED STATUS OF MISCELLANEOUS PLAN

Valuation Date	Actuarial		Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets				
2004	\$ 84,390,249	\$ 73,054,866	\$ 11,335,383	86.6%	\$ 14,050,558	80.7%
2005	93,797,098	82,125,333	11,671,765	87.6%	15,012,782	77.7%
2006	100,793,643	89,612,826	11,180,817	88.9%	15,342,371	72.9%
2007	112,943,403	98,331,932	14,611,471	87.1%	17,403,617	84.0%
2008	122,000,649	106,070,407	15,930,242	86.9%	19,066,673	83.6%

CalPERS issues a separate audited comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Actuarially required contributions for fiscal years 2008, 2007 and 2006 were \$6,821,047, \$6,151,497, and \$6,455,817, respectively. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

It should also be noted that as of May 10, 2008, the City revised its retirement plan for all new miscellaneous employees from a 3% @ 60 plan to a 2.5% @ 55 plan. The change is expected to save 2% a year for all new, miscellaneous employees.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**B. 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.

**NOTE 11 – EMPLOYEE BENEFITS** (Continued)

B. Deferred Compensation Plan (Continued)

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

C. Accrued Personnel Costs

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

D. Postemployment Health Care Benefits

The City provides medical and vision benefits to 221 retirees and 152 retiree dependents. All City employees may become eligible for retiree benefits if they reach the normal retirement age while working for the City and retire under CalPERS. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. Retiree health care benefit program costs are offset by premiums collected from retirees, at a rate up to \$218.38 per retiree per month and up to \$57.42 per month for dependent coverage.

City policy permits retirees access to the City's health plan but at a cost determined by the City. The specific language of the City's Administrative Policy 301 is "Retirees and their dependents are eligible for medical and vision at a cost determined each year by the City." The City is involved in a lawsuit which more fully describes the City's position in Note 13, Contingent Liabilities and Commitments.

**NOTE 12 – RISK MANAGEMENT**

A. Coverage

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

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 coverage 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) and 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.

**NOTE 12 – RISK MANAGEMENT** (Continued)

A. Coverage (Continued)

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, 1.8 times of monthly claims remain in the system at any given time. Thus, the City estimates incurred by not reported (IBNR) claims by multiplying the prior year's average monthly claim cost times 1.8.

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

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

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

During the fiscal year ended June 30, 2009, the City contributed \$269,104 to ACCEL for current year coverage. Audited financial statements are available from ACCEL at 600 Montgomery Street, Ninth 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 claims liabilities during the past three years are as follows:

	Beginning of Year Liability	Current Year Claims & Changes in Estimates	Claim Payments	End of Year Liability
2006-07	\$ 3,415,361	\$ (508,183)	\$ (1,144,633)	\$ 1,762,545
2007-08	1,762,545	3,090,108	(803,663)	4,048,990
2008-09	4,048,990	2,390,884	(2,401,775)	4,038,099

## **NOTE 13 – CONTINGENT LIABILITIES AND COMMITMENTS**

### **A. Contingent Liabilities**

The City is involved in a lawsuit as to what the City of Visalia's retiree health care obligation is. The City's position is that the City's policy guarantees access to the City's medical plan but does not guarantee a City contribution. The City's Administrative Policy 301 states:

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

The retirees' position is that since the City has had a long practice of providing a substantial contribution towards a retiree's health care premium, this practice obligates the City to continue providing and increasing the City's retiree health care contribution.

The size of the City's retiree health care contribution is substantial. The City's self-insured plan contributions are based upon an average monthly contribution of \$1,026 per participant. 221 retirees participated in the plan as of June 30, 2009. Their monthly contribution ranged from \$183 to \$276 a month contribution for the preferred provider program. A high-deductible plan requires monthly contributions of \$38 to \$131 a month.

A City commissioned actuarial study as of 6/30/08 estimates that the annual City cost for having retirees participate in the health plan is \$2.7 million. If the City were to fund the current level of health care contribution but made no commitment to increase that contribution in the future, the actuary estimates that the current actuarial liability would be \$65.8 million. Further, the annually required contribution (ARC) would be \$7.9 million, of which the City paid \$2.7 million for actual retirees' expenses. However, because the City asserts that it retains the right to annually set the retiree contribution, no such liability exists. The outcome of the current lawsuit will settle this matter.

### **B. 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, 2009, the City had entered into \$7,661,905 in agreements for projects that had not been started and would only be paid for from future impact fees.

At June 30, 2009, the City had made commitments of approximately \$16.1 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.

The Special Revenue fund Measure R – Regional has been advanced funds from the Measure R - Local and the General Fund for capital projects which should eventually be repaid. The Special Revenue fund Kaweah Lake and the Capital Project fund Public Safety Impact Fee have been advanced funds from the General Fund for capital projects which should eventually be repaid.



**NOTE 14 – PRIOR PERIOD ADJUSTMENTS**

The following Beginning Balance of Net Assets has been restated:

	Beginning Balance as Previously Reported	Adjustments Due to Understatement of Capital Assets	Beginning Balance Restated
Governmental Activities:	<u>\$ 301,064,009</u>	<u>\$ 1,739,518</u>	<u>\$ 302,803,527</u>

Adjustments were made to the general ledger to reconcile to its separate fixed assets accounting module.

**NOTE 15 – SUBSEQUENT EVENT**

The City authorized a loan October 19, 2009 to the Redevelopment Agency of \$3.6 million for future projects of the Agency as the Central Redevelopment project area approaches the end of its debt issuance period.

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**CITY OF VISALIA**  
**SCHEDULE OF DEFINED PENSION PLAN FUNDING PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**FUNDED STATUS OF SAFETY PLAN**

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability			
1999	\$ 45,377,174	\$ 46,480,232	\$ (1,103,058)	102.4%	\$ 7,098,963	-15.5%
2000	51,112,827	51,689,564	(576,737)	101.1%	8,391,611	-6.9%
2001	55,681,630	54,357,181	1,324,449	97.6%	9,196,693	14.4%
2002	65,149,424	51,990,402	13,159,022	79.8%	9,689,298	135.8%
2003	71,164,539	54,174,219	16,990,320	76.1%	10,258,009	165.6%
2004	81,153,330	59,032,722	22,120,608	72.7%	10,995,128	201.2%
2005	88,006,915	68,726,724	19,280,191	78.1%	11,691,619	164.9%
2006	95,526,105	76,417,874	19,108,231	80.0%	12,274,110	155.7%
2007	104,244,993	84,681,100	19,563,893	81.2%	13,576,974	144.1%
2008	114,537,460	92,862,745	21,674,715	81.1%	15,003,532	144.5%

**FUNDED STATUS OF MISCELLANEOUS PLAN**

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability			
1999	\$ 45,303,520	\$ 61,008,400	\$ (15,704,880)	134.7%	\$ 10,625,933	-147.8%
2000	49,941,679	67,951,408	(18,009,729)	136.1%	11,534,426	-156.1%
2001	54,318,940	71,020,462	(16,701,522)	130.7%	11,891,303	-140.5%
2002	59,561,255	67,927,482	(8,366,227)	114.0%	12,435,756	-67.3%
2003	78,102,483	69,087,588	9,014,895	88.5%	13,405,803	67.2%
2004	84,390,249	73,054,866	11,335,383	86.6%	14,050,558	80.7%
2005	93,797,098	82,125,333	11,671,765	87.6%	15,012,782	77.7%
2006	100,793,643	89,612,826	11,180,817	88.9%	15,342,371	72.9%
2007	112,943,403	98,331,932	14,611,471	87.1%	17,403,617	84.0%
2008	122,000,649	106,070,407	15,930,242	86.9%	19,066,673	83.6%

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**CITY OF VISALIA  
MAJOR GOVERNMENTAL FUNDS,  
OTHER THAN GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

**COMMUNITY DEVELOPMENT (CAPITAL PROJECT FUND)**

Established to account for the housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants and Home Investments Partnership Program (HOME). Also, when money that was previously loaned out is paid back, it again becomes available for use in the rehabilitation and development programs.

**PARKING DISTRICT (CAPITAL PROJECT FUND)**

Established 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. They are not governed by a formal budget and financial presentation reflects changes in net assets and liabilities to report on the flow of resources.

**REDEVELOPMENT DISTRICTS (CAPITAL PROJECT FUND)**

Established to account for the financing and construction activities in the various specific redevelopment projects area. The redevelopment district's purpose is to encourage better use of the area's resources (i.e. land, building and improvements to the properties). Improvements in this area, which can be both of a public or private nature, are financed by the Visalia Redevelopment Agency which receives its funding through proceeds from tax-exempt debt, tax increment, property sales and earnings on investments.

**TRANSPORTATION (CAPITAL PROJECT FUND)**

The Transportation funds are 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 FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Subventions and Grants	\$ 4,795,473	\$ 3,549,180	\$ (1,246,293)
Fines and Fees	31,000	67,710	36,710
Uses of Money and Property	-	70,158	70,158
Miscellaneous	-	2,288	2,288
	<u>4,826,473</u>	<u>3,689,336</u>	<u>(1,137,137)</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	6,372,829	2,417,067	3,955,762
Capital Outlay	363,939	171,057	192,882
	<u>6,736,768</u>	<u>2,588,124</u>	<u>4,148,644</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,910,295)</u>	<u>1,101,212</u>	<u>3,011,507</u>
Other Financing Sources (Uses) Transfers Out (Note 4)	<u>(627,000)</u>	<u>(507,884)</u>	<u>119,116</u>
Total Other Financing Sources (Uses)	<u>(627,000)</u>	<u>(507,884)</u>	<u>119,116</u>
Net Changes in Fund Balances	<u>\$ (2,537,295)</u>	593,328	<u>\$ 3,130,623</u>
Fund Balances Beginning of Year		<u>(189,129)</u>	
Fund Balances End of Year		<u>\$ 404,199</u>	

**CITY OF VISALIA  
PARKING DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Uses of Money and Property	\$ 50,720	\$ 87,620	\$ 36,900
Charges for Current Services	-	179,001	179,001
Miscellaneous	-	490	490
	<u>50,720</u>	<u>267,111</u>	<u>216,391</u>
<b>EXPENDITURES</b>			
Current:			
Community Development	30,640	27,303	3,337
Capital Outlay	169,905	169,903	2
Debt Service:			
Principal	627,000	-	627,000
Interest and Fiscal Charges	28,170	135,048	(106,878)
	<u>855,715</u>	<u>332,254</u>	<u>523,461</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(804,995)</u>	<u>(65,143)</u>	<u>739,852</u>
Other Financing Sources (Uses)			
Sales of Real Property	-	903,000	903,000
Transfers In (Note 4)	884,474	507,884	(376,590)
	<u>884,474</u>	<u>1,410,884</u>	<u>526,410</u>
Total Other Financing Sources (Uses)	<u>884,474</u>	<u>1,410,884</u>	<u>526,410</u>
Net Changes in Fund Balances	<u>\$ 79,479</u>	1,345,741	<u>\$ 1,266,262</u>
Fund Balances Beginning of Year		<u>670,425</u>	
Fund Balances End of Year		<u>\$ 2,016,166</u>	

**CITY OF VISALIA  
REDEVELOPMENT DISTRICTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 6,009,900	\$ 8,618,100	\$ 2,608,200
Other Taxes	63,100	64,929	1,829
Subventions and Grants	-	3,742	3,742
Uses of Money and Property	231,320	388,676	157,356
Miscellaneous	-	112,601	112,601
	<u>6,304,320</u>	<u>9,188,048</u>	<u>2,883,728</u>
<b>EXPENDITURES</b>			
Current:			
General Government	3,058,600	3,775,268	(716,668)
Community Development	2,108,937	1,882,241	226,696
Capital Outlay	177,494	127,833	49,661
Debt Service:			
Principal	221,822	201,976	19,846
Interest and Fiscal Charges	756,893	963,339	(206,446)
	<u>6,323,746</u>	<u>6,950,657</u>	<u>(626,911)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,426)</u>	<u>2,237,391</u>	<u>2,256,817</u>
Other Financing Sources (Uses) Transfers Out (Note 4)	<u>(356,010)</u>	<u>(367,098)</u>	<u>(11,088)</u>
Total Other Financing Sources (Uses)	<u>(356,010)</u>	<u>(367,098)</u>	<u>(11,088)</u>
Net Changes in Fund Balances	<u>\$ (375,436)</u>	1,870,293	<u>\$ 2,245,729</u>
Fund Balances Beginning of Year		<u>6,096,292</u>	
Fund Balances End of Year		<u>\$ 7,966,585</u>	



**CITY OF VISALIA  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Subventions and Grants	\$ 600,480	\$ -	\$ (600,480)
Fines and Fees	8,104,000	4,272,954	(3,831,046)
Uses of Money and Property	-	213,598	213,598
Miscellaneous	1,000	46,452	45,452
 Total Revenues	 8,705,480	 4,533,004	 (4,172,476)
<b>EXPENDITURES</b>			
Current:			
Public Works	189,450	36,180	153,270
Capital Outlay	6,047,241	8,380,005	(2,332,764)
 Total Expenditures	 6,236,691	 8,416,185	 (2,179,494)
 Excess (Deficiency) of Revenues Over Expenditures	 2,468,789	 (3,883,181)	 (6,351,970)
 Other Financing Sources (Uses)			
Transfers Out (Note 4)	-	(400,183)	(400,183)
 Total Other Financing Sources (Uses)	 -	 (400,183)	 -
 Net Changes in Fund Balances	 \$ 2,468,789	 (4,283,364)	 \$ (6,351,970)
 Fund Balances Beginning of Year - As Restated		 7,324,593	
 Fund Balances End of Year		 \$ 3,041,229	

**CITY OF VISALIA  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

**WATERWAYS**

This Fund was established to account for 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**

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). 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 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 can forfeit the money or the City may recover narcotics law enforcement costs from the seized funds.

**MEASURE T – POLICE**

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

**MEASURE T – FIRE**

Established to account for increased Police operational and capital expenditures. Financing is provided by 40% of the ¼ cent sales tax ballot measure (T) approved by voters during the March 2, 2004 primary election. No sales tax funds can replace General Fund dollars budgeted for normal operations at the previous year's service level.

**CITY OF VISALIA  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

**SPECIAL REVENUE FUNDS** (Continued)

**MEASURE R – LOCAL**

Established 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 local projects.

**MEASURE R – REGIONAL**

Established 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.

**DEBT SERVICE FUNDS**

**EAST VISALIA REDEVELOPMENT TAX ALLOCATION BOND**

Established to account for the payment of the East Visalia Redevelopment Tax Allocation Bonds.

**VPFA 2005 REFUNDING CERTIFICATES OF PARTICIPATION**

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

**CAPITAL PROJECTS FUNDS**

**SOFTBALL FACILITY DEVELOPMENT**

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

**HIGHWAY USERS**

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

**RECREATIONAL FACILITIES**

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

**STORM SEWER CONSTRUCTION**

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

**PUBLIC SAFETY IMPACT FEE**

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

**GOVERNMENT FACILITIES IMPACT FEE**

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

**CITY OF VISALIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

	Waterways	Groundwater Recharge	Kaweah Lake	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
<b>Assets</b>								
Cash and Investments	\$ 1,188,313	\$ 1,957,176	\$ -	\$ 1,814,191	\$ 212,077	\$ 642,667	\$ 275,688	\$ 1,966,047
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Account Receivable	913	69,824	-	468	359	-	-	-
Tax Receivable	-	-	-	4,392	-	-	-	446,409
Notes and Loans Receivable	-	-	-	-	-	82,822	-	-
Due from Other Governmental Units	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,189,226</b>	<b>\$ 2,027,000</b>	<b>\$ -</b>	<b>\$ 1,819,051</b>	<b>\$ 212,436</b>	<b>\$ 725,489</b>	<b>\$ 275,688</b>	<b>\$ 2,412,456</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts, Interest and Contracts Payable	\$ 8,645	\$ 15,576	\$ -	\$ 121,136	\$ 439	\$ 654	\$ 19,802	\$ 8
Deferred Revenue	-	-	-	-	359	82,822	243,286	-
Advances from Other Funds	-	-	440,445	148,966	-	-	-	-
Customer Deposits	-	-	-	-	-	-	12,600	-
Accrued Personnel Costs	-	-	-	-	-	4,927	-	100,619
<b>Total Liabilities</b>	<b>8,645</b>	<b>15,576</b>	<b>440,445</b>	<b>270,102</b>	<b>798</b>	<b>88,403</b>	<b>275,688</b>	<b>100,627</b>
<b>Fund Balances</b>								
Reserved for Encumbrances	107,808	84,479	-	-	35,538	6,468	-	-
Reserved for Debt Service	-	-	-	-	-	522,190	-	-
Reserved for Economic Uncertainty	-	-	-	-	-	-	-	852,874
Designated for:								
Civic Center Complex Impact Fee	-	-	-	-	-	-	-	-
Corporation Yard Impact Fee	-	-	-	-	-	-	-	-
Library Impact Fee	-	-	-	-	-	-	-	-
Unreserved, Undesignated	1,072,773	1,926,945	(440,445)	1,548,949	176,100	108,428	-	1,458,955
<b>Total Fund Balances</b>	<b>1,180,581</b>	<b>2,011,424</b>	<b>(440,445)</b>	<b>1,548,949</b>	<b>211,638</b>	<b>637,086</b>	<b>-</b>	<b>2,311,829</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,189,226</b>	<b>\$ 2,027,000</b>	<b>\$ -</b>	<b>\$ 1,819,051</b>	<b>\$ 212,436</b>	<b>\$ 725,489</b>	<b>\$ 275,688</b>	<b>\$ 2,412,456</b>

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS
	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	East Visalia Redevelopment Tax Allocation Bond	VPFA 2005 Refunding Certificates of Participation	Softball Facility Development
<b>Assets</b>							
Cash and Investments	\$ 6,162,312	\$ 2,043,756	\$ -	\$ 3,101,560	\$ -	\$ 152,907	\$ 43,988
Restricted Cash and Investments	-	-	-	-	692,086	329,776	-
Account Receivable	-	-	-	-	-	-	-
Tax Receivable	297,606	139,680	-	-	-	-	-
Notes and Loans Receivable	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	1,480,426	920,903	-	-	-
<b>Total Assets</b>	<b>\$ 6,459,918</b>	<b>\$ 2,183,436</b>	<b>\$ 1,480,426</b>	<b>\$ 4,022,463</b>	<b>\$ 692,086</b>	<b>\$ 482,683</b>	<b>\$ 43,988</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts, Interest and Contracts Payable	\$ 223,839	\$ 243,217	\$ 1,022,142	\$ 71,370	\$ 73,029	\$ 10,835	\$ 14,085
Deferred Revenue	-	-	-	-	-	-	-
Advances from Other Funds	-	-	1,236,319	434,015	-	-	-
Customer Deposits	-	-	-	-	-	-	-
Accrued Personnel Costs	17,792	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>241,631</b>	<b>243,217</b>	<b>2,258,461</b>	<b>505,385</b>	<b>73,029</b>	<b>10,835</b>	<b>14,085</b>
<b>Fund Balances</b>							
Reserved for Encumbrances	46,967	228,677	5,527,240	303,724	-	-	-
Reserved for Debt Service	-	-	-	-	619,057	471,848	-
Reserved for Economic Uncertainty	595,423	-	-	-	-	-	-
Designated for:							
Civic Center Complex Impact Fee	-	-	-	-	-	-	-
Corporation Yard Impact Fee	-	-	-	-	-	-	-
Library Impact Fee	-	-	-	-	-	-	-
Unreserved, Undesignated	5,575,897	1,711,542	(6,305,275)	3,213,354	-	-	29,903
<b>Total Fund Balances</b>	<b>6,218,287</b>	<b>1,940,219</b>	<b>(778,035)</b>	<b>3,517,078</b>	<b>619,057</b>	<b>471,848</b>	<b>29,903</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,459,918</b>	<b>\$ 2,183,436</b>	<b>\$ 1,480,426</b>	<b>\$ 4,022,463</b>	<b>\$ 692,086</b>	<b>\$ 482,683</b>	<b>\$ 43,988</b>

(Continued)

**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (Continued)**  
**JUNE 30, 2009**

CAPITAL PROJECTS FUNDS

	Highway Users	Recreation Facilities	Storm Sewer Construction	Public Safety Impact Fee	Government Facilities Impact Fee	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and Investments	\$ 7,665,617	\$ 9,935,648	\$ 1,563,342	\$ -	\$ 3,179,600	\$ 41,904,889
Restricted Cash and Investments	-	-	-	-	-	1,021,862
Account Receivable	1,152	22,676	162,260	9,464	1,390	268,506
Tax Receivable	-	-	1,000	-	-	889,087
Notes and Loans Receivable	-	-	-	-	-	82,822
Due from Other Governmental Units	157,201	-	-	-	-	2,558,530
<b>Total Assets</b>	<b>\$ 7,823,970</b>	<b>\$ 9,958,324</b>	<b>\$ 1,726,602</b>	<b>\$ 9,464</b>	<b>\$ 3,180,990</b>	<b>\$ 46,725,696</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts, Interest and Contracts Payable	\$ 96,740	\$ 259,470	\$ 887	\$ 434,510	\$ -	\$ 2,616,384
Deferred Revenue	-	22,676	803	9,464	1,389	360,799
Advances from Other Funds	-	-	-	2,475,560	53,410	4,788,715
Customer Deposits	-	-	-	-	-	12,600
Accrued Personnel Costs	-	-	-	-	-	123,338
<b>Total Liabilities</b>	<b>96,740</b>	<b>282,146</b>	<b>1,690</b>	<b>2,919,534</b>	<b>54,799</b>	<b>7,901,836</b>
<b>Fund Balances</b>						
Reserved for Encumbrances	33,230	1,321,634	96,580	91,171	-	7,883,516
Reserved for Debt Service	-	-	-	-	-	1,613,095
Reserved for Economic Uncertainty	-	-	-	-	-	1,448,297
Designated for:						
Civic Center Complex Impact Fee	-	-	-	-	2,755,039	2,755,039
Corporation Yard Impact Fee	-	-	-	-	424,562	424,562
Library Impact Fee	-	-	-	-	(53,410)	(53,410)
Unreserved, Undesignated	7,694,000	8,354,544	1,628,332	(3,001,241)	-	24,752,761
<b>Total Fund Balances</b>	<b>7,727,230</b>	<b>9,676,178</b>	<b>1,724,912</b>	<b>(2,910,070)</b>	<b>3,126,191</b>	<b>38,823,860</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,823,970</b>	<b>\$ 9,958,324</b>	<b>\$ 1,726,602</b>	<b>\$ 9,464</b>	<b>\$ 3,180,990</b>	<b>\$ 46,725,696</b>

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**CITY OF VISALIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

	Waterways	Groundwater Recharge	Kaweah Lake	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
<b>Revenues</b>								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,687,002
Subvention and Grants	-	-	-	-	-	129,581	-	-
Fees and Fines	136,439	715,093	245,848	-	5,821	-	-	-
Use of Money and Property	49,416	66,580	-	43,471	8,343	37,845	-	79,098
Charges for Services	245,300	-	-	2,076,749	-	250,000	-	-
Other	-	-	-	4,260	-	-	44,531	-
<b>Total Revenues</b>	<b>431,155</b>	<b>781,673</b>	<b>245,848</b>	<b>2,124,480</b>	<b>14,164</b>	<b>417,426</b>	<b>44,531</b>	<b>2,766,100</b>
<b>Expenditures</b>								
Public Safety:								
Police	-	-	-	-	-	345,762	5,848	2,754,620
Fire	-	-	-	-	-	-	-	-
Public Works	302,229	162,077	54,718	1,683,586	1,748	-	-	-
Community Development	-	-	-	-	-	219	-	-
Capital Outlay	503,593	177,363	-	-	35,148	8,876	38,683	212,124
Debt Service:								
Principal Repayment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>805,822</b>	<b>339,440</b>	<b>54,718</b>	<b>1,683,586</b>	<b>36,896</b>	<b>354,857</b>	<b>44,531</b>	<b>2,966,744</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>(374,667)</u>	<u>442,233</u>	<u>191,130</u>	<u>440,894</u>	<u>(22,732)</u>	<u>62,569</u>	<u>-</u>	<u>(200,644)</u>
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	111,270	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,270</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>(374,667)</b>	<b>442,233</b>	<b>191,130</b>	<b>440,894</b>	<b>(22,732)</b>	<b>173,839</b>	<b>-</b>	<b>(200,644)</b>
Fund Balances - Beginning of Year (Deficits)	<u>1,555,248</u>	<u>1,569,191</u>	<u>(631,575)</u>	<u>1,108,055</u>	<u>234,370</u>	<u>463,247</u>	<u>-</u>	<u>2,512,473</u>
<b>Fund Balances - End of Year (Deficits)</b>	<b>\$ 1,180,581</b>	<b>\$ 2,011,424</b>	<b>\$ (440,445)</b>	<b>\$ 1,548,949</b>	<b>\$ 211,638</b>	<b>\$ 637,086</b>	<b>\$ -</b>	<b>\$ 2,311,829</b>



	SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS
	Measure T	Measure R	Measure R	Transportation	East Visalia	VPFA 2005	Softball Facility
	Fire	Local	Regional	Grants	Tax Allocation Bond	Refunding Certificates of Participation	Development
<b>Revenues</b>							
Sales Taxes	\$ 1,791,335	\$ 1,890,574	\$ 3,416,240	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	615,000	3,561,481	-	-	-
Fees and Fines	-	-	-	-	-	-	-
Use of Money and Property	223,283	28,479	33,354	116,721	3,565	171,469	3,516
Charges for Services	-	-	-	-	-	-	3,040
Other	-	600	-	700,650	-	-	-
<b>Total Revenues</b>	<b>2,014,618</b>	<b>1,919,653</b>	<b>4,064,594</b>	<b>4,378,852</b>	<b>3,565</b>	<b>171,469</b>	<b>6,556</b>
<b>Expenditures</b>							
Public Safety:							
Police	-	-	-	-	-	-	-
Fire	601,178	-	-	-	-	-	-
Public Works	-	464	12	25,304	-	-	194
Community Development	-	-	-	-	-	-	-
Capital Outlay	1,817,856	767,782	3,874,371	2,607,475	-	-	104,188
Debt Service:							
Principal Repayment	-	-	-	-	220,000	188,800	-
Interest and Fiscal Charges	-	-	-	-	146,057	135,820	-
<b>Total Expenditures</b>	<b>2,419,034</b>	<b>768,246</b>	<b>3,874,383</b>	<b>2,632,779</b>	<b>366,057</b>	<b>324,620</b>	<b>104,382</b>
Excess (Deficiency) of Revenues Over Expenditures	(404,416)	1,151,407	190,211	1,746,073	(362,492)	(153,151)	(97,826)
Other Financing Sources (Uses)							
Transfers In	-	-	494,432	-	367,098	298,175	-
Transfers Out	-	(8,690)	-	(1,183,348)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(8,690)</b>	<b>494,432</b>	<b>(1,183,348)</b>	<b>367,098</b>	<b>298,175</b>	<b>-</b>
<b>Net Changes in Fund Balance</b>	<b>(404,416)</b>	<b>1,142,717</b>	<b>684,643</b>	<b>562,725</b>	<b>4,606</b>	<b>145,024</b>	<b>(97,826)</b>
Fund Balances - Beginning of Year (Deficits)	6,622,703	797,502	(1,462,678)	2,954,353	614,451	326,824	127,729
<b>Fund Balances - End of Year (Deficits)</b>	<b>\$ 6,218,287</b>	<b>\$ 1,940,219</b>	<b>\$ (778,035)</b>	<b>\$ 3,517,078</b>	<b>\$ 619,057</b>	<b>\$ 471,848</b>	<b>\$ 29,903</b>

(Continued)

**CITY OF VISALIA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CAPITAL PROJECTS FUNDS					
	Highway Users	Recreation Facilities	Storm Sewer Construction	Public Safety Impact Fee	Government Facilities Impact Fee	Total Nonmajor Governmental Funds
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,785,151
Subvention and Grants	2,906,039	-	-	-	-	7,212,101
Fees and Fines	-	895,862	621,304	456,612	174,132	3,251,111
Use of Money and Property	255,330	400,496	63,848	9,651	109,378	1,703,843
Charges for Services	-	-	-	-	-	2,575,089
Other	-	-	-	-	-	750,041
<b>Total Revenues</b>	<b>3,161,369</b>	<b>1,296,358</b>	<b>685,152</b>	<b>466,263</b>	<b>283,510</b>	<b>25,277,336</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	3,106,230
Fire	-	-	-	-	-	601,178
Public Works	552,645	34,019	27,178	8,114	4,004	2,856,292
Community Development	-	-	-	-	-	219
Capital Outlay	4,188,773	2,574,367	1,171,175	3,430,726	-	21,512,500
Debt Service:						
Principal Repayment	-	-	-	-	-	408,800
Interest and Fiscal Charges	-	-	-	63,728	2,317	347,922
<b>Total Expenditures</b>	<b>4,741,418</b>	<b>2,608,386</b>	<b>1,198,353</b>	<b>3,502,568</b>	<b>6,321</b>	<b>28,833,141</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,580,049)	(1,312,028)	(513,201)	(3,036,305)	277,189	(3,555,805)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	1,270,975
Transfers Out	-	-	-	-	-	(1,192,038)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,937</b>
<b>Net Changes in Fund Balance</b>	<b>(1,580,049)</b>	<b>(1,312,028)</b>	<b>(513,201)</b>	<b>(3,036,305)</b>	<b>277,189</b>	<b>(3,476,868)</b>
Fund Balances - Beginning of Year (Deficits)	9,307,279	10,988,206	2,238,113	126,235	2,849,002	42,300,728
<b>Fund Balances - End of Year (Deficits)</b>	<b>\$ 7,727,230</b>	<b>\$ 9,676,178</b>	<b>\$ 1,724,912</b>	<b>\$ (2,910,070)</b>	<b>\$ 3,126,191</b>	<b>\$ 38,823,860</b>

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**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	WATERWAYS			GROUNDWATER RECHARGE		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	585,600	136,439	(449,161)	677,400	715,093	37,693
Use of Money and Property	700	49,416	48,716	1,800	66,580	64,780
Charges for Services	239,100	245,300	6,200	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>825,400</b>	<b>431,155</b>	<b>(394,245)</b>	<b>679,200</b>	<b>781,673</b>	<b>102,473</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	135,810	302,229	(166,419)	137,200	162,077	(24,877)
Community Development	-	-	-	-	-	-
Capital Outlay	569,652	503,593	66,059	177,362	177,363	(1)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>705,462</b>	<b>805,822</b>	<b>(100,360)</b>	<b>314,562</b>	<b>339,440</b>	<b>(24,878)</b>
Excess (Deficiency) of Revenues Over Expenditures	119,938	(374,667)	(494,605)	364,638	442,233	77,595
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 119,938</b>	<b>(374,667)</b>	<b>\$ (494,605)</b>	<b>\$ 364,638</b>	<b>442,233</b>	<b>\$ 77,595</b>
Fund Balances Beginning of Year (Deficits)		1,555,248			1,569,191	
Fund Balances End of Year (Deficits)		<u>\$ 1,180,581</u>			<u>\$ 2,011,424</u>	

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	KAWEAH LAKE			SPECIAL SERVICE DISTRICTS		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	236,700	245,848	9,148	-	-	-
Use of Money and Property	-	-	-	24,400	43,471	19,071
Charges for Services	-	-	-	1,749,890	2,076,749	326,859
Other	-	-	-	-	4,260	4,260
<b>Total Revenues</b>	<u>236,700</u>	<u>245,848</u>	<u>9,148</u>	<u>1,774,290</u>	<u>2,124,480</u>	<u>350,190</u>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	121,500	54,718	66,782	1,494,260	1,683,586	(189,326)
Community Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>121,500</u>	<u>54,718</u>	<u>66,782</u>	<u>1,494,260</u>	<u>1,683,586</u>	<u>(189,326)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>115,200</u>	<u>191,130</u>	<u>75,930</u>	<u>280,030</u>	<u>440,894</u>	<u>160,864</u>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	<u>\$ 115,200</u>	<u>191,130</u>	<u>\$ 75,930</u>	<u>\$ 280,030</u>	<u>440,894</u>	<u>\$ 160,864</u>
Fund Balances Beginning of Year (Deficits)		<u>(631,575)</u>			<u>1,108,055</u>	
Fund Balances End of Year (Deficits)		<u>\$ (440,445)</u>			<u>\$ 1,548,949</u>	

(Continued)

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	NORTHEAST AREA			GRANT & LOAN FUNDS		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	323,568	129,581	(193,987)
Fees and Fines	36,000	5,821	(30,179)	-	-	-
Use of Money and Property	900	8,343	7,443	-	37,845	37,845
Charges for Services	-	-	-	-	250,000	250,000
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>36,900</b>	<b>14,164</b>	<b>(22,736)</b>	<b>323,568</b>	<b>417,426</b>	<b>93,858</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	365,712	345,762	19,950
Fire	-	-	-	-	-	-
Public Works	2,200	1,748	452	-	-	-
Community Development	-	-	-	-	219	(219)
Capital Outlay	186,424	35,148	151,276	31,636	8,876	22,760
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>188,624</b>	<b>36,896</b>	<b>151,728</b>	<b>397,348</b>	<b>354,857</b>	<b>42,491</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(151,724)</b>	<b>(22,732)</b>	<b>128,992</b>	<b>(73,780)</b>	<b>62,569</b>	<b>136,349</b>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	42,990	111,270	68,280
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,990</b>	<b>111,270</b>	<b>68,280</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (151,724)</b>	<b>(22,732)</b>	<b>\$ 128,992</b>	<b>\$ (30,790)</b>	<b>173,839</b>	<b>\$ 204,629</b>
Fund Balances Beginning of Year (Deficits)		234,370			463,247	
Fund Balances End of Year (Deficits)		<b>\$ 211,638</b>			<b>\$ 637,086</b>	

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	NARCOTICS FORFEITURE			MEASURE T - POLICE		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ 3,064,400	\$ 2,687,002	\$ (377,398)
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Use of Money and Property	-	-	-	29,800	79,098	49,298
Charges for Services	-	-	-	-	-	-
Other	47,000	44,531	(2,469)	-	-	-
<b>Total Revenues</b>	<u>47,000</u>	<u>44,531</u>	<u>(2,469)</u>	<u>3,094,200</u>	<u>2,766,100</u>	<u>(328,100)</u>
<b>Expenditures</b>						
Public Safety:						
Police	11,660	5,848	5,812	2,799,660	2,754,620	45,040
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital Outlay	65,540	38,683	26,857	168,897	212,124	(43,227)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>77,200</u>	<u>44,531</u>	<u>32,669</u>	<u>2,968,557</u>	<u>2,966,744</u>	<u>1,813</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,200)</u>	<u>-</u>	<u>30,200</u>	<u>125,643</u>	<u>(200,644)</u>	<u>(326,287)</u>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	<u>\$ (30,200)</u>	<u>-</u>	<u>\$ 30,200</u>	<u>\$ 125,643</u>	<u>(200,644)</u>	<u>\$ (326,287)</u>
Fund Balances Beginning of Year (Deficits)		-			2,512,473	
Fund Balances End of Year (Deficits)		<u>\$ -</u>			<u>\$ 2,311,829</u>	

(Continued)

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	MEASURE T - FIRE			MEASURE R - LOCAL		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ 2,042,900	\$ 1,791,335	\$ (251,565)	\$ 1,911,900	\$ 1,890,574	\$ (21,326)
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Use of Money and Property	151,900	223,283	71,383	27,900	28,479	579
Charges for Services	-	-	-	-	-	-
Other	-	-	-	-	600	600
<b>Total Revenues</b>	<b>2,194,800</b>	<b>2,014,618</b>	<b>(180,182)</b>	<b>1,939,800</b>	<b>1,919,653</b>	<b>(20,147)</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	594,270	601,178	(6,908)	-	-	-
Public Works	-	-	-	140	464	(324)
Community Development	-	-	-	-	-	-
Capital Outlay	1,757,282	1,817,856	(60,574)	767,782	767,782	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,351,552</b>	<b>2,419,034</b>	<b>(67,482)</b>	<b>767,922</b>	<b>768,246</b>	<b>(324)</b>
Excess (Deficiency) of Revenues Over Expenditures	(156,752)	(404,416)	(247,664)	1,171,878	1,151,407	(20,471)
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	2,950,000	-	(2,950,000)
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(8,690)	(8,690)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,950,000</b>	<b>(8,690)</b>	<b>(2,958,690)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (156,752)</b>	<b>(404,416)</b>	<b>\$ (247,664)</b>	<b>\$ 4,121,878</b>	<b>\$ 1,142,717</b>	<b>\$ (2,979,161)</b>
Fund Balances - Beginning of Year (Deficits)		6,622,703			797,502	
Fund Balances - End of Year (Deficits)		<u>\$ 6,218,287</u>			<u>\$ 1,940,219</u>	



**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	MEASURE R - REGIONAL			TRANSPORTATION GRANTS		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ 12,681,500	\$ 3,416,240	\$ (9,265,260)	\$ -	\$ -	\$ -
Subvention and Grants	-	615,000	615,000	2,350,903	3,561,481	1,210,578
Fees and Fines	-	-	-	-	-	-
Use of Money and Property	47,800	33,354	(14,446)	-	116,721	116,721
Charges for Services	-	-	-	-	-	-
Other	-	-	-	1,000	700,650	699,650
<b>Total Revenues</b>	<u>12,729,300</u>	<u>4,064,594</u>	<u>(8,664,706)</u>	<u>2,351,903</u>	<u>4,378,852</u>	<u>2,026,949</u>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	-	12	(12)	34,480	25,304	9,176
Community Development	-	-	-	-	-	-
Capital Outlay	8,088,623	3,874,371	4,214,252	1,906,831	2,607,475	(700,644)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>8,088,623</u>	<u>3,874,383</u>	<u>4,214,240</u>	<u>1,941,311</u>	<u>2,632,779</u>	<u>(691,468)</u>
Excess (Deficiency) of						
Revenues Over Expenditures	<u>4,640,677</u>	<u>190,211</u>	<u>(12,878,946)</u>	<u>410,592</u>	<u>1,746,073</u>	<u>2,718,417</u>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	2,950,000	-	(2,950,000)	-	-	-
Transfers In	-	494,432	494,432	-	-	-
Transfers Out	-	-	-	-	(1,183,348)	(1,183,348)
<b>Total Other Financing Sources (Uses)</b>	<u>2,950,000</u>	<u>494,432</u>	<u>(2,455,568)</u>	<u>-</u>	<u>(1,183,348)</u>	<u>(1,183,348)</u>
<b>Net Changes in Fund Balances</b>	<u>\$ 7,590,677</u>	<u>\$ 684,643</u>	<u>\$ (15,334,514)</u>	<u>\$ 410,592</u>	<u>\$ 562,725</u>	<u>\$ 1,535,069</u>
Fund Balances - Beginning of Year (Deficits)		<u>(1,462,678)</u>			<u>2,954,353</u>	
Fund Balances - End of Year (Deficits)		<u>\$ (778,035)</u>			<u>\$ 3,517,078</u>	

(Continued)

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	EAST VISALIA REDEVELOPMENT TAX ALLOCATION BOND			VPFA 2005 REFUNDING CERTIFICATES OF PARTICIPATION		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Use of Money and Property	15,000	3,565	(11,435)	152,790	171,469	18,679
Charges for Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>15,000</b>	<b>3,565</b>	<b>(11,435)</b>	<b>152,790</b>	<b>171,469</b>	<b>18,679</b>
<b>Expenditures</b>						
Public Safety						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal Repayment	220,000	220,000	-	1,666,950	188,800	1,478,150
Interest and Fiscal Charges	151,008	146,057	4,951	92,750	135,820	(43,070)
<b>Total Expenditures</b>	<b>371,008</b>	<b>366,057</b>	<b>4,951</b>	<b>1,759,700</b>	<b>324,620</b>	<b>1,435,080</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>(356,008)</u>	<u>(362,492)</u>	<u>(6,484)</u>	<u>(1,606,910)</u>	<u>(153,151)</u>	<u>1,453,759</u>
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	356,008	367,098	11,090	1,606,910	298,175	(1,308,735)
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>356,008</b>	<b>367,098</b>	<b>11,090</b>	<b>1,606,910</b>	<b>298,175</b>	<b>(1,308,735)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ -</b>	<b>4,606</b>	<b>\$ 4,606</b>	<b>\$ -</b>	<b>145,024</b>	<b>\$ 145,024</b>
Fund Balances - Beginning of Year (Deficits)		<u>614,451</u>			<u>326,824</u>	
Fund Balances - End of Year (Deficits)		<u>\$ 619,057</u>			<u>\$ 471,848</u>	

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	SOFTBALL FACILITY DEVELOPMENT			HIGHWAY USERS		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	2,900,600	2,906,039	5,439
Fees and Fines	-	-	-	-	-	-
Use of Money and Property	3,500	3,516	16	43,400	255,330	211,930
Charges for Services	5,400	3,040	(2,360)	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>8,900</b>	<b>6,556</b>	<b>(2,344)</b>	<b>2,944,000</b>	<b>3,161,369</b>	<b>217,369</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	180	194	(14)	562,770	552,645	10,125
Community Development	-	-	-	-	-	-
Capital Outlay	106,523	104,188	2,335	5,476,957	4,188,773	1,288,184
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>106,703</b>	<b>104,382</b>	<b>2,321</b>	<b>6,039,727</b>	<b>4,741,418</b>	<b>1,298,309</b>
Excess (Deficiency) of						
Revenues Over Expenditures	(97,803)	(97,826)	(23)	(3,095,727)	(1,580,049)	1,515,678
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (97,803)</b>	<b>(97,826)</b>	<b>\$ (23)</b>	<b>\$ (3,095,727)</b>	<b>(1,580,049)</b>	<b>\$ 1,515,678</b>
Fund Balances - Beginning of Year (Deficits)		127,729			9,307,279	
Fund Balances - End of Year (Deficits)		<u>\$ 29,903</u>			<u>\$ 7,727,230</u>	

(Continued)

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	RECREATION FACILITIES			STORM SEWER CONSTRUCTION		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	1,868,400	895,862	(972,538)	1,068,800	621,304	(447,496)
Use of Money and Property	100,400	400,496	300,096	10,800	63,848	53,048
Charges for Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>1,968,800</b>	<b>1,296,358</b>	<b>(672,442)</b>	<b>1,079,600</b>	<b>685,152</b>	<b>(394,448)</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	41,700	34,019	7,681	27,640	27,178	462
Community Development	-	-	-	-	-	-
Capital Outlay	2,573,156	2,574,367	(1,211)	410,853	1,171,175	(760,322)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,614,856</b>	<b>2,608,386</b>	<b>6,470</b>	<b>438,493</b>	<b>1,198,353</b>	<b>(759,860)</b>
Excess (Deficiency) of						
Revenues Over Expenditures	(646,056)	(1,312,028)	(665,972)	641,107	(513,201)	(1,154,308)
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (646,056)</b>	<b>(1,312,028)</b>	<b>\$ (665,972)</b>	<b>\$ 641,107</b>	<b>(513,201)</b>	<b>\$ (1,154,308)</b>
Fund Balances - Beginning of Year (Deficits)		10,988,206			2,238,113	
Fund Balances - End of Year (Deficits)		<u>\$ 9,676,178</u>			<u>\$ 1,724,912</u>	

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	PUBLIC SAFETY IMPACT FEE			GOVERNMENT FACILITIES IMPACT FEE		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subvention and Grants	-	-	-	-	-	-
Fees and Fines	1,235,440	456,612	(778,828)	617,922	174,132	(443,790)
Use of Money and Property	-	9,651	9,651	123,719	109,378	(14,341)
Charges for Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>1,235,440</b>	<b>466,263</b>	<b>(769,177)</b>	<b>741,641</b>	<b>283,510</b>	<b>(458,131)</b>
<b>Expenditures</b>						
Public Safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public Works	10,890	8,114	2,776	4,760	4,004	756
Community Development	-	-	-	-	-	-
Capital Outlay	3,313,144	3,430,726	(117,582)	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	196,600	63,728	132,872	9,510	2,317	7,193
<b>Total Expenditures</b>	<b>3,520,634</b>	<b>3,502,568</b>	<b>18,066</b>	<b>14,270</b>	<b>6,321</b>	<b>7,949</b>
Excess (Deficiency) of						
Revenues Over Expenditures	(2,285,194)	(3,036,305)	(751,111)	727,371	277,189	(450,182)
Other Financing Sources (Uses)						
Proceeds from Long-Term Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (2,285,194)</b>	<b>(3,036,305)</b>	<b>\$ (751,111)</b>	<b>\$ 727,371</b>	<b>277,189</b>	<b>\$ (450,182)</b>
Fund Balances - Beginning of Year (Deficits)		126,235			2,849,002	
Fund Balances - End of Year (Deficits)		<u>\$ (2,910,070)</u>			<u>\$ 3,126,191</u>	

(Continued)

**CITY OF VISALIA**  
**BUDGETED NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	TOTAL		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>			
Sales Taxes	\$ 19,700,700	\$ 9,785,151	\$ (9,915,549)
Subvention and Grants	5,575,071	7,212,101	1,637,030
Fees and Fines	6,326,262	3,251,111	(3,075,151)
Use of Money and Property	734,809	1,703,843	969,034
Charges for Services	1,994,390	2,575,089	580,699
Other	48,000	750,041	702,041
<b>Total Revenues</b>	<b>34,379,232</b>	<b>25,277,336</b>	<b>(9,101,896)</b>
<b>Expenditures</b>			
Public Safety			
Police	3,177,032	3,106,230	70,802
Fire	594,270	601,178	(6,908)
Public Works	2,573,530	2,856,292	(282,762)
Community Development	-	219	(219)
Capital Outlay	25,600,662	21,512,500	4,088,162
Debt Service			
Principal Repayment	1,886,950	408,800	1,478,150
Interest and Fiscal Charges	449,868	347,922	101,946
<b>Total Expenditures</b>	<b>34,282,312</b>	<b>28,833,141</b>	<b>5,449,171</b>
Excess (Deficiency) of Revenues Over Expenditures	96,920	(3,555,805)	(3,652,725)
Other Financing Sources (Uses)			
Proceeds from Long-Term Debt	5,900,000	-	(5,900,000)
Transfers In	2,005,908	1,270,975	(734,933)
Transfers Out	-	(1,192,038)	(1,192,038)
<b>Total Other Financing Sources (Uses)</b>	<b>7,905,908</b>	<b>78,937</b>	<b>(7,826,971)</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 8,002,828</b>	<b>(3,476,868)</b>	<b>\$ (11,479,696)</b>
Fund Balances - Beginning of Year (Deficits)		42,300,728	
Fund Balances - End of Year (Deficits)		<b>\$ 38,823,860</b>	

**CITY OF VISALIA  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

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 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 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 Assets.

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, worker's 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.

**CITY OF VISALIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Information Services</u>	<u>Risk Management</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 8,453	\$ 407,849	\$ 42,863	\$ 6,335,032
Accounts and Interest Receivables	-	-	-	-
Supplies	441,293	-	-	-
Advances to Other Funds (Note 4)	1,100,000	4,700,000	2,020,000	1,680,000
Prepaid Expenses	51,453	-	19,794	3,939
<b>Capital Assets:</b>				
Buildings	654,910	-	-	-
Improvements Other Than Buildings	178,744	-	7,240	-
Machinery, Equipment and Vehicles	515,167	11,140,812	3,879,523	-
Construction in Progress	-	958,624	8,858	-
Accumulated Depreciation	(724,751)	(5,812,212)	(2,279,270)	-
<b>Total Assets</b>	<u>2,225,269</u>	<u>11,395,073</u>	<u>3,699,008</u>	<u>8,018,971</u>
<b>Liabilities</b>				
Accounts, Interest and Contracts Payable	112,220	174,435	62,174	24,466
Compensated Absences	42,339	-	85,662	30,090
Advance from Other Funds	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	3,940,899
<b>Total Liabilities</b>	<u>154,559</u>	<u>174,435</u>	<u>147,836</u>	<u>3,995,455</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	624,070	6,287,224	1,616,351	-
Unrestricted	1,446,640	4,933,414	1,934,821	4,023,516
<b>Total Net Assets</b>	<u>\$ 2,070,710</u>	<u>\$ 11,220,638</u>	<u>\$ 3,551,172</u>	<u>\$ 4,023,516</u>



**CITY OF VISALIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	Benefits - Health	Compensated Absences	Totals
<b>Assets</b>			
Current Assets			
Cash and Investments	\$ 1,047,962	\$ 3,243,740	\$ 11,085,899
Accounts and Interest Receivables	288	-	288
Supplies	-	-	441,293
Advances to Other Funds (Note 4)	-	-	9,500,000
Prepaid Expenses	733,189	-	808,375
Capital Assets:			
Buildings	-	-	654,910
Improvements Other Than Buildings	-	-	185,984
Machinery, Equipment and Vehicles	-	-	15,535,502
Construction in Progress	-	-	967,482
Accumulated Depreciation	-	-	(8,816,233)
<b>Total Assets</b>	<b>1,781,439</b>	<b>3,243,740</b>	<b>30,363,500</b>
<b>Liabilities</b>			
Accounts, Interest and Contracts Payable	68,474	-	441,769
Compensated Absences	-	3,243,740	3,401,831
Advance from Other Funds	214,988	-	214,988
Liability for Self-Insurance Claims	97,200	-	4,038,099
<b>Total Liabilities</b>	<b>380,662</b>	<b>3,243,740</b>	<b>8,096,687</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	-	-	8,527,645
Unrestricted	1,400,777	-	13,739,168
<b>Total Net Assets</b>	<b>\$ 1,400,777</b>	<b>\$ -</b>	<b>\$ 22,266,813</b>

**CITY OF VISALIA  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
OPERATING REVENUES				
Service Charges and Fees	\$ 4,445,104	\$ 805,725	\$ 1,642,039	\$ 2,620,874
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	1,020,506	-	1,180,148	188,101
Maintenance and Operations	2,900,827	2,644	499,103	32,272
Insurance Premiums and Loss Provisions	-	-	-	2,200,291
Depreciation	79,955	801,813	311,206	-
Total Operating Expenses	4,001,288	804,457	1,990,457	2,420,664
Operating Income (Loss)	443,816	1,268	(348,418)	200,210
NONOPERATING REVENUES (EXPENSES)				
Interest Income	25,736	95,044	51,301	209,453
Interest (Expense)	-	-	-	-
Other Income	2,389	36,850	35	15,881
Other (Expense)	(17,288)	(89,535)	(15,377)	(400)
Total Non Operating Revenue (Expenses)	10,837	42,359	35,959	224,934
Income (Loss) before Transfers	454,653	43,627	(312,459)	425,144
Contributions	-	168,897	40,687	-
Transfers In	-	-	-	-
Transfers Out	-	(36,692)	-	(109,269)
Change in Net Assets	454,653	175,832	(271,772)	315,875
Net Assets - Beginning of Year	1,616,057	11,044,806	3,822,944	3,707,641
Net Assets - End of Year	\$ 2,070,710	\$ 11,220,638	\$ 3,551,172	\$ 4,023,516

**CITY OF VISALIA  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Benefits - Health	Compensated Absences	Totals
<b>OPERATING REVENUES</b>			
Service Charges and Fees	\$ 9,522,654	\$ -	\$ 19,036,396
<b>OPERATING EXPENSES</b>			
Salaries, Wages and Employee Benefits	-	-	2,388,755
Maintenance and Operations	29,626	1,483	3,465,955
Insurance Premiums and Loss Provisions	9,585,343	-	11,785,634
Depreciation	-	-	1,192,974
Total Operating Expenses	9,614,969	1,483	18,833,318
Operating Income (Loss)	(92,315)	(1,483)	203,078
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	20,105	119,353	520,992
Interest (Expense)	(12,967)	-	(12,967)
Other Income	8,076	-	63,231
Other (Expense)	-	-	(122,600)
Total Non Operating Revenue (Expenses)	15,214	119,353	448,656
Income (Loss) before Transfers	(77,101)	117,870	651,734
Contributions	-	-	209,584
Transfers In	109,269	-	109,269
Transfers Out	-	(155,384)	(301,345)
Change in Net Assets	32,168	(37,514)	669,242
Net Assets - Beginning of Year	1,368,609	37,514	21,597,571
Net Assets - End of Year	\$ 1,400,777	\$ -	\$ 22,266,813

**CITY OF VISALIA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers or Other Funds	\$ 4,445,104	\$ 805,725	\$ 1,642,039	\$ 2,620,874
Cash Payments to Suppliers for Services	(2,917,837)	(2,644)	(515,942)	(2,219,360)
Cash Payments to Employees for Services	(1,015,017)	-	(1,149,995)	(187,328)
Other Income	2,389	36,850	35	15,881
Other Expenses	(17,288)	(89,535)	(15,377)	(400)
Net Cash Provided (Used) by Operating Activities	497,351	750,396	(39,240)	229,667
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advance from (to) Other Funds	(1,100,000)	600,000	370,000	130,000
Other Noncapital Revenue	-	-	40,687	-
Transfers In	-	-	-	-
Transfers Out	-	(36,692)	-	(109,269)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,100,000)	563,308	410,687	20,731
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Expenses, Net	(9,591)	(1,430,647)	(416,601)	-
Contributions	-	168,897	-	-
Interest Expense	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,591)	(1,261,750)	(416,601)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	25,736	95,044	51,301	209,453
Net Increase (Decrease) in Cash and Cash Equivalents	(586,504)	146,998	6,147	459,851
Cash and Investments at Beginning of Year	594,957	260,851	36,716	5,875,181
Cash and Investments at End of Year	\$ 8,453	\$ 407,849	\$ 42,863	\$ 6,335,032
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 443,816	\$ 1,268	\$ (348,418)	\$ 200,210
Other Income	2,389	36,850	35	15,881
Other Expenses	(17,288)	(89,535)	(15,377)	(400)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	79,955	801,813	311,206	-
<b>Net Change in Assets and Liabilities:</b>				
Accounts and Interest Receivable	-	-	-	-
Supplies	(45,182)	-	-	-
Due from Other Governments	-	-	10,000	-
Prepaid Expenses	8,534	-	3,182	657
Accounts Payable	19,638	-	(20,021)	16,037
Compensated Absences	5,489	-	20,153	773
Liability for Self-Insurance Claims	-	-	-	(3,491)
Cash Flows from Operating Activities	\$ 497,351	\$ 750,396	\$ (39,240)	\$ 229,667

	Health Benefits	Compensated Absences	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers or Other Funds	\$ 9,555,104	\$ -	\$ 19,068,846
Cash Payments to Suppliers for Services	(9,684,437)	(1,483)	(15,341,703)
Cash Payments to Employees for Services	-	73,196	(2,279,144)
Other Income	8,076	-	63,231
Other Expenses	-	-	(122,600)
Net Cash Provided (Used) by Operating Activities	<u>(121,257)</u>	<u>71,713</u>	<u>1,388,630</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advance from (to) Other Funds	24,956	-	24,956
Other Noncapital Revenue	-	-	40,687
Transfers In	109,269	-	109,269
Transfers Out	-	(155,384)	(301,345)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>134,225</u>	<u>(155,384)</u>	<u>(126,433)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Expenses, Net	-	-	(1,856,839)
Contributions	-	-	168,897
Interest Expense	(12,967)	-	(12,967)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,967)</u>	<u>-</u>	<u>(1,700,909)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	20,105	119,353	520,992
Net Increase (Decrease) in Cash and Cash Equivalents	20,106	35,682	82,280
Cash and Investments at Beginning of Year	1,027,856	3,208,058	11,003,619
Cash and Investments at End of Year	<u>\$ 1,047,962</u>	<u>\$ 3,243,740</u>	<u>\$ 11,085,899</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (92,315)	\$ (1,483)	\$ 203,078
Other Income	8,076	-	63,231
Other Expenses	-	-	(122,600)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	1,192,974
Net Change in Assets and Liabilities:			
Accounts and Interest Receivable	32,450	-	32,450
Supplies	-	-	(45,182)
Due from Other Governments	-	-	10,000
Prepaid Expenses	(15,003)	-	(2,630)
Accounts Payable	(47,065)	-	(31,411)
Compensated Absences	-	73,196	99,611
Liability for Self-Insurance Claims	(7,400)	-	(10,891)
Cash Flows from Operating Activities	<u>\$ (121,257)</u>	<u>\$ 71,713</u>	<u>\$ 1,388,630</u>

**CITY OF VISALIA  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

GASB Statement 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**

Established to account for assessment from district members for the repayment of bonds issued to develop the district's area.

**PROPERTY AND BUSINESS IMPROVEMENT DISTRICTS #2 & #3**

Established to account for assessments received from property owners within the central business district of downtown for the purpose of providing additional benefits to these property owners.

**VILLAGE WEST IMPROVEMENT DISTRICT**

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

**ORCHARD WALK UNDERGROUND**

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

**CITY OF VISALIA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2009**

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<b>Los Rios Assessment District</b>				
<b>Asset</b>				
Cash and Investments	\$ 128,698	\$ 64,437	\$ 73,540	\$ 119,595
Accounts Receivable	282	60,868	60,769	381
Total Assets	<u>\$ 128,980</u>	<u>\$ 125,305</u>	<u>\$ 134,309</u>	<u>\$ 119,976</u>
<b>Liabilities</b>				
Due to Others	128,980	125,305	134,309	119,976
Total Liabilities	<u>\$ 128,980</u>	<u>\$ 125,305</u>	<u>\$ 134,309</u>	<u>\$ 119,976</u>
<b>Property and Business Improvement District #2</b>				
<b>Asset</b>				
Cash and Investments	55,276	694	54,616	1,354
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 55,276</u>	<u>\$ 694</u>	<u>\$ 54,616</u>	<u>\$ 1,354</u>
<b>Liabilities</b>				
Due to Others	55,276	694	54,616	1,354
Total Liabilities	<u>\$ 55,276</u>	<u>\$ 694</u>	<u>\$ 54,616</u>	<u>\$ 1,354</u>
<b>Property and Business Improvement District #3</b>				
<b>Asset</b>				
Cash and Investments	303,460	323,117	258,280	368,297
Accounts Receivable	3,070	235,682	235,576	3,176
Total Assets	<u>\$ 306,530</u>	<u>\$ 558,799</u>	<u>\$ 493,856</u>	<u>\$ 371,473</u>
<b>Liabilities</b>				
Due to Others	306,530	558,799	493,856	371,473
Total Liabilities	<u>\$ 306,530</u>	<u>\$ 558,799</u>	<u>\$ 493,856</u>	<u>\$ 371,473</u>
<b>Village West Improvement District</b>				
<b>Asset</b>				
Cash and Investments	3,322	10,993	8,756	5,559
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 3,322</u>	<u>\$ 10,993</u>	<u>\$ 8,756</u>	<u>\$ 5,559</u>
<b>Liabilities</b>				
Due to Others	3,322	10,993	8,756	5,559
Total Liabilities	<u>\$ 3,322</u>	<u>\$ 10,993</u>	<u>\$ 8,756</u>	<u>\$ 5,559</u>
<b>Orchard Walk Underground</b>				
<b>Asset</b>				
Cash and Investments	-	28,831	648	28,183
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 28,831</u>	<u>\$ 648</u>	<u>\$ 28,183</u>
<b>Liabilities</b>				
Due to Others	-	28,831	648	28,183
Total Liabilities	<u>\$ -</u>	<u>\$ 28,831</u>	<u>\$ 648</u>	<u>\$ 28,183</u>
<b>TOTAL Agency Funds</b>				
<b>Asset</b>				
Cash and Investments (Note 3)	490,756	428,072	395,840	522,988
Accounts Receivable	3,352	296,550	296,345	3,557
Total Assets	<u>\$ 494,108</u>	<u>\$ 724,622</u>	<u>\$ 692,185</u>	<u>\$ 526,545</u>
<b>Liabilities</b>				
Due to Others	494,108	724,622	692,185	526,545
Total Liabilities	<u>\$ 494,108</u>	<u>\$ 724,622</u>	<u>\$ 692,185</u>	<u>\$ 526,545</u>

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## **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 supplemental 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 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.

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**City of Visalia**  
**NET ASSETS BY COMPONENT**  
**Accrual Basis of Accounting**  
**Last Five Fiscal Years**  
**(In Thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 95,134	\$ 117,023	\$ 167,451	\$ 163,298	\$ 190,174
Restricted	30,666	39,847	25,731	56,203	52,252
Unrestricted	84,016	87,985	93,919	81,563	72,030
<b>Total Governmental Activities Net Assets</b>	<b>\$ 209,816</b>	<b>\$ 244,855</b>	<b>\$ 287,101</b>	<b>\$ 301,064</b>	<b>\$ 314,456</b>
Business-type Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 137,517	\$ 154,094	\$ 179,189	\$ 178,242	\$ 174,515
Restricted	6,382	6,382	6,382	11,453	5,272
Unrestricted	6,735	3,864	6,776	(732)	21,749
<b>Total Business-type Activities Net Assets</b>	<b>\$ 150,634</b>	<b>\$ 164,340</b>	<b>\$ 192,347</b>	<b>\$ 188,963</b>	<b>\$ 201,536</b>
Primary government:					
Invested in Capital Assets, Net of Related Debt	\$ 232,651	\$ 271,117	\$ 346,640	\$ 341,540	\$ 364,689
Restricted	37,048	46,229	32,113	67,656	57,524
Unrestricted	90,751	91,849	100,695	80,831	93,779
<b>Total Primary Government Net Assets</b>	<b>\$ 360,450</b>	<b>\$ 409,195</b>	<b>\$ 479,448</b>	<b>\$ 490,027</b>	<b>\$ 515,992</b>

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

**City of Visalia**  
**CHANGES IN NET ASSETS**  
**Accrual Basis of Accounting**  
**Last Five Fiscal Years**  
**(In Thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 3,906	\$ 5,747	\$ 5,265	\$ 5,887	\$ 7,993
Community Development	5,949	7,630	10,466	12,183	5,491
Housing & Economic Development	-	-	-	646	526
<b>Public Safety</b>					
Police	22,100	23,269	24,317	27,705	28,900
Fire	9,123	10,085	10,368	11,768	13,665
Public Works	12,630	8,971	17,811	10,039	15,625
Community Services	7,148	7,780	6,181	7,675	10,448
Interest on Long-Term Debt	1,511	969	1,364	1,754	1,459
<b>Total Governmental Activities Expenses</b>	<b>62,367</b>	<b>64,451</b>	<b>75,772</b>	<b>77,657</b>	<b>84,107</b>
<b>Business-type Activities:</b>					
Convention Center	6,272	5,357	5,483	6,674	5,396
Airport	1,801	2,274	3,281	3,003	2,626
Valley Oak Golf	2,408	2,062	2,273	2,448	2,539
<b>Wastewater and Storm</b>					
Sewer Maintenance	10,746	12,259	10,059	16,493	12,606
Solid Waste and Street Sweeping	11,998	13,389	13,384	15,432	17,974
Transit	4,708	6,054	5,725	7,881	8,063
Building Safety	-	-	-	-	1,979
<b>Total Business-Type Activities Expenses</b>	<b>37,933</b>	<b>41,395</b>	<b>40,205</b>	<b>51,931</b>	<b>51,183</b>
<b>Total Primary Government Expenses</b>	<b>100,300</b>	<b>105,846</b>	<b>115,977</b>	<b>129,588</b>	<b>135,290</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	104	139	392	441	117
Community Development	4,653	5,918	16,152	6,268	1,198
Housing & Economic Development	-	-	-	73	135
<b>Public Safety</b>					
Police	1,846	2,955	2,412	2,494	1,957
Fire	422	1,148	398	723	969
Public Works	7,117	14,382	7,085	19,248	9,581
Community Services	2,335	5,321	5,016	3,331	1,968
Operating Grants and Contributions	6,683	9,671	5,636	3,923	5,215
Capital Grants and Contributions	4,269	3,485	6,842	7,976	7,653
<b>Total Governmental Activities Program Revenues</b>	<b>27,429</b>	<b>43,019</b>	<b>43,933</b>	<b>44,477</b>	<b>28,793</b>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Business-Type Activities:					
Charges for Services:					
Convention Center	\$ 2,201	\$ 271	\$ 3,223	\$ 3,182	\$ 3,136
Airport	1,219	1,605	1,997	2,336	1,545
Valley Oak Golf	2,182	2,155	2,446	2,739	2,520
Wastewater and Storm					
Sewer Maintenance	13,744	15,983	17,399	13,981	15,609
Solid Waste and Street Sweeping	11,565	12,398	13,667	14,534	15,554
Transit	719	955	1,058	2,469	2,186
Building Safety	-	-	-	-	1,731
Operating Grants and Contributions	5,237	4,131	4,577	3,890	5,122
Capital Grants and Contributions	1,593	11,351	12,702	1,065	8,868
Total Business-Type Activities					
Program Revenues	38,460	48,849	57,069	44,196	56,271
Total Primary Government					
Program Revenues	65,889	91,868	101,002	88,673	85,064
Net Revenues (Expenses):					
Governmental Activities	(34,938)	(21,432)	(31,839)	(33,180)	(55,314)
Business-Type Activities	527	7,454	16,864	(7,735)	5,088
Total Net Revenues (Expenses)	(34,411)	(13,978)	(14,975)	(40,915)	(50,226)
General Revenues and Other Changes in Net Assets:					
Governmental Activities:					
Taxes:					
Sales Taxes	18,765	22,624	22,635	24,475	25,000
Property Taxes	15,822	18,953	23,515	24,818	25,602
Incremental Property Taxes	5,300	6,128	7,211	8,160	8,618
Other Taxes	4,770	5,141	6,359	7,362	6,148
Unrestricted Intergovernmental Revenue:					
Motor Vehicle in Lieu	2,362	761	-	-	-
Investment Earnings	2,990	3,420	5,539	7,468	4,770
Gain on Sale of Real Estate	1,469	950	-	159	-
Loss on Disposition of Capital Assets	-	-	(2,127)	-	-
Miscellaneous	448	1,253	1,370	703	465
Transfers	(2,944)	(2,759)	(3,016)	(3,905)	(3,637)
Total Governmental Activities	48,982	56,471	61,486	69,240	66,966
Business-Type Activities:					
Investment Earnings	936	634	1,053	1,367	961
Gain on Sale of Real Estate	735	424	-	-	-
Miscellaneous	-	-	846	(921)	2,887
Transfers	2,945	2,759	3,016	3,905	3,637
Total Business-Type Activities	4,616	3,817	4,915	4,351	7,485
Total Primary Government	53,598	60,288	66,401	73,591	74,451
Changes in Net Assets					
Governmental Activities	14,044	35,039	29,647	36,060	11,652
Business-Type Activities	5,143	11,271	21,779	(3,384)	12,573
Total Primary Government	\$ 19,187	\$ 46,310	\$ 51,426	\$ 32,676	\$ 24,225

*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 Five Fiscal Years**  
**(In Thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 18,438	\$ 19,395	\$ 30,775	\$ 16,898	\$ 12,121
Unreserved	41,065	37,977	24,881	39,412	34,440
<b>Total General Fund</b>	<b>\$ 59,503</b>	<b>\$ 57,372</b>	<b>\$ 55,656</b>	<b>\$ 56,310</b>	<b>\$ 46,561</b>
All Other Governmental Funds:					
Reserved	\$ 11,050	\$ 12,126	\$ 16,525	\$ 11,025	\$ 15,816
Unreserved, Reported in:					
Special Revenue Funds	1,938	6,391	7,880	13,480	9,191
Capital Projects Funds	20,765	28,870	13,748	31,698	27,245
<b>Total All Other Governmental Funds</b>	<b>\$ 33,753</b>	<b>\$ 47,387</b>	<b>\$ 38,153</b>	<b>\$ 56,203</b>	<b>\$ 52,252</b>

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

**City of Visalia**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Modified Accrual Basis of Accounting**  
**Last Five Fiscal Years**  
**(In Thousands)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues:</b>					
Sales Tax	\$ 18,765	\$ 22,624	\$ 22,635	\$ 24,475	\$ 25,000
Property Tax	21,122	25,081	30,726	32,977	34,220
Other Taxes	4,678	4,990	6,283	7,362	6,148
Subventions and Grants	13,197	11,204	12,473	11,800	12,868
Licenses and Permits	1,919	2,458	2,385	2,869	62
Fees and Fines	8,966	21,466	21,915	22,086	8,608
Uses of Money and Property	3,430	4,035	6,050	7,468	4,770
Charges for Current Services	4,309	4,450	4,766	4,790	5,261
Miscellaneous	722	3,961	1,335	1,294	1,789
<b>Total Revenues</b>	<b>77,108</b>	<b>100,269</b>	<b>108,568</b>	<b>115,121</b>	<b>98,726</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	3,128	4,478	4,534	4,756	6,738
Community Development	6,033	7,086	10,898	13,130	5,640
Housing & Economic Development	-	-	533	613	527
<b>Public Safety:</b>					
Police	21,189	22,928	24,196	27,057	28,526
Fire	8,722	9,974	10,292	11,343	11,876
Public Works	5,637	4,472	5,143	6,134	6,430
Parks and Recreation	4,008	6,398	5,952	6,945	6,243
Capital Outlay	13,648	29,508	59,005	25,826	41,862
<b>Debt Service:</b>					
Principal Retirement	894	986	1,167	1,338	611
Interest and Fiscal Charges	1,544	1,042	1,348	1,742	1,446
<b>Total Expenditures</b>	<b>64,803</b>	<b>86,872</b>	<b>123,068</b>	<b>98,884</b>	<b>109,899</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>12,305</b>	<b>13,397</b>	<b>(14,500)</b>	<b>16,237</b>	<b>(11,173)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Long-Term Debt	-	-	6,245	4,210	-
Proceeds from Long-Term Debt	8,354	-	-	-	-
Redemption of Long-Term Debt	(14,122)	(109)	-	-	-
Sales of Real Property	1,799	974	152	201	918
Transfers In	11,068	1,049	1,553	3,490	2,160
Transfers Out	(14,013)	(3,808)	(4,569)	(5,435)	(5,605)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,914)</b>	<b>(1,894)</b>	<b>3,381</b>	<b>2,466</b>	<b>(2,527)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,391</b>	<b>\$ 11,503</b>	<b>\$ (11,119)</b>	<b>\$ 18,703</b>	<b>(13,700)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.5%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>4.2%</b>	<b>2.4%</b>

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

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

In 2007, the City created the Housing & Economic Development Department.

**City of Visalia**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate <sup>1</sup>
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2000	\$ 3,552,829	\$ 209,944	\$ 3,762,773	\$ 352,300	\$ 53,828	\$ 406,128	
2001	3,728,712	202,446	3,931,158	371,050	41,170	412,220	
2002	3,931,365	206,827	4,138,192	400,533	39,466	439,999	0.115%
2003	4,184,920	213,538	4,398,458	408,020	42,888	450,908	0.115%
2004	4,485,663	213,856	4,699,519	436,683	44,206	480,889	0.115%
2005	4,952,152	214,311	5,166,463	469,546	44,479	514,025	0.115%
2006	5,618,839	220,227	5,839,066	524,287	49,119	573,406	0.115%
2007	6,622,294	265,904	6,888,198	623,897	55,259	679,156	0.115%
2008	7,745,837	305,751	8,051,588	712,542	68,813	781,355	0.116%
2009	8,111,663	366,379	8,478,042	741,749	82,733	824,482	0.116%

**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 re-assessed 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 property and is subject to the limitations described above.

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

The City of Visalia has elected to show only the last seven years of data for this schedule. Data for prior years is not electronically available.

Source: Tulare County Auditor Controller's Office



**City of Visalia**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Current Year**  
**(Rate per \$100 of Assessed Value)**

	2009
City Direct Rates:	
City Basic Rate	\$ 0.1153
Total City Direct Rate	0.1153
Overlapping Rates:	
Visalia Unified School District	0.3068
College of Sequoias	0.0537
County of Tulare	0.1847
Tulare County Schools	0.0248
Tulare County Flood Control District	0.0022
Air Pollution Control District	0.0004
Library Fund	0.0156
Memorial District	0.0016
Cemetery District	0.0011
Delta Vector Control District	0.0143
Kaweah Delta Hospital	0.0096
Kaweah Delta Water District	0.0289
Education Revenue Augmentation	0.2411
Visalia Unified School District Bonds	0.0303
Kaweah Delta Hospital Bonds	0.0201
Kaweah Delta Water Assessment	0.0004
Land and Improvements	0.0004
Total Direct Rate <sup>1</sup>	\$ 1.0513

**NOTE:**

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various bonds. Some of the bonds are applicable to only a few tax rate areas within the City.

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

Source: Tulare County Auditor Controller

**City of Visalia**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**  
**(In Thousands)**

Taxpayer	2009			2000	
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Cottonwood Fresno Holdings LLC	\$ 90,231	1	0.97%	-	-
California Daries Inc.	73,551	2	0.79%	-	-
Imperial Bondware Corp.	43,412	3	0.47%	4	0.60%
US Industrial Reit II (LSR)	41,870	4	0.45%	-	-
Visalia Mall LP	39,266	5	0.42%	-	-
JLPK-Sequoia LP	30,147	6	0.32%	-	-
Crunch Time LP	26,480	7	0.28%	-	-
Blam-Jade A Gen PTNSHP	24,731	8	0.27%	-	-
Costco Wholesale Corporation	24,538	9	0.26%	-	-
Moore Business Forms Inc.	23,863	10	0.26%	5	0.50%
Recot Inc. (Frito Lay)	-	-	-	1	1.47%
Price Development Co. LTD Partnership	-	-	-	2	0.96%
Kraft Foods	-	-	-	3	0.78%
Tenneco PPI Co.	-	-	-	6	0.47%
Real Fresh Inc.	-	-	-	7	0.45%
California Pretzel Co. Inc.	-	-	-	8	0.43%
Chesapeake Display & Packaging	-	-	-	9	0.48%
TMP Investments Inc.	-	-	-	10	0.47%
	<u>\$ 418,089</u>		<u>4.49%</u>		<u>6.61%</u>

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

Source: Tulare County Auditor Controller

**City of Visalia  
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
2000	\$ 5,350	\$ 5,350	100.00%	-	\$ 5,350	100.00%
2001	5,569	5,569	100.00%	-	5,569	100.00%
2002	5,962	5,962	100.00%	-	5,962	100.00%
2003	6,116	6,116	100.00%	-	6,116	100.00%
2004	6,632	6,632	100.00%	-	6,632	100.00%
2005 <sup>1</sup>	12,785	12,785	100.00%	-	12,785	100.00%
2006	15,373	15,373	100.00%	-	15,373	100.00%
2007	17,538	17,538	100.00%	-	17,538	100.00%
2008	20,197	20,197	100.00%	-	20,197	100.00%
2009	21,468	21,468	100.00%	-	21,468	100.00%

**NOTE:**

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

<sup>1</sup>Vehicle License Fees were distributed as tax beginning in 2005.

Source: Tulare County Auditor Controller's Office

**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	Compensated Absences	
2000	\$ 9,931	\$ 9,805	\$ 3,905	\$ -	\$ -	\$ 23,641
2001	21,258	9,620	3,856	751	-	35,485
2002	20,872	9,425	3,953	600	-	34,850
2003	9,359	9,985	4,474	438	-	24,256
2004	9,151	9,865	3,915	270	2,756	25,957
2005	3,454	4,935	7,948	93	2,691	19,121
2006	3,346	4,680	7,217	-	2,951	18,194
2007	3,169	4,420	12,732	-	2,920	23,241
2008	2,986	4,205	16,001	-	3,314	26,506
2009	2,798	3,985	15,798	-	3,541	26,122

<sup>1</sup>US Department of Commerce Bureau of Economic Analysis

**NOTE:**

2007-2008 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	Compensated Absences	Total Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita	
\$ 11,630	\$ 30,969	\$ -	\$ 1,153	\$ -	\$ 43,752	\$ 67,393	0.93%	737	
10,435	18,922	-	754	-	30,111	65,596	0.85%	701	
9,180	18,553	3,685	191	-	31,609	66,459	0.83%	690	
17,580	18,167	3,685	557	-	39,989	64,245	0.76%	646	
15,675	17,764	3,449	162	435	37,485	63,442	0.69%	615	
13,675	18,136	2,967	78	416	35,272	54,393	0.57%	507	
11,575	17,564	2,252	37	470	31,898	50,092	0.50%	453	
9,365	16,636	1,602	13	481	28,097	51,338	0.00%	438	
7,040	15,679	919	-	494	24,132	50,638	0.00%	419	
6,450	14,687	214	-	620	21,971	48,093	0.00%	389	

**City of Visalia**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(In Thousands, except Debt per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt						Percent of Assessed Value <sup>1</sup>	Per Capita
	Certificates of Participation	Tax Allocation Bonds	Notes Payable	Capital Lease Obligations	Compensated Absences	Total		
2000	\$ 9,931	\$ 9,805	\$ 3,905	\$ -	\$ -	\$ 23,640	0.63%	258
2001	21,258	9,620	3,856	751	-	35,486	0.90%	379
2002	20,872	9,425	3,953	600	-	34,850	0.84%	362
2003	9,359	9,985	4,474	438	-	24,257	0.55%	244
2004	9,151	9,865	3,915	270	2,756	25,956	0.55%	252
2005	3,454	4,935	7,948	93	2,691	19,121	0.37%	178
2006	3,346	4,680	7,217	-	2,951	18,194	0.31%	165
2007	3,169	4,420	12,732	-	2,920	23,241	0.34%	198
2008	2,986	4,205	16,001	-	3,314	26,506	0.33%	219
2009	2,798	3,985	15,798	-	3,541	26,122	0.31%	211

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

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

**City of Visalia**  
**DIRECT AND OVERLAPPING DEBT**  
**June 30, 2009**

2008-09 City Assessed Valuation	\$	9,302,524	
Redevelopment Agency Incremental Valuation		<u>(824,482)</u>	
 Total Assessed Valuation		 <u>\$ 8,478,042</u>	
	<u>Percentage</u>	<u>Outstanding</u>	<u>Estimated</u>
	<u>Applicable <sup>1</sup></u>	<u>Debt 6/30/09</u>	<u>Share of</u>
			<u>Overlapping</u>
			<u>Debt</u>
Overlapping Tax and Assessment Debt:			
Visalia Unified School District	87.451%	\$ 23,430	\$ 20,490
Tulare Joint Union High School District	0.963%	43,901	423
Liberty School District	26.022%	1,075	280
Kaweah Delta Hospital District	86.055%	50,410	43,380
City of Visalia 1915 Act Bonds	100.000%	<u>531</u>	<u>531</u>
 Total Overlapping Tax and Assessment Debt		 <u>119,347</u>	 <u>65,104</u>
Direct and Overlapping General Fund Debt:			
Tulare County Certificates of Participation	34.530%	78,310	27,040
Tulare County Pension Obligations	34.530%	16,995	5,868
College of Sequoias Certificates of Participation	36.600%	7,031	2,573
Visalia Unified School District Certificates of Participation	87.451%	9,960	8,710
Tulare Joint Union High School District Certificates of Participation	0.963%	<u>1,165</u>	<u>11</u>
 Total Overlapping Other Debt		 <u>113,461</u>	 <u>44,202</u>
 Total Overlapping Debt		 <u>\$ 113,461</u>	 <u>44,202</u>
 City Direct Debt			 <u>26,122</u>
 Total Direct and Overlapping Debt			 <u>\$ 70,324</u>

NOTE:

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the City.

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2000	2001	2002	2003
Assessed valuation	\$ 3,762,773	\$ 3,931,758	\$ 4,578,191	\$ 4,849,366
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	940,693	982,940	1,144,548	1,212,341
Debt limit percentage	15%	15%	15%	15%
Debt limit	141,104	147,441	171,682	181,851
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 141,104</u>	<u>\$ 147,441</u>	<u>\$ 171,682</u>	<u>\$ 181,851</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						
2004	2005	2006	2007	2008	2009	
\$ 5,180,409	\$ 5,680,488	\$ 5,839,066	\$ 6,888,198	\$ 8,051,588	\$ 8,478,042	
25%	25%	25%	25%	25%	25%	
1,295,102	1,420,122	1,459,767	1,722,049	2,012,897	2,119,510	
15%	15%	15%	15%	15%	15%	
194,265	213,018	218,965	258,307	301,935	317,927	
-	-	-	-	-	-	
<u>\$ 194,265</u>	<u>\$ 213,018</u>	<u>\$ 218,965</u>	<u>\$ 258,307</u>	<u>\$ 301,935</u>	<u>\$ 317,927</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**City of Visalia**  
**PLEGGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year Ended June 30	Wastewater & Storm Sewer Maintenance Fund Wastewater Revenue Bonds					
	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest	
2000	\$ 7,534	\$ 5,001	\$ 2,533	\$ 1,135 (2)	\$ 599	1.46
2001	7,657	5,242	2,415	1,195	366	1.55
2002	8,987	6,115	2,872	1,255	449	1.69
2003 (1)	11,195	8,279	2,916	1,325	651	1.48
2004	11,938	7,093	4,845	1,905 (3)	659	1.89
2005	13,744	7,253	6,491	2,000	560	2.54
2006	15,983	8,971	7,012	2,100	547	2.65
2007	17,399	6,153	11,246	2,210	452	4.22
2008	13,981	9,234	4,747	2,325	371	1.76
2009	15,609	11,826	3,783	590 (4)	218	4.68

- (1) For fiscal years ending before June 30, 2003, only the Wastewater fund was included in the above schedule. Subsequent, the Storm Sewer Maintenance funds were included.
- (2) Debt service for 1992 Revenue Bonds, original issue amount of \$18.6 million
- (3) Debt service for 1992 Revenue Bonds, original issue amount of \$18.6 million and for 2003 Revenue Bonds, original issue amount of \$9.7 million.
- (4) 1992 Revenue Bonds were fully repaid during Fiscal Year 2008.

**NOTE:**

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

**City of Visalia**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Calendar Year	Population (1)	Assessed Value (in thousands) (2)	Per Capita Assessed Value	Personal Income (in thousands) (4)	Per Capita Personal Income (4)	Unemployment Rate (3)
2000	91,478	\$ 3,762,773	\$ 41,133	\$ 7,218,683	\$ 19,576	10.4%
2001	93,625	3,931,158	41,988	7,722,558	20,696	11.4%
2002	96,269	4,138,192	42,986	8,018,689	21,134	12.0%
2003	99,474	4,398,458	44,217	8,508,916	21,926	12.3%
2004	103,162	4,699,519	45,555	9,194,282	23,144	11.6%
2005	107,268	5,166,463	48,164	9,615,009	23,654	9.4%
2006	110,488	5,839,066	52,848	9,993,607	24,153	7.9%*
2007	117,138	6,888,198	58,804	NA	NA	8.7%*
2008	120,958	8,051,588	66,565	NA	NA	9.8%*
2009	123,670	8,478,041	68,554	NA	NA	14.7%*

Sources:

- (1) State Department of Finance
- (2) Tulare County Auditor Controller
- (3) State of California Employment Development Department – Rate for Tulare County
- (4) US Department of Commerce Bureau of Economic Analysis

\* Rate for Tulare County as of June 30

Note:

2007-2008 Personal Income Data is currently not available by the Bureau of Economic Analysis

**CITY OF VISALIA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR**

Employer	2009			2007		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Tulare (1)	4,981	1	2.72%	4,700	1	2.63%
Visalia Unified School District (6)	2,372	2	1.30%	3,200	2	1.79%
Kaweah Delta Healthcare (5)	2,132	3	1.16%	3,200	3	1.79%
CIGNA Health Care (5)	900	4	0.49%	850	5	0.48%
College of the Sequoias (7)	750	5	0.41%	1,106	4	0.62%
City of Visalia (5)	513	6	0.28%	563	7	0.32%
Visalia Medical Clinic (5)	300	7	0.16%	350	9	0.20%
Jo-Ann Stores (5)	260	8	0.14%	NA	-	NA
International Paper (5)	240	9	0.13%	NA	-	NA
California Pretzel (5)	225	10	0.12%	NA	-	NA
Wal-Mart (5)	225	10	0.12%	388	8	0.22%
Jostens	NA	-	NA	720	6	0.40%
United Parcel Service	NA	-	NA	310	10	0.17%
Number of Employed	183,100			178,700		

Source: (1) Tulare County Budget  
(2) City of Visalia Budget  
(3) Tulare County Economic Development Corporation  
(4) California Employment Development Department  
(5) Visalia Chamber of Commerce  
(6) Visalia Unified School District  
(7) College of the Sequoias

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	41	40	43	41	38	37	37	39	41	40
Administrative Services	NA	NA	NA	NA	NA	NA	NA	39	37	37
Community Development	32	36	38	40	68	72	47	50	35	35
Fire	59	59	67	64	63	62	66	69	70	70
Housing & Economic Development	NA	NA	NA	NA	NA	NA	NA	NA	8	8
Parks & Recreation	60	54	57	60	40	37	40	42	43	44
Police	146	148	154	155	164	170	176	183	196	202
Public Works	151	151	156	160	116	115	130	141	142	142
Total	<u>489</u>	<u>488</u>	<u>515</u>	<u>520</u>	<u>489</u>	<u>493</u>	<u>496</u>	<u>563</u>	<u>572</u>	<u>578</u>

(NA) - Function was not active in this year

Source: City Budget

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Police:					
Calls for service - Calendar Year	NA	NA	NA	95,649	97,730
Fire:					
Calls for service - Calendar Year	NA	NA	6,127	13,196	7,852
Refuse:					
Number of Residential Accounts	NA	NA	NA	NA	28,690
Number of Commercial Accounts	NA	NA	NA	NA	3,358
Total Refuse Accounts	NA	NA	NA	NA	32,048
Sewer:					
Number of Accounts Billed	NA	26,842	27,857	28,736	31,891
Business Licenses					
New licenses issued during the year	NA	NA	NA	1,180	1,232
Total business licenses	NA	7,623	7,819	7,622	3,358
Building Permits:					
Residential	NA	NA	NA	NA	2,759
Commercial	NA	NA	NA	NA	497
Miscellaneous	NA	NA	NA	NA	1,083
Total Building Permits	NA	NA	NA	NA	4,339

Source: City of Visalia

Fiscal Year				
2005	2006	2007	2008	2009
99,820	104,957	111,661	112,984	121,997
7,809	8,867	9,625	10,959	10,443
29,766	30,010	32,359	33,107	33,713
3,054	3,732	3,397	3,395	2,789
32,820	33,742	35,756	36,502	36,502
32,376	32,722	32,147	34,638	34,638
1,071	1,381	1,206	1,304	988
8,998	9,429	9,863	10,257	10,338
3,249	3,899	3,326	2,374	1,399
507	535	525	555	418
1,343	1,532	1,803	1,786	1,348
5,099	5,966	5,654	4,715	3,165

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	4	4	4	4	4
Public works:					
City Area in Square Miles	29	29	29	32	33
Streets (miles)	NA	315	321	350	352
Traffic Signalized Intersections	NA	77	83	90	97
Parks and recreation:					
Developed City Park Acreage	NA	NA	NA	NA	NA
City Owned Open Space Acreage	NA	NA	NA	NA	NA
Public Libraries	NA	NA	NA	NA	NA
Recreation Centers	5	5	5	5	5
Swimming Pools	NA	NA	NA	NA	NA
Parks	NA	27	27	31	31
Acres of Parks	NA	269	269	269	269
Wastewater:					
Sanitary sewers (miles)	NA	292	292	393	393
Storm sewers (miles)	NA	NA	NA	190	190
Golf Course:					
Municipal golf courses	1	1	1	1	1

Source: Various City Departments



Fiscal Year				
2005	2006	2007	2008	2009
1	1	3	3	3
4	4	5	5	4
34	35	35	36	36
363	372	384	408	483
100	100	104	105	107
NA	NA	NA	294	296
NA	NA	NA	164	164
NA	NA	NA	1	1
5	6	6	6	6
NA	NA	NA	4	4
36	36	36	37	37
293	293	293	NA	NA
394	394	471	472	472
191	191	236	272	272
1	1	1	1	1

**CITY OF VISALIA  
INSURANCE IN FORCE  
FISCAL YEAR ENDED JUNE 30, 2009**

Coverage	Underwriter	Limits of Coverage	Deductibles	Period of Policy
<b>PRIMARY POLICIES</b>				
General liability over \$1,000,000 per occurrence (covers bodily injury, personal injury, property damage and errors/omissions, auto liability, or any combination thereof) ACCEL coverage effective 6/1/86	Authority for California Cities Excess Liability (ACCEL)	SIR \$1,000,000; ACCEL pooled layer \$4,000,000; Pool purchase \$30,000,000; total limits \$35,000,000	\$1,000,000 SIR	07/01/08 to 06/30/09
Commercial Property Policy	Fireman's Fund Ins Co.	Bldg limits \$82 mil (blanket \$42 mil, VCC, WWTP \$42 mil; equip/contents limit \$20 mil; blanket business income \$6.4, extra exp corp yd \$266k; Sprinkler leakage bldg VCC \$2.7 mil, contents \$109k) North & South Precincts \$9 mil	\$50,000 building; \$5,000 contents;	07/01/08 to 06/30/09
Pollution Liability (Underground Storage Tank)	AIG Insurance Co/Commerce and Industry Insurance Company	\$1 mil liability; \$1 mil aggregate	\$5,000 deductible	10/12/08 to 10/12/09
Excess Workers Compensation	Keenan & Associates/Safety National	XS work comp, loss control fees; admin fees; broker fees. \$25 million limits	\$1,000,000 SIR	07/01/08 to 06/30/09
Excess Health & Medical Coverage	CSAC EIA	Potential pool assessments when total pool claims exceed excess ins.	None	01/01/09 to 12/31/09
Aviation Liability	XL Specialty Insurance Company; W. Brown & Associates	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 physica	None	07/14/08 to 07/14/09
Contractors Equipment/Mobile Equipment/Fine Arts/Valuable Papers & Records	Fireman's Fund McGee Marine	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	07/01/08 to 06/30/09
Employee Dishonesty Bond - General	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	4/27/09 to 4/27/10
Employee Dishonesty Bond - Police	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	4/27/09 to 4/27/10
Special Events Insurance	Diversified Risk	Liability policy available to citizens holding events in city facilities/parks		
EAP	Kaweah Delta Assistance Program			01/01/09 to 12/31/09
Long Term Disability (LTD)	Sunlife	66% of pre-disability earnings up to \$5,000 monthly benefit		1/1/08 to 12/31/09
Life Insurance	Sunlife	City Manager 2X Annual Salary; Department Head Group \$75,000; All Other Employees \$30,000		1/1/08 to 12/31/09
Dental	Preferred Benefits/Delta Dental	\$1,000 maximum annual benefit paid per insured (retirees and their dependents are not eligible for dental)		01/01/09 to 12/31/09
Vision	Vision Service Plan	Annual benefits with VSP provider		01/01/09 to 12/31/09

**CITY OF VISALIA**  
**SCHEDULE OF FUND BALANCE - GENERAL FUND**  
**JUNE 30, 2009**  
(In Thousands)

**RESERVED**

**ADVANCES TO OTHER FUNDS:**

**Special Revenue Funds**

Public Safety Impact Fee	\$ 2,476
Measure R - Regional	1,236
Kaweah Lake	440
Special Service Districts	149
Transportation Grants	434

**Capital Project Funds**

Community Development	1,059
East Visalia Development District	504
Government Facilities Impact Fee	53

**Business-Like & Internal Service Funds**

Valley Oak Golf	469
Airport	223
Building Safety	279
Benefits - Health	215

\$ 7,537

**OTHER RESERVED**

Encumbrances	2,018
PERS Prepayment	2,400
Supplies & Other Prepays	166

4,584

**TOTAL RESERVED**

\$ 12,121

**UNRESERVED**

**DESIGNATED BY CITY COUNCIL:**

**Capital Projects**

Civic Center Facilities	9,678
Miscellaneous Capital Projects	4,945
Sports Park	2,614
Recreation Park Stadium	559
Transportation Projects	1,390
SPCA	221
Oak Tree	(9)
Historic Preservation	5
West 198 Open Space Acquisition	(534)

18,869

**Operational Expenses**

Emergency @ 25% of Operational Expenses	13,604
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32,473

**UNDESIGNATED:**

1,967

**TOTAL UNRESERVED**

34,440

**TOTAL FUND BALANCE**

\$ 46,561

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**CITY OF VISALIA**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Program Name	Catalog of Federal		Program Expenditures	Program Loans	Total
	Pass-Through Entity Grant Number	Domestic Assistance Number			
U.S. Dept. of Housing And Urban Development					
Community Development Block Grant (CDBG)					
2008 Program Expenditures	B-08-MC-060035		\$ 1,255,204		\$ 1,255,204
Program Income			125,909		125,909
Loan Program: Balance of Loans				\$ 1,457,847	1,457,847
CDBG sub-total		14.218	<u>1,381,113</u>	<u>1,457,847</u>	<u>2,838,960</u>
Home Investment Partnership Program (HOME)					
2008 Program Expenditures	M-08-MC-060230		1,138,041		1,138,041
Program Income			541,810		541,810
Loan Program: Balance of Loans				4,953,880	4,953,880
HOME sub-total		14.239	<u>1,679,851</u>	<u>4,953,880</u>	<u>6,633,731</u>
<b>U.S Dept. of Housing &amp; Urban Development Total</b>			<b>\$ 3,060,964</b>	<b>\$ 6,411,727</b>	<b>\$ 9,472,691</b>
U.S. Department of Transportation					
Federal Aviation Administration (FAA)					
Airport Improvement Projects	AIP-3-06-0271-17(&19,22,23)	20.106	545,961		545,961
U.S. Department of Transportation					
Federal Transit Administration (FTA)	CA-90-Y473-00		1,958,618		1,958,618
Federal Transit Administration (FTA)	CA-95-X046		149,911		149,911
Federal Transit Administration (FTA)	CA-90-Y335-00		304,569		304,569
Federal Transit Administration (FTA)	CA-90-Y009		171,799		171,799
Federal Transit Administration (FTA)	CA-95-X039		1,970,835		1,970,835
Federal Transit Administration (FTA)	CA-Y630		57,752		57,752
Federal Transit Administration (FTA)	CA-90-Y745		2,015,155		2,015,155
		20.507	<u>6,628,639</u>		<u>6,628,639</u>
U.S. Department of Transportation					
(Passed through State of Calif. Dept. of Transportation)					
Federal Transit Administration (FTA)	RPSTPL-5044(027)	20.205	41,796		41,796
<b>U.S Department of Transportation Total</b>			<b>\$ 7,216,396</b>		<b>\$ 7,216,396</b>
U.S. Independent Agency					
Corporation for National & Community Service - RSVP	02SRPCA074	94.002	41,576		41,576
USDA Summer Food Serv. Prog.	54-8540-1W	10.559	16,191		16,191
<b>U.S. Independent Agency Total</b>			<b>\$ 57,767</b>		<b>\$ 57,767</b>
U.S. Department of Justice					
Office of Community Oriented Policing Services		16.523	19,358		19,358
Bureau of Justice Assistance		16.607	3,974		3,974
Bureau of Justice Assistance		16.738	34,245		34,245
Passed through California Office of Traffic Safety		20.600	25,547		25,547
Passed through California Office of Traffic Safety		20.600	109,001		109,001
Passed through California Office of Traffic Safety		20.600	4,389		4,389
Passed through California Office of Traffic Safety		20.600	3,826		3,826
Passed through California Office of Traffic Safety		20.600	54,425		54,425
Passed through California Office of Traffic Safety		20.600	92,226		92,226
<b>U.S. Department of Justice Total</b>			<b>\$ 346,991</b>		<b>\$ 346,991</b>
U.S. Federal Emergency Management Agency					
Dept of Homeland Security		97.XXX	699		699
U.S. Environmental Protection Agency					
Brownfield's Assessment Cooperative Agreement	BF-96913301-0	66.818	122,241		122,241
<b>TOTAL PROGRAM EXPENDITURES OF FEDERAL FINANCIAL AWARDS</b>			<b>\$ 10,805,058</b>	<b>\$ 6,411,727</b>	<b>\$ 17,216,785</b>

**CITY OF VISALIA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of the City of Visalia, California. The City of Visalia's reporting entity is defined in Note 1 to the City's general purpose financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Expenditures of Federal Awards reported on the Schedule are recognized when incurred. An exception to this rule is expenditures of federal awards for loan programs. The City operates the Home Loan program under which it must ensure participants maintain compliance with program requirements on an on going basis. OMB Circular A-133 section .205(b) requires that expenditures for the above program include the balance of loans outstanding plus cash received from the program.

**NOTE 3 – DIRECT AND PASS-THROUGH FEDERAL AWARDS**

Federal awards may be granted directly to the City by the federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types of Federal award programs.

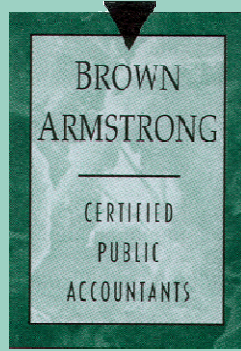
**NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related periodic Federal financial reports.

**NOTE 5 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Schedule of Expenditures of Federal Awards presented is prepared from only the accounts of the various grant programs and, therefore, does not present the financial position of operations of the City of Visalia.

Peter C. Brown, CPA  
Burton H. Armstrong, CPA, MST  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable City Council of  
The City of Visalia, California

We have audited the 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 (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 13, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Visalia in a separate letter dated January 13, 2010.

This report is intended for the information and use of the City Council and management of the City of Visalia, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

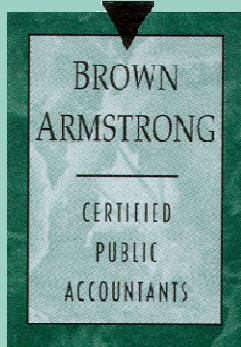
BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
January 13, 2010



Peter C. Brown, CPA  
Burton H. Armstrong, CPA, MST  
Andrew J. Paulden, CPA  
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**AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Honorable City Council of  
The City of Visalia, California

Compliance

We have audited the compliance of the City of Visalia, California with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Visalia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Visalia's management. Our responsibility is to express an opinion on the City of Visalia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Visalia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Visalia's compliance with those requirements.

In our opinion, the City of Visalia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Visalia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Visalia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Visalia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

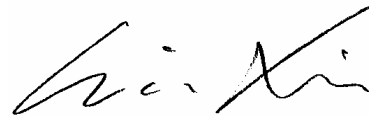
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Visalia, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 13, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Visalia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
January 13, 2010

**CITY OF VISALIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**I. Summary of Auditor's Results**

**A. Financial Statements**

- |  |                     |
|--|---------------------|
| 1. Type of auditors' report issued   | Unqualified         |
| 2. Internal control over financial reporting:                                    |                     |
| a. Material weakness(es) identified?   | ___ yes <u>x</u> no |
| b. Significant deficiencies identified not considered to be material weaknesses? | ___ yes <u>x</u> no |
| 3. Noncompliance material to financial statements noted?                         | ___ yes <u>x</u> no |

**B. Federal Awards**

- |  |                     |
|--|---------------------|
| 1. Internal control over major programs:   |                     |
| a. Material weakness(es) identified?   | ___ yes <u>x</u> no |
| b. Significant deficiencies identified not considered to be material weaknesses?                                     | ___ yes <u>x</u> no |
| 2. Type of auditors' report issued on compliance for major programs:   | Unqualified         |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | ___ yes <u>x</u> no |

4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant (CDBG)
20.507	Federal Transit - Formula Grant (FTA)

- |   |                     |
|---|---------------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 516,504          |
| 6. Auditee qualified as low-risk auditee?                                   | ___ yes <u>x</u> no |

**II. Financial Statement Findings**

None.

**III. Federal Award Findings and Questioned Costs**

None.

#### **IV. A Summary of Prior Audit (all June 30, 2008) Findings and Current Year Status Follows**

##### **Finding 2008-1**

The City's current capital assets software (capital assets module) is outdated and has not being supported by the vendor for years. The capital assets module was found not compatible with the City's general ledger software system. As a result, capital assets and the depreciation expenses were materially misstated as a result of the following problems:

- Over half of the capital assets are missing "Source of Fund" coding and cannot be distributed to appropriate department. Without "Source of Fund" coding, the City was unable to run report for physical inventory count and monitor capital assets by departments.
- The capital assets module will not allow staff to correct any keying errors after a general ledger transaction is automatically generated by the capital assets module.
- The capital assets module will produce an incorrect amount for assets that are transferred among departments.
- The capital assets module is not able to distribute multiple funding source assets accurately.
- The depreciation journal entry created by the capital assets module for general ledger posting does not match the depreciation report in the capital assets module.
- The accumulated depreciation journal entry created by the capital assets module does not distribute to the appropriate assets.

##### **Recommendation:**

We recommend that the City finance staff perform manual review and posting to correct any errors or inaccuracy created by the capital assets module as a near term solution. We also recommend that the City look into more updated capital assets software programs along with the City's financial system's next upgrade.

##### **Current Year Status:**

The capital assets reconciliation procedures have improved over the year. The outdated and limited capital asset module may result in misstatements, however, the City is performing manual reviews and postings to correct any errors or inaccuracy to capital assets at fiscal year end.



# M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

City Council  
City of Visalia  
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, 2009. The City's management is responsible for the City's administration, financial management and accounting for Measure 'T'. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by The American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those 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, Board of Equalization Agreements for implementation and administration of additional sales tax, City Council approved Program Guidelines and expenditure plans for the current fiscal year and the City Council approved City Manager Plan Recertification for June 30, 2009.

**Finding:**

Measure 'T' calls for the General Fund support for police and fire services during the fiscal year 2008-09, without regard to Measure 'T', to be greater than the General Fund police and fire services support during the fiscal year 2007-08, unless the council declares an economic emergency by a 4/5ths vote.

General Fund support for police and fire services during the fiscal year 2008-09, without regard to Measure 'T', was greater than the General Fund police and fire services support during the fiscal year 2007-08; 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 "Economic Uncertainty" Fund Balance as of June 30, 2008, was \$1,448,297. This amount exceeded the required 25% by \$171,472.

Dinuba  
Hanford  
Tulare  
Visalia

- (2) We updated our documentation of the following Measure 'T' compliance provisions, as interpreted by the City Council adopted enabling ordinance and program guidelines, into an interim progress report and reported to City staff:
- a. Administrative procedures
  - b. Accounting control (including budgetary) procedures

**Findings:** None

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

**Findings:** None

- (4) We updated our understanding of the City's implementation of the material accounting control procedures and determined if the following were implemented or maintained:
- a. Establishment of a separate Measure 'T' fund or fund group;
  - b. Establishment within the Measure 'T' fund(s) of an accountability structure that allows for accountability of the Measure 'T' sales tax proceeds mandated allocations - police (60%) and fire (40%);
  - c. That reasonable interest allocation methodologies were applied to Measure 'T' fund(s) regarding interest revenue for unexpended net proceeds and interest charged for other City fund advances;
  - d. That General Fund support for police and fire services during the fiscal year 2008-09, without regard to Measure 'T' funds based upon expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2007-08, unless the Council declared an economic emergency by 4/5<sup>th</sup> vote;
  - e. Establishment of a separate "Economic Uncertainty" fund within the Measure 'T' fund(s) of 25% of the budgeted Measure 'T' tax revenues.

**Findings:** None

- (5) We traced all Measure 'T' monies remitted by the State Board of Equalization to determine whether they were properly deposited into the appropriate Measure 'T' fund.

**Findings:** None

- (6) We performed procedures to verify the summaries of Measure 'T' receipts, disbursements and unexpended funds pertaining to the fiscal year 2008-09 prepared by the City.

**Finding:**

Our review indicated that twenty-four police officers and four firemen were hired as of June 30, 2009 in accordance with plan objectives. However, our review of personnel and payroll records determined that there was not a proper allocation of labor charges for one Measure 'T' officer at the time of hire for a period of two months. The police department's records indicated this police officer was to be expended from a different fund than what was indicated on the employee's CV9 form at the time of hire. As a result, this officer was mistakenly charged to the City's General Fund instead of the Measure 'T' Police Fund when hired during the 2008-09 fiscal year. A CV9 form was later completed to allocate the officer's salary to the correct Measure 'T' Police Fund. However, no correction was made for the salary mistakenly charged to the City's General Fund, which amounted to \$8,030.

**Recommendation:**

We recommend that the City take further steps and work closely with the police department to ensure that proper records are maintained in the police department that indicate the fund an officer's salary is to be charged to and that proper measures are followed to ensure a CV9 form is filled out each time an officer is hired, terminated, or transferred to a different fund.

We also recommend that the Measure 'T' Police Fund reimburse the City's General Fund for those expenditures related to the officer mistakenly charged to the General Fund during the 2008-09 fiscal year.

**Management Response:**

Management agrees with the finding. The root cause of the error was the internal accounting codes the City used for all Police Officers. The City used the same object code regardless of which fund Officers were paid from. The City has now created unique codes to identify Measure T and General Fund Officers. This will ensure Officer's salary expenses are coded properly. Management will prepare a journal entry to increase the salary expenses in the Measure T Police fund by \$8,030 and decrease the salary expenses in the General Fund by \$8,030.

**Finding:**

The Capital Improvement Program expenditures were proceeding in accordance with Measure 'T'.

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

**Findings:** None

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

**Findings:** None

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

This report is intended solely for the information and use of the City Council, City management and the CAC and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

M. GREEN AND COMPANY LLP

M. GREEN AND COMPANY LLP  
Certified Public Accountants

November 12, 2009  
Visalia, California