

State of California

City of Visalia



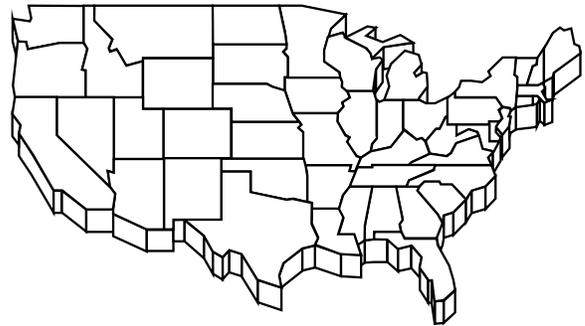
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

CITY OF VISALIA
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



Prepared by the Finance Department

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Introductory Section

Introductory Section





December 19, 2019

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

We are pleased to submit the City of Visalia's (the City) Comprehensive Annual Financial Report (CAFR) for the fiscal year July 1, 2018 through June 30, 2019. The City Charter (Article VI - Section 17) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The CAFR is also intended to provide relevant financial information to the residents of Visalia, taxpayers, creditors, investors, and other interested parties.

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

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

The City contracted with Maze & Associates Accounting Corporation, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2018-2019 are fairly stated in conformity with generally accepted accounting principles (GAAP). This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in front of the Financial Section of this report.

This CAFR is organized into four sections:

- The **Introductory Section** provides this transmittal letter which includes information about the governmental structure, economic activities of the community, and notable financial activities.

- The **Financial Section** includes the financial statements, notes, and supplemental information. It has management's discussion and analysis (MD&A) which immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the Basic Financial Statements including notes and the Required Supplementary Information.
- The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of potential interest to readers of financial documents. The data also includes ten-year revenue and expenditure data.
- The **Compliance Section** which includes the Measure T Agreed Upon Procedures Audit, the Measure N Agreed Upon Procedures Audit, and Bond Disclosure Requirements. The citizens of the City of Visalia, in 2004, passed a sales tax ballot measure for public safety operations and in 2016, passed a sales tax ballot measure for essential City services. An annual compliance audit was required as part of the measures and is included in this document.

CITY PROFILE

Basic Information

Visalia is located in the central San Joaquin Valley in California, approximately 185 miles north of Los Angeles and 220 miles south of San Francisco. Visalia is the county seat and principal trading center for Tulare County, which is currently one of the most productive agricultural counties in the United States. The City currently has a land area of approximately 38 square miles with a population of 138,207 as of May 2019, placing Visalia among the 205 largest cities in America.

The City was founded in 1852, incorporated in 1874, and became a charter city in 1923. The charter was amended in 1974 and operates under a Council-Manager form of government. The City Council is comprised of five members who are elected to alternating four-year terms staggered every two years. Beginning with the November 2016, the Council elections moved from at-large elections to district-based elections. The Council selects two of its members to serve as Mayor and Vice Mayor for a two-year term. City Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the ordinances and policies of the City Council, overseeing operations, and appointing, with Council approval, the City's department heads.

Types of Services

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

BUDGET

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

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

ECONOMIC CONDITION

Fiscal Year 2018-19 resulted in an overall increase of \$3,057,746 in the total economic-sensitive revenue sources for the General Fund as shown in Table 1 – Economic Sensitive Revenues.

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

Description	FY 17/18	FY 18/19	Increase Over	
			Prior Year	% Increase
Sales Tax	\$ 31,837,698	\$ 33,201,587	\$ 1,363,889	4%
Property Tax	23,694,329	25,048,585	1,354,256	6%
Transient Occupancy Tax	3,101,249	3,081,723	(19,526)	-0.6%
Franchise Fees	2,657,874	2,700,206	42,332	2%
Business License	2,440,122	2,756,917	316,795	13%
Total	\$ 63,731,272	\$ 66,789,018	\$ 3,057,746	5%

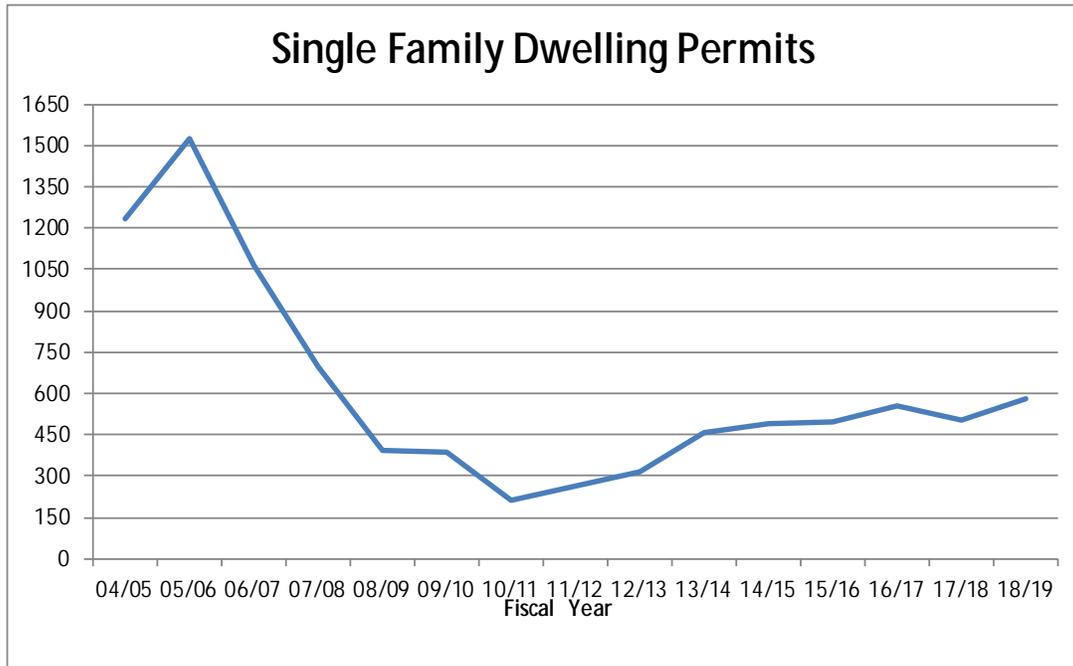
Sales Tax continued its upward trend growing at 4% for fiscal year 2018-19. Property Tax maintained its growth trend increasing 6% as property values, growth and sales continued in Visalia. Transient Occupancy Tax had a slight decrease of .6% for the year. Franchise Fee revenue increased in fiscal year 2018-19 mainly due to an increase in electricity fee receipts. Business License revenue increased 13% this fiscal year as businesses are experiencing increases in gross sales and collection efforts remained strong.

Visalia has 12,241 licensed businesses operating in the City. These businesses include private manufacturing, technology research, retail and service businesses, educational services, healthcare and social assistance, consulting, arts and entertainment, hospitality services, along with non-profit institutions.

Construction activity in the City increased 12% (based on number of all permits issued) in fiscal year 2018-19. The total valuation for all permits issued was \$262 million, a 6.6% increase from the prior year. In terms of single family dwelling permits, fiscal year 2018-19 had the strongest construction activity since fiscal year 2007-08 as can be seen in Table 2 – New Single Family Dwelling Permits Comparison.

The new single family dwelling permits issued were up from prior year by 15%. The construction value for 581 new single family dwelling permits came in at \$146 million, which was up 11% from the prior year valuation level.

Table 2 – New Single Family Dwelling Permits Comparison



With the exception of a slight decrease in fiscal year 2017-18, new housing permits have continued to steadily rise since the Great Recession. New housing permits issued for fiscal year 2018-19 totaled 581, a new high since fiscal year 2007-08. While this isn't at the levels of the housing boom era of the early to mid-2000's, the City is pleased with the continued growth over the last eight years in the housing market.

Overall, this construction activity drives the revenue collection in several categories and is an indicator of future activity for several other categories, such as property taxes, impact fees, and storm and sanitary sewer system fees.

DEVELOPMENT

As with housing, the City of Visalia continued to see steady growth industrially, commercially, and in other developments throughout the community in fiscal year 2018-19.

Industrial Park Highlights

United Parcel Service (UPS) is constructing a new 425,000 square foot building located at Plaza Drive and Riggan Avenue. This will be UPS's main Central Valley Ground hub.

Golden State Overnight (GSO) has completed a 63,000 square foot hub in the park. The Visalia hub is GSO's largest location with roughly 75% of their volume coming through the Visalia facility.

Diversified Development Group (DDG) has submitted plans to construct a 364,000 square foot building located at Plaza Drive and Riggan Avenue across from the new UPS building.

Merck/Millipore Sigma will be locating along Riggan Avenue just east of VWR. The space will be approximately 122,000 square feet with the possibility of future expansion to 160,000 square feet.

Sorma USA, an Italian manufacturer of food packaging equipment, will be constructing a new 81,000 square foot facility on Sunnyview Avenue near the future Kelsey Street road. Once constructed, Sorma will be moving its US headquarters from its existing Visalia location on Ferguson Avenue into the new facility.

Candy.com and GreenRabbit.com have located a distribution and fulfillment center at 2235 N. Plaza Drive in the former ORS Nasco space at Ferguson Avenue and Plaza Drive.

California Dairies will be adding a new 8,550 square foot building at its headquarters and processing facility located on Plaza Drive. This building will be used for dry goods storage.

Mooney Boulevard Revitalization

At the Visalia Mall, Macys has transformed their second story into a Macys Backstage. In addition, the Visalia Mall owners have removed the former bank building at the corner of Beech Avenue and Mooney Boulevard and have started construction on two new restaurant options.

Orosco Group Development has constructed new retail space at the corner of Walnut Avenue and Mooney Boulevard with Dunkin' Donuts announced as one of the tenants.

At the Grove at Packwood Creek development, Orosco Group Development continues to work on bringing in new retail tenants to their space between Costco and Lowes with interest being triggered by the opening of both the Sportsman's Warehouse and Surf Thru Car Wash in the last few years.

Best Buy moved across Mooney Boulevard to the old Sport Chalet location in early 2019. The move will provide more space for the company and will leave a high quality 30,000 square foot retail location available for new use. City staff is working with a firm to help backfill the old Best Buy location.

The former Orchard Supply Hardware building at Walnut Avenue and Mooney Boulevard was nearly taken over in full by Ace Hardware. There is just a small portion of the building that remains vacant.

The former Patio Place building located near Dick’s Sporting Goods is now the home of Five Below. Five Below is a retailer offering trend-right, high-quality products loved by tweens, teens and beyond with most items priced from \$1 to \$5.

A new commercial development is planned to be constructed at the former College of Sequoias parking lot across from the campus on Mooney Boulevard. The project will have a mix of retail, restaurants, and coffee shop space.

Luv 2 Play, an indoor playground, arcade, and café will be coming to Visalia. Luv 2 Play plans to remodel the old In-Shape building located at the Sequoia Mall on Mooney Boulevard.

CarMax has submitted initial site plans through Site Plan Review and has started the process of establishing a new location in Visalia. The national used car retailer’s nearest locations are in Fresno and Bakersfield. CarMax hopes to locate in Visalia along Mooney Boulevard near the Packwood Creek development.

Les Schwab Tire Center has also submitted plans through Site Plan Review for their new location coming to a new shopping center at the southwest corner of Mooney Boulevard and Visalia Parkway. The 12,491 square foot space will be an anchor for the new center.

Visalia will be getting a new bakery soon. Nothing Bundt Cakes will be coming to Visalia locating in the Kohl’s shopping center at Mooney Boulevard and Walnut Avenue.

Downtown Developments

Sol Bol has located in the former Char Cu Te Rie space at 211 W. Main Street. Sol Bol is downtown Visalia’s first acai bowl restaurant offering a healthy way to start your day with a traditional Brazilian breakfast.

A new downtown mixed use residential project is under construction at 117 E. Main Street. The former home of Midtown Sports will one day consist of two new tenants on the ground floor and two spacious apartments on the 2nd floor.

The Caskey Building, the mixed used development at 720 E. Center Avenue, now includes Visalia Cryo, a cryogenic therapy spa, Elite Team Brazilian Jiu Jitsu, office space, and the Planing Mill Restaurant.

Component Coffee Lab has moved into the Planing Mill’s old location at 513 E. Center Avenue and is busy serving up delicious coffee creations.

A new medical office use will be taking over the vacant 3,275 square foot space next to Suncrest Bank and Tazz Coffee on Main Street.

Corby's Rock N' Roll Heroes will be opening up in a portion of the old Bothof's Bakery space at 221 E. Main Street. Corby's is an 80's music themed sandwich shop.

A new gym is being proposed at 605 E. Main Street in between Santa Fe Street and Liberty Street. This project will be next to the proposed new site of Sierra Bicycle Werks.

Also at 605 E. Main Street, a new brewery and tasting room is being proposed. Simple Brewing Co. would be a welcome addition to the microbrewery district in east downtown.

Sushi Kuu has begun the Site Plan Review process to move to the former Chad Clark Hair Studio space at 509 E. Main Street. The move will be good for Sushi Kuu and will be another great food option for the east downtown area.

Tazzaria Prime, a new Tazzaria restaurant concept, is being proposed at 105 E. Main Street. The concept will wrap around the existing Pacific Western Bank taking the rest of the building while having access points on both Main Street and Court Street.

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

The old Tulare County courthouse redevelopment project, the Darling Hotel, continues to progress with construction currently under way. The 33 room boutique hotel will feature several meeting rooms, a rooftop lounge, and a ground level courtyard with an enclosed pool and canopy along Court Street all while preserving the buildings 1930's era art deco architectural style.

North Visalia

A new Asian Market is being proposed near the corner of NE 3rd Avenue and Court Street near the Oval. The site plan submitted to Site Plan Review calls for an Asian food store with 3 vacant retail spaces.

A new Starbuck's is now open at the Shannon Village shopping center found at Mooney Boulevard and Riggin Avenue. Deli Delicious, Burger King, and a new Pro PT Physical Therapy have plans to locate next to or near Starbuck's as this area continues to attract new businesses.

Tacos Melaque will be moving to a new location along Dinuba Boulevard off Sweet Avenue next to Valley Gas and Food.

The first phase of Orchard Walk West at the corner of Dinuba Boulevard and Riggin Avenue is in the beginning stages of the Site Plan Review process. Several drive-thru restaurants along with some smaller retail suites are indicated on the plan submission.

The vacant facility located at 707 W. Murray at Johnson Street will soon see activity as the site was recently purchased by American Inc. and will be improved for a new use.

Mi Casita Taqueria located at 222 E. Houston Avenue is proposing to expand on their building by enclosing their patio area, constructing a new restroom space, and adding handicapped parking.

The former Payday Loans building at 444 NW 3rd Avenue may soon be remodeled and become a pharmacy. The project received a revise and proceed judgement through Site Plan Review and is now eligible to pursue building permits.

The former Social Vocational Services offices at 1814 N. Dinuba Boulevard is being considered by a medical and dental office project and is currently in the permitting process.

A new Wendy's drive-thru is being proposed in a vacant pad along Dinuba Boulevard near Ferguson Avenue in the Food-4-Less shopping center.

Other Openings/Developments

A new 7,000 square foot credit union/office space is being proposed at 5222 W. Cypress Avenue.

The former Kmart building at 3247 W. Noble Avenue may be converted into office space. "Center Drive Offices" was submitted through Site Plan Review and entails remodeling the entire space for office use.

A re-zone is being sought for the former Serpa Automotive site at 705 S. Ben Maddox Way for a new auto sales use.

A new mixed use office development is being proposed next to the Sons of Italy Hall located on Goshen Avenue and Chinowth Street. The corner lot will feature several new buildings with office and restaurant uses proposed once the entitlement process has been completed.

The Human Bean, a drive thru coffee and espresso shop, will be locating at Caldwell Avenue and Stonebrook Street. The nearest Human Bean location is currently in the Sacramento area.

The former D&E Yamaha dealership at 1745 E. Mineral King Avenue is going to be converted into an O'Reilly Auto Parts store.

A Kumon Tutoring Center is proposing to open at 5139 W. Walnut Avenue in the Rancho Viejo Shopping Center. The Kumon centers focus on the Kumon method for math and reading which encourages children to actively develop critical thinking skills while progressing independently through a carefully crafted curriculum.

ONGOING CAPITAL PROJECTS

The City's Capital Improvement Program has a number of significant projects currently underway that will continue into fiscal year 2020 and beyond.

Riverway Sports Park Phase V

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

Demaree & Goshen Street Project

- The \$6.5 million project widened the intersection of Demaree Street at Goshen Avenue. It includes upgrading the railroad tracks and equipment, replacing the traffic signals, and upgrading sidewalk and ramps to meet accessibility requirements. The project is finishing up with a few minor items left to complete.

Aircraft Hangars Project

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

Downtown Street Light Project

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

Santa Fe/Tulare Avenue Roundabout

- The \$4.2 million project will create a new roundabout at the intersection of Santa Fe Street and Tulare Avenue which will enhance the traffic flow and correct a geometric offset of 35' that currently exists at the intersection.

Caldwell Improvements - Akers to Shady Street

- The \$11.6 million project will widen Caldwell Avenue between Akers Street and Shady Street creating new transit pullouts and enhancing traffic flow.

FINANCIAL CONDITION

Fiscal year 2018-19 ended with strong growth in the revenue categories of Sales Tax, Property Tax, and Business License. With continued revenue increases from a growing economy, and careful management of expenses, the City’s budget was able to provide limited service enhancements and infrastructure improvements, and allowed for increases in employee compensation. As shown in Table 3 – General Fund Statement of Revenues & Expenditures, the General Fund ended the year with a \$10.0 million change in fund balance with \$6.8 million remaining as a surplus. The main contributors to this year’s surplus were increases in sales tax, property tax, and business license of 4%, 6%, and 13% respectively and a decrease in capital projects of \$3.8 million as compared to last year.

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

	FY 18/19
Revenues	\$ 77.1
Expenditures	62.7
Over/(Under) Expenditures	\$ 14.4
Other Financing Sources (Uses)	\$ (4.4)
Net Change in Fund Balance	\$ 10.0
Prior Period Adjustment	\$ (3.2)
Surplus	<u>\$ 6.8</u>
Transfer surplus to Emergency Reserve Fund *	\$ -
Transfer remaining surplus to Civic Center Reserve Fund*	\$ (6.8)

*Note - As of March 19, 2018, if a GF surplus exists, the GF Emergency Reserve is funded to a level of 25% of operating expenditures. Any remaining surplus is to be transferred into the Civic Center Reserve Fund. No surplus was transferred to the GF Emergency Reserve this year as the reserve is currently at a 25.1% level due to interest earnings for the year.

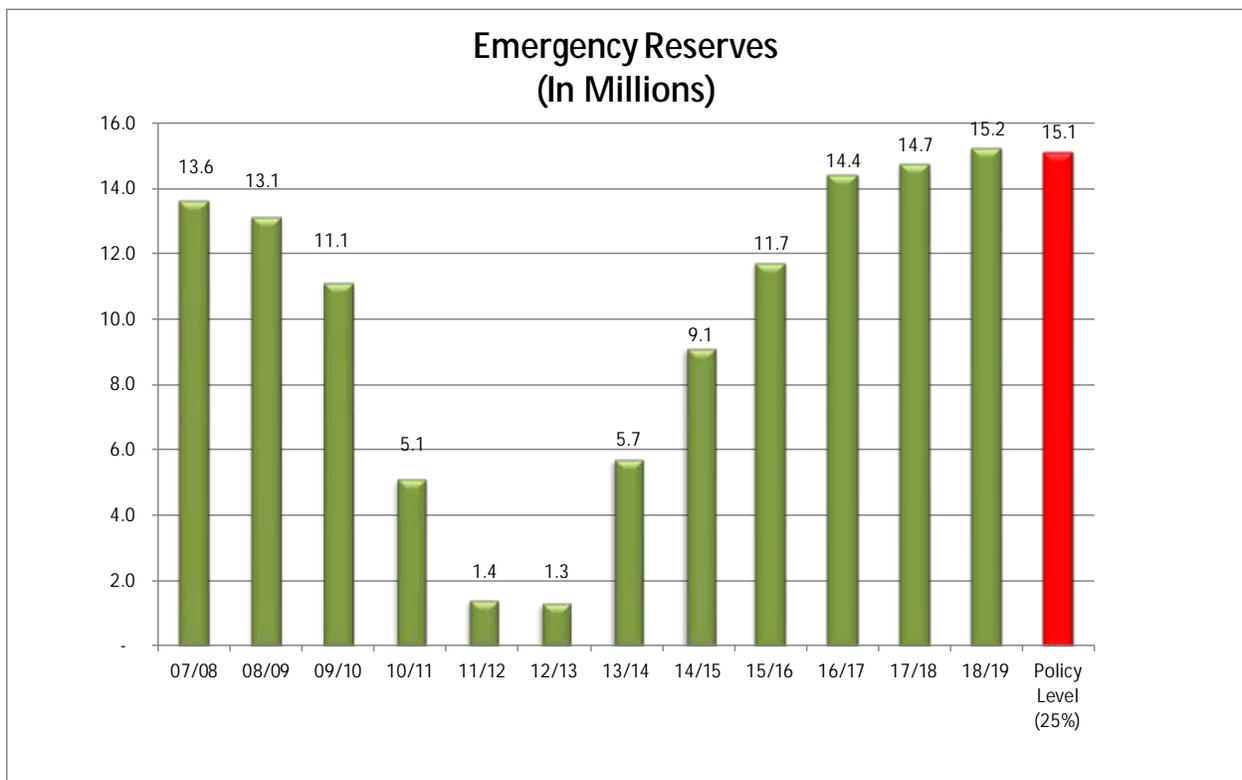
This is the sixth consecutive year that the General Fund has ended the year with a surplus. However, the balance between revenues and expenditures in the General Fund can be volatile from year to year. The City must continue to monitor increasing costs (i.e. rising pension costs), the economy for a possible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

In June 2018, the City Council adopted a balanced biennial budget for fiscal years 2018-2019 and 2019-2020. The biennial budget focused on the following goals:

- 1) Gradually rebuild the organization by restoring resources;
- 2) Increase funding levels for Capital Improvement Projects;
- 3) Increase resources directed at maintaining City facilities; and
- 4) Replenish and maintain Emergency Reserves pursuant to Council-established goals.

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

Table 4 – General Fund Emergency Reserves



As with fiscal year 2017-18, the City has met City Council's goal of funding the Emergency Reserves with a balance of 25% of General Fund operating expenditures for fiscal year 2018-19. For this fiscal year, no General Fund surplus transfer was needed as interest earnings of \$487,114 was able to keep the reserves at the goal level. The interest earnings increased the Emergency Reserves to \$15.2 million (25.1% of operating expenditures).

We have met our Emergency Reserve percentage goal for the last three fiscal years but must continue to make an effort to maintain the percentage level goal going forward. In addition, we must continue to strive to achieve other City Council goals of rebuilding organizational capacity by restoring resources, increasing funding levels for capital improvement projects, and handle increasing pension costs as CalPERS has begun implementing two items to address the unfunded status of most pension plans statewide. First, CalPERS is reducing the investment earnings target from 7.5% to 7% in hopes of better reflecting the current earnings rate environment. By lowering the earnings rate, the City's pension contributions will increase in order to make up for the loss of projected earnings. In addition, CalPERS is accelerating contributions towards unfunded liabilities in an effort to bring all pension plans closer to a fully funded status.

Fiscal year 2018-19 was the second full year of operation of Measure N, the City of Visalia's half-cent Essential City Services Measure which provides additional funding for public safety, maintenance for streets, parks, trail ways, and City facilities. Sales Tax proceeds received for the year totaled \$13.5 million; \$.5 million more than budgeted for the year. As of June 30, 2019, Measure N had enabled the City to hire 17 police officers, 2 community service officers, 2 police technicians, 1 police records specialist, 1 urban forest employee, 2 park maintenance employees, and 1 recreation coordinator. Vehicles and major equipment purchased in this fiscal year include 9 fully equipped Dodge Charger police units and 9 HVAC units for various City buildings. In addition, the City was also able to purchase land for the future Fire Station #56 and to complete \$1.1 million in road rehabilitation due to Measure N funding.

BOND RATING

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

AWARDS

The Government Finance Officers Association ("GFOA") awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2018. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

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

ACKNOWLEDGMENTS

The preparation of this CAFR represents a team effort by the entire staff of the Finance Department. Sincere appreciation goes to Finance Manager Jason Montgomery and Financial Analyst Kari Williams. They demonstrated personal determination and dedicated many long days of focused attention to produce this document. The City also recognizes the contributions and positive working relationship with Maze & Associates.

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

Respectfully submitted,



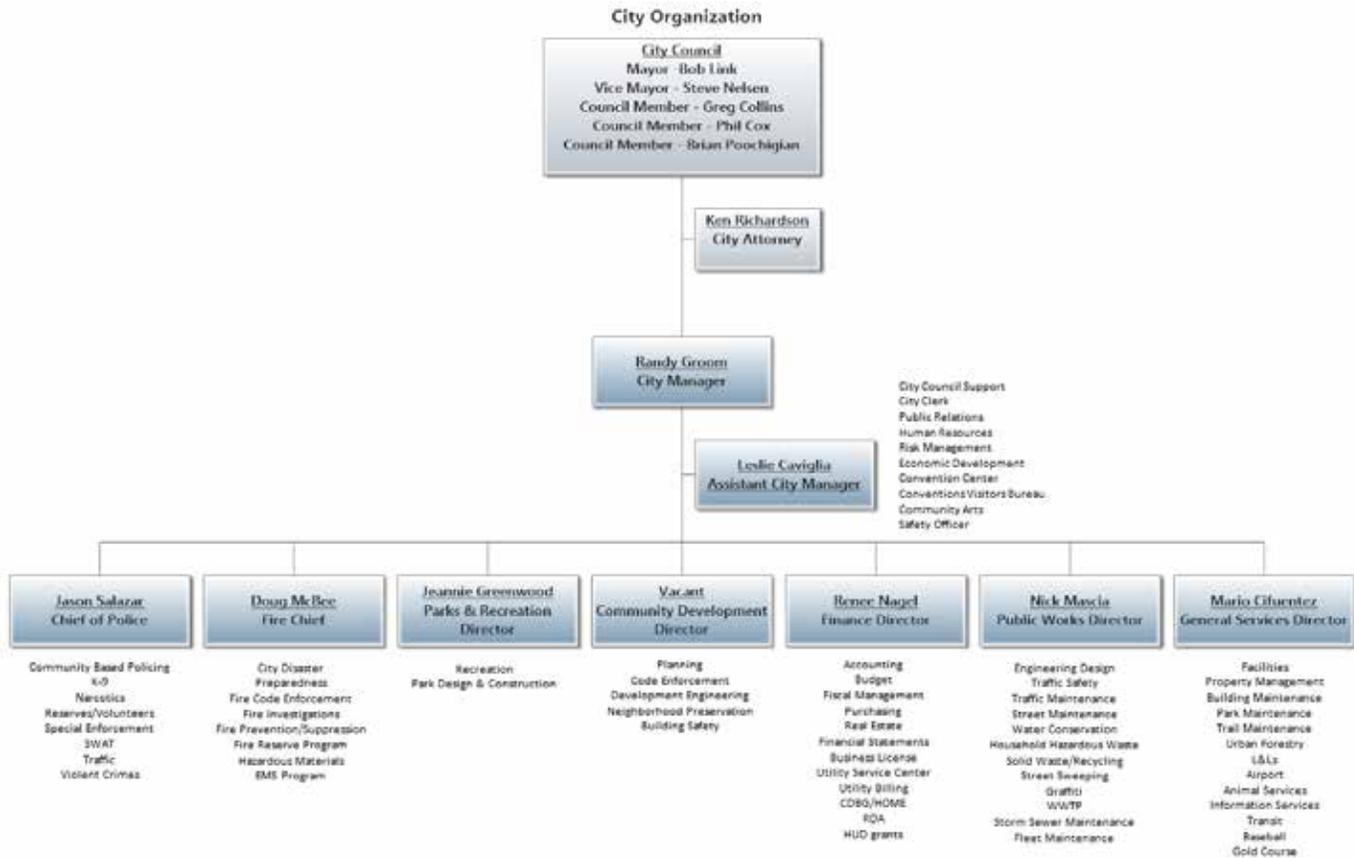
Randy Groom
City Manager



Renee Nagel
Finance Director

Organizational Chart

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019



As of June 30, 2019



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Visalia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



Financial Section

Financial Section





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Visalia, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 14, the City made prior period adjustments, resulting in restatements of beginning net position of the following:

Governmental Activities	(\$21,461,372)
Business-Type Activities	(\$11,365,178)
General Fund	(\$3,162,426)
Non-Major Governmental Funds	\$99,956
Water Reclamation Facility Enterprise Fund	(\$1,638,817)
Solid Waste Enterprise Fund	(\$234,148)
Transit Enterprise Fund	(\$7,008,941)
Baseball Enterprise Fund	(\$77,860)
Valley Park Golf Enterprise Fund (closed)	(\$2,405,412)

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

Other Matters

Required Supplementary Information

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

Other Information

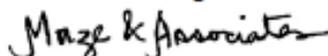
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
December 19, 2019

**CITY OF VISALIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDING JUNE 30, 2019**

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

FINANCIAL HIGHLIGHTS

Visalia’s population increased to 138,207 an increase of 1.3% this past fiscal year. The California Consumer Price Index for All Urban Consumers for the same period increased by 3.69%. The major factors driving the City’s financial results this fiscal year are the following:

- Increased Sales Tax Revenues of \$4.4 million, up 8% from last year which includes growth in general sales tax of 4% or \$1.4 million in the General Fund, an increase of \$1.1 million in Measure N, and an increase in Measure T sales tax of \$0.4 million. Measure R sales tax increased \$1.5 million as funding for projects in those funds were received.
- Increased property taxes, up 6% from last year.
- Increase in government wide Charges for Services, up 10% from last year with the majority of the increases in impact fee revenue and engineering services due to increased building activity.

Government-wide Statements

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

Table 1
Government-wide City Totals
(in millions)

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Assets	\$ 1,068.9	\$ 1,022.9 *	\$ 46.0	4%
Deferred Outflows of Resources	28.3	37.4	(9.1)	-24%
Liabilities	275.7	284.1	(8.4)	-3%
Deferred Inflows of Resources	7.9	8.4	(0.5)	-6%
Net Position	813.6	767.8 *	45.8	6%
Revenues	222.9	219.1	3.8	2%
Expenses	167.9	158.8	9.1	6%

* Prior year balance for Assets (Construction in Progress) and Net Position was restated see Note 6A.

- The City’s Total Assets increased by \$46.0 million (4%) during the current fiscal year mainly due to increases in cash and investments of \$33.5 million, taxes receivable of \$5.2 million, interest receivable of \$0.4 million, notes and loans receivable of \$0.6 million and prepaids and deposits of \$0.2 million. Decreases in Total Assets included accounts receivable of \$1.5 million, supplies of \$0.2 million, and due from other governmental units of \$7.7 million. The increase in capital asset changes of \$16.0 million include additions, deletions, and depreciation comprised of increases of \$0.2 million in land, \$3.5 million in vehicles and equipment, \$145.8 million in improvements, \$21.7 million in infrastructure, as well as a decreases of \$152.7 million in construction in progress mainly due to the capitalization of the water reclamation facility upgrade project as well as various other projects throughout the City and \$2.5 million in buildings.
- The City’s Deferred Outflows of Resources decreased by \$9.1 million (24%) due to annual adjustments for GASB 68 recording of deferred pensions.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

- The City's Liabilities decreased by \$8.4 million (3%) during the current fiscal year. This was mainly due to decreases in the Net Pension Liability of \$4.1 million, scheduled debt service payments of \$4.7 million, and customer deposits of \$0.3 million, in combination with an increase to liability for self-insurance claims of \$0.7 million
- The City's Deferred Inflows of Resources decreased by \$0.5 million due to annual adjustments by CalPERS for GASB 68 recording of deferred pensions. The decrease is mainly due to CalPERS investment earnings of 11.2% coming in greater than projected.
- The City's Total Net Position (assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources) were \$813.6 million as of June 30, 2019.
- The City's Total Revenues, including program and general revenues, were \$222.9 million for fiscal year 2018-19, an increase of \$3.8 million (2%) from last year, while total City expenses were \$167.9 million, an increase of \$9.1 million (6%) from last year. The revenue increase is due to a combination of increases in tax revenue of \$6.2 million, charges for services of \$0.5 million, and investment earnings of \$5.8 million with decreases in grants and contributions of \$7.7 million and miscellaneous revenue of \$0.9 million.
- Revenues can be divided between Program Revenues related to work activities and General or Tax Revenues. For fiscal year 2018-19, Program Revenues were \$118.5 million (revenues derived from specific activities) and General Revenues (e.g., taxes and investment earnings) were \$104.4 million. These same revenues can be classified as either Governmental activity revenues or Business-type activity revenues. For fiscal year 2018-19, Governmental activity revenues and Business-type activity revenues were \$133.1 million (59.7%) and \$89.8 million (40.3%), respectively.
- Expenses for governmental activities and for business-type activities were \$89.6 million (a 1.5% increase from last year) and \$78.3 million (an 11% increase from last year), respectively.

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

Analysis of Governmental Net Position

The City's governmental assets are shown in Table 2, Governmental Net Position. These assets exceeded its liabilities by \$439.8 million. The largest portion of the net position, \$324.8 million (73.9%), is Net Investment in Capital Assets (net of debt to acquire those assets). The remaining portions of the City's net position are: \$79.8 million (18.1%) represents resources that are subject to restrictions and the remaining \$35.2 million (8%) being unrestricted.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Table 2
Governmental Net Position
(in millions)

	<u>FY 18-19</u>	<u>FY 17-18</u>	<u>Increase (Decrease)</u>	
			<u>\$</u>	<u>%</u>
Assets				
Cash and Investments	\$ 147.5	\$ 127.3	\$ 20.2	16%
Current and Other Assets	64.3	58.3	6.0	10%
Adv. To Other Funds & Internal Balances	1.4	4.6	(3.2)	-70%
Capital Assets, Net of Accum. Deprec.	336.0	314.2 *	21.8	7%
Total Assets	<u>549.2</u>	<u>504.4</u>	<u>44.8</u>	<u>9%</u>
Deferred Outflows of Resources				
Deferred Pensions	23.0	30.0	(7.0)	-23%
Total Deferred Outflows of Resources	<u>23.0</u>	<u>30.0</u>	<u>(7.0)</u>	<u>-23%</u>
Liabilities				
Other Liabilities	13.5	16.3	(2.8)	-17%
Long-Term Obligations	112.4	117.1	(4.7)	-4%
Total Liabilities	<u>125.9</u>	<u>133.4</u>	<u>(7.5)</u>	<u>-6%</u>
Deferred Inflows of Resources				
Deferred Pensions	6.5	6.9	(0.4)	-6%
Unamortized Gain on Refunding of Debt	-	-	-	0%
Total Deferred Inflows of Resources	<u>6.5</u>	<u>6.9</u>	<u>(0.4)</u>	<u>-6%</u>
Net Position				
Net Investment in Capital Assets	324.8	301.8 *	23.0	8%
Restricted	79.8	69.6	10.2	15%
Unrestricted	35.2	22.7	12.5	55%
Total Net Position	<u>\$ 439.8</u>	<u>\$ 394.1</u>	<u>\$ 45.7</u>	<u>12%</u>

* Prior year balance for Capital Assets, Net of Accum. Deprec. for Construction in Progress was restated, see Note 6A.

- *Cash and Investments* of \$147.5 million increased \$20.2 million from last year mainly due to an increase in tax revenues and revenues exceeding expenses for the year.
- *Capital Assets, Net of Accumulated Depreciation* totaling \$336.0 million are categorized in [Table 8, Capital Assets, Net of Accumulated Depreciation](#).
- *Long-Term Obligations* totaling \$112.4 million is comprised of Net Pension Liability, Certificates of Participation, government loans, and compensated absences. There were \$1.1 million in long term debt payments made by the City during the year. Net pension liability adjustments decreased by \$3.5 million. See the accompanying *Notes to Basic Financial Statements, Note 7 – Long-Term Debt* and *Note 10 – Employee Benefits* for further detail.
- *Net Position–Net Investment in Capital Assets* of \$324.8 million represents the City's capital assets less accumulated depreciation and any debt used to finance its construction or purchase.
- *Restricted Net Position* of \$79.8 million is primarily found in Capital Projects funds which have been restricted for related capital projects.
- *Unrestricted Net Position* of \$35.2 million is the remaining part of the assets. Of this amount, \$51.4 million is the General Fund's net position. Of the General Fund's portion, all but \$9.8 million is either nonspendable (\$1.1 million), committed (\$15.3 million) or assigned as advances and budgeted projects (\$25.2 million). Additional information on the General Fund's Fund Balance can be found in the Statistical Section (pg.162-163)

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Analysis of Changes in Governmental Net Position

Governmental activities are summarized on [Table 3, Changes in Governmental Net Position](#), showing that during fiscal year 2018-19 the City's net position increased by \$22.1 million.

Table 3
Changes in Governmental Net Position
(in millions)

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
REVENUES				
Program Revenues:				
Charges for Services	\$ 24.2	\$ 22.1	\$ 2.1	10%
Operating Grants & Contributions	2.6	2.6	-	0%
Capital Grants & Contributions	12.0	9.2	2.8	30%
General Revenues:				
Taxes				
Sales	58.5	54.1	4.4	8%
Property	25.1	23.7	1.4	6%
Other	8.7	8.4	0.3	4%
Investment Earnings	4.1	1.4	2.7	193%
Miscellaneous	1.7	1.5	0.2	13%
Total Revenues	<u>136.9</u>	<u>123.0</u>	<u>13.9</u>	11%
EXPENSES				
General Government	4.9	5.8	(0.9)	-16%
Community Development	6.1	2.1	4.0	190%
Police	40.0	38.7	1.3	3%
Fire	17.4	16.8	0.6	4%
Public Works	15.1	19.6	(4.5)	-23%
Parks & Recreation	5.5	4.8	0.7	15%
Interest on Long-Term Debt	0.5	0.5	-	0%
Total Expenses	<u>89.5</u>	<u>88.3</u>	<u>1.2</u>	1%
Increase (Decrease) in Net Position Before Transfers	47.4	34.7	12.7	37%
Transfers	(3.8)	(4.1)	0.3	-7%
Total Transfers	<u>(3.8)</u>	<u>(4.1)</u>	<u>0.3</u>	-7%
Increase (Decrease) in Net Position	43.6	30.6	13.0	42%
Net Position at Beg. of Year, as Restated	<u>396.2</u>	<u>387.1</u>	<u>9.1</u>	2%
Net Position at End of Year	<u>\$ 439.8</u>	<u>\$ 417.7</u>	<u>22.1</u>	5%

Total Revenues of \$136.9 million, increased by \$13.9 million (11%) and total governmental expenses of \$89.5 million, increased by \$1.2 million (1%) when compared to last year. The most significant revenue changes were the increases in sales taxes of \$4.4 million, capital grants & contributions of \$2.8 million, charges for services of \$2.1 million and investment earnings of \$2.7 million. The change in expenditures was mainly due to increases in Community Development of \$4.0 million and Police of \$1.3 million (Measure N, and GASB68 pension adjustments), with a decrease in Public Works of \$4.5 million.

PROGRAM REVENUES

Charges for Services

These charges increased \$2.1 million or 10% as compared to the prior year. The increase was mainly due to increased impact fee revenue and engineering services due to increased building activity.

Grants (Operating & Capital) & Contributions

The combined income from operating and capital grants and contributions increased this year, up from last year by \$2.8 million, for a total of \$14.6 million for fiscal year 2018-19.

GENERAL REVENUES

- **Sales Tax** - Sales tax increased \$4.4 million from last year as the economy continues to improve. Sales tax saw an increase in the general fund of \$1.4 million, Measure N of \$1.1 million, Measure T of \$0.4 million, Measure R Regional sales tax revenues of \$1.2 million, and Measure R Local sales tax revenues of \$0.3 million as funding for projects in those funds were received. Measure R is a voter approved sales tax override for regional, local, transit, bike and pedestrian projects. The current year overall sales tax total is \$58.5 million.
- **Property Taxes** - Property tax revenues increased \$1.4 million (6%) over last year currently totaling \$25.1 million.
- **Investment Earnings** - Investment earnings increased \$2.7 million over last year mainly due to an increase in interest rates on allowable investments as compared to the prior year.

EXPENSES

- **General Government** - There were \$4.9 million in expenses, a decrease of \$0.9 million (16%) as compared to last year which was mainly due to services provided of \$0.5 million, the annual GASB 68 pension adjustments of \$0.1 million and an increase in depreciation expense of \$0.3 million.
- **Community Development** - There were \$6.1 million in expenses, an increase of \$4.0 million (190%) as compared to last year mainly due to an increase in the affordable housing programs of \$0.8 million, an increase in the annual GASB 68 pension adjustments of \$0.2 million and due to an adjustment last year for some prior years cleanup.
- **Police** - There were \$40.0 million in expenses, an increase of \$1.3 million (3%) as compared to last year which was mainly due to increases in salaries and benefits of \$3.1 million as a result of the implementation of Measure N as well as wage increases and a decrease in the annual GASB 68 pension adjustment of \$0.8 million.
- **Fire** - There were \$17.4 million in expenses, an increase of \$0.6 million (4%) as compared to last year which was mainly due to an increase in salaries and benefits of \$1.0 million as a result of wage increases and decreases in the annual GASB 68 pension adjustment of \$0.2 million
- **Public Works** - There were \$15.1 million in expenses, a decrease of \$4.5 million (23%) as compared to last year which was mainly due to decreases in capital related projects of \$4.3 million and the annual GASB 68 pension adjustments of \$0.7 million offset by an increase to depreciation expense of \$0.8 million.
- **Parks and Recreation** - There were \$5.5 million in expenses, an increase in \$0.7 million (15%) mainly due to the annual GASB 68 pension adjustments of \$0.1 million and an increase in salaries and benefits of \$0.5 million.
- **Interest on Long-Term Debt** - There was \$0.5 million in interest expense for fiscal year 2018-19. Scheduled principal payments were made on Certificates of Participation and bank notes. The 2014 COP has a maturity date of 2025 and the 2015 COP has a maturity date of 2029. As the City approaches the maturity, the annual debt service goes towards interest less and more towards the principal.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Analysis of Business-Type Net Position

The City's business-type net position, shown in [Table 4, Business-Type Net Position](#), exceeded liabilities by \$373.9 million. The largest portion of the net position, Net Investment in Capital Assets, is \$269.5 million (72.1%). Resources that are subject to restrictions total \$11.4 million (3%). The remaining balance of \$93.0 million (24.9%) represents unrestricted net position.

Table 4
Business-Type Net Position
(in millions)

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 123.6	\$ 110.4	\$ 13.2	12%
Current and Other Assets	21.6	30.9	(9.3)	-30%
Internal Balances	(1.4)	(4.6)	3.2	-70%
Capital Assets	375.9	381.8	(5.9)	-2%
Total Assets	519.7	518.5	1.2	0%
Deferred Outflows of Resources				
Deferred Pensions	5.3	7.4	(2.1)	-28%
Total Deferred Outflows of Resources	5.3	7.4	(2.1)	-28%
Liabilities				
Other Liabilities	12.6	9.5	3.1	33%
Long-Term Debt Outstanding	137.1	141.1	(4.0)	-3%
Total Liabilities	149.7	150.6	(0.9)	-1%
Deferred Inflows of Resources				
Deferred Pensions	1.2	1.1	0.1	9%
Unamortized Gain on Refunding of Debt	0.2	0.4	(0.2)	-50%
Total Deferred Inflows of Resources	1.4	1.5	(0.1)	-7%
Net Position				
Net Investment in Capital Assets	269.5	271.7	(2.2)	-1%
Restricted	11.4	8.0	3.4	43%
Unrestricted	93.0	94.1	(1.1)	-1%
Total Net Position	\$ 373.9	\$ 373.8	\$ 0.1	0%

- **Cash and Investments** increased \$13.2 million (12%), as these funds are accumulating cash for capital projects and scheduled debt payments. Increases included funds in Water Reclamation Facility of \$10.3 million, Transit of \$4.2 million, Building Safety of \$1.0 million and decreases in Storm Sewer Maintenance of \$0.2 million and Solid Waste of \$2.0 million.
- **Capital Assets** totaling \$375.9 million for the fiscal year decreased by \$5.9 million (2%). Construction in progress had a decrease of \$155.8 million as assets were capitalized with the main project being the upgrade to the Water Reclamation Facility. Machinery, Equipment and Vehicles increased by \$5.3 million mainly due to the addition of busses in Transit of \$5.2 million and a backup generator in Solid Waste of \$0.3 million. Infrastructure increased by \$10.1 million which included Storm Sewer of \$1.0 million and the Water Reclamation Facility upgrade of \$9.1 million. Valley Oaks Golf net assets of \$5.2 million were transferred to Governmental activities as the result of the lease agreement between the City and Course Co. Accumulated depreciation increased by \$4.5 million as assets were depreciated for the year. See [Table 8, Capital Assets, Net of Accumulated Depreciation](#) below for additional detail.
- **Long-Term Debt** totaling \$137.1 million is composed of Net Pension Liability, Certificates of Participation, Capital Lease, Clean Water State Revolving Fund Loan, and Compensated absences. Regularly scheduled payments of \$3.5 million and adjustments to the Net Pension Liability of \$0.6 million decreased the long term debt by \$4.0 million. See the accompanying *Notes to Basic Financial Statements, Note 7- Long-Term Debt, and Note 10 Employee Benefits* for further detail.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

- **Net Position – Net Investment in Capital Assets** totaling \$269.5 million represents capital assets less accumulated depreciation and net of any debt used to finance its construction or purchase. This is a \$2.2 million decrease as compared to last year.
- **Restricted Net Position** of \$11.4 million is primarily found in Capital Projects funds which have been restricted for related capital projects and debt service reserves.
- **Unrestricted Net Position** of \$93.0 million experienced a decrease of \$1.1 million. Unrestricted Net Position is normally the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

Analysis of Changes in Business-Type Net Position

Table 5, Changes in Business-Type Net Position shows the results of the City's businesses for the last two fiscal years. The City's Business-type activities increased the City's net position by \$11.4 million (3%) during fiscal year 2018-19. Total Business-type revenues of \$86.0 million decreased by \$10.1 million (11%) when compared to last year. Total Business-type expenses totaled \$78.4 million, an increase of \$7.9 million (11%) as compared to last year.

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

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
REVENUES				
Program Revenues:				
Charges for Services	\$ 61.5	\$ 63.1	\$ (1.6)	-3%
Operating Grants & Contributions	13.0	16.5	(3.5)	-21%
Capital Grants & Contributions	5.1	12.2	(7.1)	-58%
Investment Earnings	4.0	0.9	3.1	344%
Miscellaneous	2.4	3.4	(1.0)	-29%
Total Revenues	<u>86.0</u>	<u>96.1</u>	<u>(10.1)</u>	<u>-11%</u>
EXPENSES				
Convention Center	5.0	5.5	(0.5)	-9%
Airport	2.2	2.0	0.2	10%
Golf Course	-	1.6	(1.6)	-100%
Water Reclamation Facility	18.4	16.3	2.1	13%
Storm Sewer	2.6	2.2	0.4	18%
Solid Waste	24.1	18.7	5.4	29%
Transit	20.4	18.4	2.0	11%
Baseball	0.4	0.4	-	0%
Animal Control	1.9	2.0	(0.1)	-5%
Building Safety	3.3	3.3	-	0%
Total Expenses	<u>78.3</u>	<u>70.4</u>	<u>7.9</u>	<u>11%</u>
Increase in Net Position Before Transfers	7.7	25.7	(18.0)	-70%
Transfers	3.8	4.1	(0.3)	-7%
Increase in Net Position	<u>11.5</u>	<u>29.8</u>	<u>(18.3)</u>	<u>-61%</u>
Net Position at Beg. of Year, as restated	<u>362.4</u>	<u>344.0</u>	<u>18.4</u>	<u>5%</u>
Net Position at End of Year	<u>\$ 373.9</u>	<u>\$ 373.8</u>	<u>\$ 0.1</u>	<u>0%</u>

Revenues

- **Charges for Services** – These revenues were down collectively by \$1.6 million mainly as a result of no activity this year in the Valley Oaks Golf fund when compared to the prior year of \$1.3 million as Course Co had complete control of the operations for the entire fiscal year.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

- **Operating and Capital Grants and Contributions** – The combined revenue from operating and capital grants & contributions decreased this year \$10.6 million due to decreases in grants and contributions for the Water Reclamation Facility of \$2.8 million, Storm Sewer Maintenance of \$3.5 million, Transit of \$3.9 million, and Airport of \$0.5 million, offset by an increase in Solid Waste of \$0.1 million.

Expenses

- **Convention Center** – There were \$5.0 million in expenses, a decrease of \$0.5 million (9%) in maintenance and operations expenses as compared to the prior year as a result of fewer events being held.
- **Airport** – There were \$2.2 million in expenses, an increase of \$0.2 million (10%) mainly due increases in salaries and benefits of \$0.2 million due to pension and compensated absences annual adjustments and wage increases.
- **Valley Oaks Golf Course** – This fund is closed as of July 1, 2018. There were no expenses this year due to the first full year of Course Co taking over full operation of the Golf Course. The agreement between the City and Course Co took effect February of 2018. Revenue for the lease agreement is recorded in the Golf Fund which is now included in the Non-Major statements.
- **Water Reclamation Facility** – There were \$18.4 million in expenses, an increase of \$2.1 million (13%) mainly due to higher interest expense of \$1.6 million as debt payments began on the CWSRF loan and increases in maintenance and operating costs of \$0.8 million consisting of increases in utilities of \$140K, chemical expenses of \$84K, equipment supply and maintenance repair of \$103K, utility billing services of \$134K, and farming services of \$353K.
- **Storm Sewer Maintenance** – There were \$2.6 million in expenses, an increase of \$0.4 million (18%) mainly due to increases in capital expenses of \$0.2 million, salaries and benefits of \$0.1 million (because of pension annual adjustments and wage increases) and an increase in depreciation expense of \$0.1 million.
- **Solid Waste** – There were \$24.1 million in expenses, an increase of \$5.4 million (29%) mainly due to an increase in capital expenses of \$5.9 million for all costs associated with the three can conversion and a decrease in salaries and benefits of \$0.3 million due to annual pension adjustments.
- **Transit** – There were \$20.4 million in expenses, an increase of \$2.0 million (11%) mainly due to increases for contracted bus services for Transit, V-line and Sequoia Shuttles of \$2.0 million.
- **Building Safety** – There were \$3.3 million in expenses which is consistent to the prior year including increases to salaries and benefits of \$0.3 million due to annual pension adjustments and wage increases and maintenance and operations costs of \$0.2 million mainly due to allocated expenses and services provided of \$127K offset by lower capital expenses of \$0.4 million.
- **Animal Control** – There were \$1.9 million in expenses, a decrease of \$0.1 million (5%) mainly due to a decrease in salaries and benefits of \$0.1 million due to annual pension adjustments offset by wage increases.
- **Baseball** – There were \$0.4 million in expenses reflecting a slight decrease of \$4K from the prior year.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

FUND FINANCIAL ANALYSIS

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

Table 6
Balance Sheet - Governmental Funds
(in millions)

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Assets				
Cash and Investments	\$ 119.7	\$ 103.3	16.4	16%
Other Assets	58.5	55.6	2.9	5%
Intergovernmental Balances	8.0	7.2	0.8	11%
Total Assets	<u>186.2</u>	<u>166.1</u>	<u>20.1</u>	<u>12%</u>
Liabilities				
Advances From Grantors and Third Parties	0.4	0.6	(0.2)	-33%
Advances From Other Funds	3.9	3.1	0.8	26%
Other Liabilities	6.2	9.4	(3.2)	-34%
Total Liabilities	<u>10.5</u>	<u>13.1</u>	<u>(2.6)</u>	<u>-20%</u>
Deferred Inflows of Resources				
Unavailable Revenue	26.4	25.6	0.8	3%
Total Deferred Inflows of Resources	<u>26.4</u>	<u>25.6</u>	<u>0.8</u>	<u>3%</u>
Fund Balances				
Nonspendable	1.1	2.2	(1.1)	-50%
Restricted	68.2	54.2	14.0	26%
Committed	47.3	40.2	7.1	18%
Assigned	26.9	26.6	0.3	1%
Unassigned	5.8	4.2	1.6	38%
Total Fund Balances	<u>\$ 149.3</u>	<u>\$ 127.4</u>	<u>21.9</u>	<u>17%</u>

Assets – The composition of assets changed by \$20.1 million during the year with increases in cash, other assets, and intergovernmental balances. Cash and investments increased \$16.4 million mainly due to revenues exceeding expenditures and other sources & (uses) of \$24.9 million. Other assets increased \$2.9 million mainly as the result of taxes receivable increasing by \$3.2 million. Intergovernmental balances increased \$0.8 million as a result of decreases in due from other funds of \$2.2 million and an increase in amounts due from other governmental agencies of \$3.1 million.

Liabilities – Liabilities have decreased \$2.6 million mainly due to a decrease in other liabilities of \$3.2 million which has decreases in accounts payable of \$2.9 million, customer deposits of \$0.1 million, unearned revenue of \$0.1 million and due to other funds \$0.1 million. We also had a decrease in advances from grantors and third parties of \$0.2 million offset by an increase in advances from other funds of \$0.8 million.

Deferred Inflows of Resources – Deferred Inflows of Resources increased \$0.8 million mainly due to an increase in notes and loans receivable.

Fund Balance - By June 30, 2019, the City's Governmental Funds had a total fund balance of \$149.3 million, an increase of \$21.9 million from the prior fiscal year, which was a combination of increases and decreases in various funds which are discussed below.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Table 7, Statement of Revenues & Expenditures – Governmental Funds shows the results of the last two fiscal years’ activities.

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

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Revenues	\$ 134.3	\$ 120.0	\$ 14.3	12%
Expenditures	106.3	99.4	6.9	7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	28.0	20.6	7.4	36%
Other Sources & (Uses)	(3.1)	(4.0)	0.9	-23%
Net Change	\$ 24.9	\$ 16.6	\$ 8.3	50%

Revenues increased \$14.3 million from the prior year. Sales tax increased \$4.4 million which includes growth in general sales tax of 4% or \$1.4 million, Measure N sales tax of \$1.1 million and Measure T sales tax of \$0.4 million. Measure R sales tax revenues had an increase of \$1.5 million as funding for projects in those funds were received. Property tax revenue saw an increase of \$1.4 million (6%). Other increases in revenues included charges for current services \$0.3 million, uses of money and property \$2.6 million, fees and fines \$1.3 million, other taxes \$0.4 million, subventions and grants of \$3.2 million and miscellaneous \$0.7 million. Expenditures increased by \$6.9 million mainly due to increases in capital related projects of \$2.7 million, Police of \$3.0 million, Fire of \$1.0 million, Parks and Recreation of \$0.5 million and Community Development \$0.8 million offset by a decrease in General Government of \$0.9 million and debt service principal of \$0.2 million.

Other Financing Uses in the governmental funds had a decrease of \$0.9 million, as transfers out exceeded transfers in.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

General Fund - The General Fund saw a change in fund balance with an increase of \$3.2 million. The General Fund saw an overall increase in revenues of \$4.0 million as compared to last year. The increases included sales tax of \$1.4 million, property taxes of \$1.4 million, other taxes of \$0.3 million, subventions and grants of \$0.2 million, fees and fines of \$0.1 million, uses of money and property of \$0.6 million, charges for current services of \$0.1 million and a decrease in miscellaneous revenues of \$0.1 million.

If there is a General Fund surplus at year end the surplus is first to be distributed to fund the Emergency Reserve to meet Council’s goal of 25% of operating expenditures and then any remaining surplus is to be transferred to the Civic Center reserve fund. This fiscal year the largest transfer out from the General Fund is to the Civic Center Fund totaling \$6.8 million.

Measure N – The Measure N fund is used to account for the increased Police, Fire, Streets and Parks essential services. Funding is provided by a half-cent sales tax override approved by the citizens of Visalia in November 2016. Measure N saw an overall increase in revenues of \$1.6 million. The increase included sales tax of \$1.1 million, subvention and grants of \$0.2 million, and uses of money and property of \$0.3 million. The Measure N Fund’s fund balance increased \$8.7 million to \$18.1 million as a result of revenues exceeding expenditures for the year.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Housing & Community Grants - This fund accounts for the Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME) and Neighborhood Stabilization Program (NSP) Grant funds. Also included are the Substandard Housing and Vehicle Abatement funds. The fund's assets include \$11.7 million in notes and loans receivable. All loans are fully offset by deferred inflows of resources as the loans are not expected to be repaid within the next year. The notes and loans receivable are for housing assistance through the various grant programs as well as past rental rehabilitation loans. Revenues exceeded expenditures by \$0.1 million for the year. The net change in fund balance decreased \$0.1 million from last fiscal year to \$1.7 million.

Housing Successor Agency - The Housing Successor Agency Fund is used to retain the housing assets and functions previously performed by the dissolved Redevelopment Agency of the City of Visalia. Expenditures exceeded revenues by \$0.6 million mainly due to a loss on sale of land of \$0.5 million. These vacant lots were sold to a non-profit agency for the construction of single family dwellings which will be sold to low income households. The net change in fund balance decreased \$0.6 million from last fiscal year to \$2.2 million.

Transportation – The Transportation Fund is used to account for the financing and construction of new streets, roads, and various new transportation infrastructure and facilities. Funding is provided by Transportation Impact Fees. The Transportation Fund's Fund balance increased \$2.8 million to \$6.7 million as a result of revenues exceeding capital projects for the year.

All Other Governmental Funds - These funds (referred to as Non-Major Funds) are not presented separately in the Basic Financial Statements, but are individually presented in Supplementary Information. Combined they received \$37.0 million in revenue and have a combined Fund Balance at year-end of \$69.1 million.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Business-Type Funds

By June 30, 2019, the City's Proprietary Funds combined net position totaled \$375.2 million, a decrease of \$0.1 million from the prior fiscal year, which was a combination of increases and decreases in various funds and period adjustments of \$11.4 million.

Enterprise operating revenues including charges for services and grants and contributions were \$74.5 million this year, a decrease of \$5.1 million from last year. Grants and contributions had a decrease of \$3.5 million and is mainly due to Transit grant revenue being down as well as having pass through grant revenue to the City of Tulare of \$2.5 million in fiscal year 2017-18. The decrease for charges for services of \$1.6 million is mainly due to a decrease (no activity) in Valley Oaks Golf of \$1.3 million as this is the first full year of Course Co taking over full operation of the Golf Course. The agreement between the City and Course Co took effect February of 2018. Decreases also included Solid Waste of \$1.0 million, Convention Center of \$0.7 million, Airport of \$0.1 million, and Transit of \$0.1 million, offset by increased activity in Water Reclamation Facility of \$0.9 million (Industrial, Residential and Septage Fees), Building Safety of \$0.5 million (Construction Permits), Storm Sewer Maintenance of \$0.1 million and Animal Control fees of \$0.1 million (Animal sheltering services for Dinuba, Exeter & Farmersville).

Operating expenses were \$67.8 million this year, an increase of \$1.5 million from last year mainly due to Transit of \$2.1 million (contracted bus services), Water Reclamation Facility of \$1.3 million offset by no activity in Valley Oaks Golf of \$1.5 million.

Convention Center - Operating revenues decreased by \$0.7 million mainly due to decreased ticket sales and fewer Valdivia events of \$0.6 million, conference room rentals of \$0.3 million and equipment rental of \$0.1 million offset by an increase in bar sales of \$0.1 million and fewer discounted services of \$0.2 million. Operating expenses decreased by \$0.5 million mainly due to decreased expenses for Valdivia events of \$0.4 million and other miscellaneous events of \$0.1 million due to fewer events being held.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Airport - Operating revenues decreased by \$0.1 million mainly due to decreases in fuel sales of \$196K, fuel flowage fees of \$11K, and electric fees of \$32K offset by increases in “into plane” fuel sales of \$50K, cargo fees of \$20K, FOB revenues of \$43K, and hanger rentals of \$11K. There were \$2.2 million in expenses, an increase of \$0.2 million (10%) mainly due to increase in salaries and benefits of \$0.2 million due to pension and compensated absences annual adjustments and wage increases.

Valley Oaks Golf Course - This fund is closed as of July 1, 2018. There were no expenses this year due to the first full year of Course Co taking over full operation of the Golf Course. The agreement between the City and Course Co took effect February of 2018. Revenue for the lease agreement is recorded in the Golf Fund which is now included in the Non-Major statements.

Water Reclamation Facility - Operating revenues increased \$0.9 million mainly due to an increase in industrial fees of \$0.3 million, residential fees of \$0.2 million, septage fees of \$0.1 million, services provided of \$0.1 million, user charges of \$66K, and trunkline fees of \$49K. There were \$18.4 million in expenses, an increase of \$2.1 million (13%) mainly due to higher interest expense of \$1.6 million as debt payments began on the CWSRF loan and increases in maintenance and operating costs of \$0.8 million consisting of increases in utilities of \$140K, chemical expenses of \$84K, equipment supply and maintenance repair of \$103K, utility billing services of \$134K, and farming services of \$353K.

Storm Sewer Maintenance - Operating revenues increased \$0.1 million mainly due to increased billing activity. There were \$2.6 million in expenses, an increase of \$0.4 million (18%) mainly due to increases in capital expenses of \$0.2 million, salaries and benefits of \$0.1 million (because of pension annual adjustments and wage increases and an increase) in depreciation expense of \$0.1 million.

Solid Waste - Operating revenues decreased \$1.0 million mainly due to a decrease in services provided of \$1.8 million which is solid waste management is no longer charging to the operating divisions in Solid Waste. There were increases in revenues consisting of single family fee revenue of \$0.7 million, commercial fee revenue of \$146K, commercial recycle fee revenue of \$140K, 30 yard temp bin of \$61K, offset by decreases in multifamily fee revenue of \$145K and 2-3 yard temp bin fee revenue of \$58K. There were \$24.2 million in expenses, an increase of \$5.4 million (29%) mainly due to an increase in capital expenses of \$5.9 million for all costs associated with the three can conversion and a decrease in salaries and benefits of \$0.3 million due to annual pension adjustments.

Transit – Operating revenues decreased \$3.7 million from last year mainly due to decreased operating grant revenue as the prior year had pass through grant revenue to the City of Tulare of \$2.5 million, deferred revenue of \$1.5 million offset by higher reimbursements of \$0.3 million. Charges for services had a slight overall decrease of \$55K including decreases in CNG sales of \$271K for prior year reimbursement of overpayment for CNG rebates, Seki ticket sales of \$29K, farebox sales of \$25K, and facility rentals of \$24K offset by increases of ticket sales of \$133K, sequoia shuttle reimbursement of \$67K, and services provided of \$98K. There were \$20.4 million in expenses, an increase of \$2.0 million (11%) mainly due to increases for contracted bus services for Transit, V-line and Sequoia Shuttles of \$2.0 million.

Building Safety – Operating revenues increased by \$0.5 million mainly due to an increase in single-family dwellings compared to prior years activity. There were \$3.3 million in expenses which is consistent to the prior year including increases to salaries and benefits of \$0.3 million due to annual pension adjustments and wage increases and maintenance and operations costs of \$0.2 million mainly due to allocated expenses and services provided of \$127K offset by lower capital expenses of \$0.4 million.

Animal Control – Operating revenues had an increase of \$0.1 million mainly due to Animal Sheltering Services for Dinuba, Exeter & Farmersville. There were \$1.9 million in expenses, a decrease of \$0.1 million due to a decrease in salaries and benefits of \$0.1 million due to the annual pension adjustments offset by wage increases.

Baseball – Operating revenues were \$49,672 and expenses had a slight decrease of \$4K as compared to last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund - Original and Final Budget Comparison

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

Budgeted total revenues increased by \$40K, to a final budgeted amount of \$70.9 million, mainly due to additional federal, state and county grant funding secured by the City.

Budgeted total expenditures increased by \$1.5 million to a final budgeted amount of \$67.5 million, mainly due to an increase of \$1.5 million in Capital Outlay (Projects).

General Fund - Final Budget and Actual Comparison

Total revenues were \$6.2 million higher than the final budgeted amount, as detailed below:

Sales Tax – was \$1.2 million more than budgeted as the economy continues to have growth.

Property Tax – was \$1.5 million more than budgeted as valuation increased more than anticipated.

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

Business License – was \$0.3 million more than budgeted as business license activity was higher than anticipated for the year.

Subventions and Grants – was \$0.9 million more than budgeted due to the City securing additional funds.

Local Ordinance Violations, Vehicle Code and Parking Violations – was \$0.1 million less than budgeted as violations were less than projected.

Interest Earned – was \$1.1 million more than budgeted due to higher interest earnings rates.

Engineering and Subdivision Services – was \$0.2 million more than budgeted as these specialized services were higher than anticipated for the year due to increased building activity.

Special Public Safety Services – was \$0.4 million more than budgeted as these specialized services were higher than anticipated for the year.

Other Revenue – was \$0.3 million more than budgeted mainly due to \$0.2 million in temporary disability and \$0.1 million in miscellaneous other items

Total expenditures were \$5.0 million less than budget. This difference was due to \$0.5 million in lower capital outlay and \$ 4.5 million in vacancies.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its Governmental and Business-Type activities as of June 30, 2019 totaled \$711.9 million (net of accumulated depreciation), as shown in Table 8, Capital Assets, Net of Accumulated Depreciation. For Government-wide Financial Statements, capital asset purchases for governmental activities are capitalized and depreciated. In contrast, in the Fund Financial Statements capital asset purchases for governmental activities are recorded as expenditures. Additional information about the City's capital assets can be found in the *Notes to Financial Statements, Note 6 – Capital Assets*.

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

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Governmental Activities				
Land	\$ 41.5	\$ 40.4	\$ 1.1	3%
Buildings	49.2	50.3	(1.1)	-2%
Improvements	53.0	48.2	4.8	10%
Equipment	18.3	17.7	0.6	3%
Infrastructure	145.1	131.9	13.2	10%
Construction in Progress	28.9	25.7 *	3.2	12%
Total	\$ 336.0	\$ 314.2	\$ 21.8	7%
Business-Type Activities				
Land	\$ 26.1	\$ 27.1	\$ (1.0)	-4%
Buildings	35.5	36.8	(1.3)	-4%
Improvements	171.5	30.4	141.1	464%
Equipment	22.8	20.0	2.8	14%
Infrastructure	116.3	108.0	8.3	8%
Construction in Progress	3.7	159.5	(155.8)	-98%
Total	\$ 375.9	\$ 381.8	\$ (5.9)	-2%
Total City-Wide	\$ 711.9	\$ 696.0	\$ 15.9	2%

* Prior year balance for Construction in Progress was restated, see Note 6A.

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

Governmental

- Completion of the Plaza widening -198/Goshen project.
- Purchase of Aerial Fire Truck and Mobile Air Truck.
- Riverway Sports park project in progress.
- Signal at Demaree and Goshen.
- Completed road rehabilitation projects.
- Caldwell improvements Akers to Shady street in progress.
- Downtown street light project in design.
- Santa Fe/Tulare roundabout project in progress.

Management Discussion and Analysis

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

Business-type

- Completion of the Water Reclamation Facility Upgrade.
- Completion of the Water Reclamation Facility Solar Project.
- Addition of the Orchard Replacement.
- Purchase of three 40 foot electric busses and four 25 foot busses.
- Completion of the Mineral King Trunkline.
- Addition of storm drain infrastructure.
- Under construction is the Aircraft hangar project.

Debt Administration

The City's total long-term debt decreased by \$4.9 million (4%) during the fiscal year, as shown in [Table 9, Outstanding Debt](#). This was due to the City's regularly scheduled debt service payments. See the accompanying *Notes to Basic Financial Statements, Note 7 – Long-Term Debt* for further detail. The following summarizes the City's outstanding debt.

Table 9
Outstanding Debt
(in millions)

	FY 18-19	FY 17-18	Increase (Decrease)	
			\$	%
Governmental Activities				
Certificates of Participation	\$ 11.1	\$ 12.0	\$ (0.9)	-8%
Notes Payable	0.1	0.4	\$ (0.3)	-75%
Compensated Absences	5.0	5.1	(0.1)	-2%
Total	<u>16.2</u>	<u>17.5</u>	<u>(1.3)</u>	-7%
Business-Type Activities				
Certificates of Participation	8.0	8.8	(0.8)	-9%
Lease	4.4	4.8	(0.4)	-8%
Notes Payable	94.1	96.5	(2.4)	-2%
Compensated Absences	1.0	1.0	-	0%
Total	<u>\$ 107.5</u>	<u>\$ 111.1</u>	<u>\$ (3.6)</u>	-3%
Total City-Wide	<u>\$ 123.7</u>	<u>\$ 128.6</u>	<u>\$ (4.9)</u>	-4%

REQUEST FOR FINANCIAL INFORMATION

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

BASIC FINANCIAL STATEMENTS



Statement of Net Position and Statement of Activities

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

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

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

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

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

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

CITY OF VISALIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Note 3)	\$ 146,490,904	\$ 119,157,312	\$ 265,648,216
Restricted Cash and Investments (Note 3)	989,111	4,451,094	5,440,205
Accounts Receivable	4,593,413	7,633,570	12,226,983
Interest Receivable	1,312,976	-	1,312,976
Taxes Receivable	16,093,055	8,036,399	24,129,454
Notes and Loans Receivable (Note 5)	35,758,609	9,649	35,768,258
Supplies	841,993	64,625	906,618
Inventory (Note 1I)	221,595	40,819	262,414
Internal Balances (Note 4C)	1,358,687	(1,358,687)	-
Due from Other Governmental Units	4,059,231	5,702,521	9,761,752
Land Held for Redevelopment (Note 1G)	317,583	-	317,583
Prepays and Deposits	1,109,248	21,741	1,130,989
Capital Assets, Net of Accumulated Depreciation (Note 6):			
Capital Assets Not Being Depreciated	70,412,467	29,844,115	100,256,582
Capital Assets Being Depreciated	265,595,630	346,092,834	611,688,464
Total Assets	549,154,502	519,695,992	1,068,850,494
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related (Note 10)	23,025,004	5,280,785	28,305,789
Total Deferred Outflows of Resources	23,025,004	5,280,785	28,305,789
LIABILITIES			
Accounts, Interest, and Contracts Payable	5,112,222	6,698,480	11,810,702
Advances from Grantors and Third Parties	403,694	4,887,088	5,290,782
Customer Deposits	602,117	1,015,899	1,618,016
Unearned Revenue	268,246	56,967	325,213
Accrued Personnel Costs	496,506	-	496,506
Long-Term Obligations (Note 7):			
Due Within One Year	1,866,928	3,837,630	5,704,558
Due in More Than One Year	14,308,487	103,471,685	117,780,172
Liability for Self-Insurance Claims (Note 11):			
Due Within One Year	718,628	-	718,628
Due in More Than One Year	5,886,792	-	5,886,792
Net Pension Liability Due in More Than One Year (Note 10)	96,250,489	29,782,400	126,032,889
Total Liabilities	125,914,109	149,750,149	275,664,258
DEFERRED INFLOWS OF RESOURCES			
Pension Related (Note 10)	6,497,613	1,135,329	7,632,942
Unamortized Gain on Refunding of Debt (Note 7)	3,123	239,612	242,735
Total Deferred Inflows of Resources	6,500,736	1,374,941	7,875,677
NET POSITION (Note 9)			
Net Investment in Capital Assets	324,798,606	269,444,348	594,242,954
Restricted for:			
Capital Projects	50,985,100	6,917,125	57,902,225
Debt Service	9,013	4,451,094	4,460,107
Waterways/Groundwater Projects	5,043,439	-	5,043,439
Landscape & Lighting Districts	8,071,908	-	8,071,908
Public Safety	8,191,913	-	8,191,913
Roadway Projects	6,783,235	-	6,783,235
Golf Course Maintenance Projects & Misc	677,959	-	677,959
Total Restricted Net Position	79,762,567	11,368,219	91,130,786
Unrestricted	35,203,488	93,039,120	128,242,608
Total Net Position	\$ 439,764,661	\$ 373,851,687	\$ 813,616,348

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

**CITY OF VISALIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities							
General Government	\$ 4,950,954	\$ 1,247,196	\$ -	\$ -	\$ (3,703,758)	\$ -	\$ (3,703,758)
Community Development	6,097,978	1,788,174	1,622,258	222,974	(2,464,572)	-	(2,464,572)
Public Safety							
Police	39,996,621	3,054,827	1,026,115	837,972	(35,077,707)	-	(35,077,707)
Fire	17,370,857	1,678,061	-	104,002	(15,588,794)	-	(15,588,794)
Public Works	15,154,794	12,285,510	-	10,856,780	7,987,496	-	7,987,496
Parks & Recreation	5,539,925	4,140,108	-	-	(1,399,817)	-	(1,399,817)
Interest on Long-Term Debt	471,187	-	-	-	(471,187)	-	(471,187)
Total Governmental Activities	89,582,316	24,193,876	2,648,373	12,021,728	(50,718,339)	-	(50,718,339)
Business-Type Activities							
Convention Center	4,952,145	2,966,728	-	-	-	(1,985,417)	(1,985,417)
Airport	2,199,141	1,701,466	-	403,144	-	(94,531)	(94,531)
Wastewater	18,440,523	26,715,133	-	337,121	-	8,611,731	8,611,731
Storm Sewer Maintenance	2,589,846	1,341,850	-	185,208	-	(1,062,788)	(1,062,788)
Solid Waste	24,167,861	19,225,348	191,354	-	-	(4,751,159)	(4,751,159)
Transit	20,408,354	4,999,905	12,792,177	4,135,436	-	1,519,164	1,519,164
Baseball	350,107	49,672	-	-	-	(300,435)	(300,435)
Animal Control	1,907,803	573,059	3,890	32,100	-	(1,298,754)	(1,298,754)
Building Safety	3,303,109	3,958,682	-	-	-	655,573	655,573
Total Business-Type Activities	78,318,889	61,531,843	12,987,421	5,093,009	-	1,293,384	1,293,384
Total	\$ 167,901,205	\$ 85,725,719	\$ 15,635,794	\$ 17,114,737	(50,718,339)	1,293,384	(49,424,955)
General Revenues							
Taxes:							
Sales Taxes					58,560,804	-	58,560,804
Property Taxes					25,076,118	-	25,076,118
Other Taxes					8,662,699	-	8,662,699
Investment Earnings					4,063,969	4,024,595	8,088,564
Miscellaneous					1,703,923	2,343,762	4,047,685
Transfers					(3,784,601)	3,784,601	-
Total General Revenues and Transfers					94,282,912	10,152,958	104,435,870
Change in Net Position					43,564,573	11,446,342	55,010,915
Net Position - Beginning of Year, As Restated (Note 14)					396,200,088	362,405,345	758,605,433
Net Position - End of Year					\$ 439,764,661	\$373,851,687	\$813,616,348

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



FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2018-19. Individual non-major funds are presented in the Supplementary Information section.

GENERAL FUND

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

MEASURE N

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

HOUSING & COMMUNITY GRANTS FUND

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

HOUSING SUCCESSOR AGENCY FUND

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

TRANSPORTATION FUND

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

**CITY OF VISALIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Measure N	Housing & Community Grants
ASSETS			
Cash and Investments (Note 3)	\$ 27,889,396	\$ 15,987,754	\$ 1,614,664
Restricted Cash and Investments (Note 3)	-	-	-
Accounts Receivable	1,047,290	-	103
Interest Receivable	1,312,976	-	-
Taxes Receivable	9,228,012	2,250,054	19,210
Notes and Loans Receivable (Note 5)	12,712,396	-	11,739,889
Supplies	13,390	-	-
Inventory (Note 1I)	136,564	-	-
Advances to Other Funds (Note 4B)	3,971,005	-	-
Due from Other Governmental Units	266,034	-	261,000
Land Held for Redevelopment (Note 1G)	-	-	-
Prepays and Deposits	180,459	-	-
Total Assets	<u>\$ 56,757,522</u>	<u>\$ 18,237,808</u>	<u>\$ 13,634,866</u>
LIABILITIES			
Accounts, Interest & Contracts Payable	\$ 1,123,568	\$ 144,294	\$ 134,406
Advances from Grantors and Third Parties	403,694	-	-
Advances from Other Funds (Note 4B)	-	-	-
Customer Deposits	393,637	-	-
Unearned Revenue	142,990	-	-
Accrued Personnel Costs (Note 10 G)	489,370	-	-
Total Liabilities	<u>2,553,259</u>	<u>144,294</u>	<u>134,406</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Tax	1,006,340	-	-
Unavailable Revenue - Business Tax	905,287	-	-
Unavailable Revenue - Impact Fees	350,129	-	-
Unavailable Revenue - Misc	441,563	-	-
Unavailable Revenue - Notes	64,000	-	11,739,889
Unavailable Revenue - Asset Forfeiture	-	-	-
Total Deferred Inflows of Resources	<u>2,767,319</u>	<u>-</u>	<u>11,739,889</u>
FUND BALANCES (Note 9)			
Nonspendable	1,125,167	-	-
Restricted	-	16,170,606	723,430
Committed	15,344,141	1,922,908	1,037,141
Assigned	25,215,035	-	-
Unassigned	9,752,601	-	-
Total Fund Balances	<u>51,436,944</u>	<u>18,093,514</u>	<u>1,760,571</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 56,757,522</u>	<u>\$ 18,237,808</u>	<u>\$ 13,634,866</u>

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

	Housing Successor Agency	Transportation	All Other Governmental Funds	Total
ASSETS				
Cash and Investments (Note 3)	\$ 264,258	\$ 7,617,729	\$ 66,319,533	\$ 119,693,334
Restricted Cash and Investments (Note 3)	-	-	9,013	9,013
Accounts Receivable	-	2,557,360	979,298	4,584,051
Interest Receivable	-	-	-	1,312,976
Taxes Receivable	-	-	4,595,779	16,093,055
Notes and Loans Receivable (Note 5)	10,496,226	292,676	517,422	35,758,609
Supplies	-	-	-	13,390
Inventory (Note 1)	-	-	85,031	221,595
Advances to Other Funds (Note 4B)	-	-	-	3,971,005
Due from Other Governmental Units	-	-	3,532,197	4,059,231
Land Held for Redevelopment (Note 1G)	317,583	-	-	317,583
Prepays and Deposits	-	-	-	180,459
Total Assets	<u>\$ 11,078,067</u>	<u>\$ 10,467,765</u>	<u>\$ 76,038,273</u>	<u>\$ 186,214,301</u>
LIABILITIES				
Accounts, Interest & Contracts Payable	\$ 2,627	\$ 2,158,582	\$ 1,274,577	\$ 4,838,054
Advances from Grantors and Third Parties	-	-	-	403,694
Advances from Other Funds (Note 4B)	-	-	3,926,381	3,926,381
Customer Deposits	-	-	208,480	602,117
Unearned Revenue	-	-	125,256	268,246
Accrued Personnel Costs (Note 10 G)	-	-	-	489,370
Total Liabilities	<u>2,627</u>	<u>2,158,582</u>	<u>5,534,694</u>	<u>10,527,862</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	-	-	-	1,006,340
Unavailable Revenue - Business Tax	-	-	-	905,287
Unavailable Revenue - Impact Fees	-	1,334,214	584,205	2,268,548
Unavailable Revenue - Misc	-	-	-	441,563
Unavailable Revenue - Notes	8,863,953	292,676	369,953	21,330,471
Unavailable Revenue - Asset Forfeiture	-	-	478,590	478,590
Total Deferred Inflows of Resources	<u>8,863,953</u>	<u>1,626,890</u>	<u>1,432,748</u>	<u>26,430,799</u>
FUND BALANCES (Note 9)				
Nonspendable	-	-	-	1,125,167
Restricted	579,214	6,489,899	44,224,506	68,187,655
Committed	-	192,394	28,771,579	47,268,163
Assigned	1,632,273	-	-	26,847,308
Unassigned	-	-	(3,925,254)	5,827,347
Total Fund Balances	<u>2,211,487</u>	<u>6,682,293</u>	<u>69,070,831</u>	<u>149,255,640</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,078,067</u>	<u>\$ 10,467,765</u>	<u>\$ 76,038,273</u>	<u>\$ 186,214,301</u>

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



**CITY OF VISALIA
RECONCILIATION OF GOVERNMENTAL FUNDS - FUND BALANCE
WITH GOVERNMENTAL NET POSITION
JUNE 30, 2019**

Total Fund Balances - Governmental Funds \$149,255,640

CAPITAL ASSET TRANSACTIONS:

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

Capital Assets at Historical Cost:	\$449,685,657	
Accumulated Depreciation:	<u>(128,434,722)</u>	321,250,935

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

33,758,905

LONG-TERM LIABILITIES

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

Certificates of Participation	(11,155,006)	
Notes Payable	<u>(53,514)</u>	(11,208,520)

DEFERRED INFLOWS / (OUTFLOWS) OF RESOURCES

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

26,430,799

GASB 68 Pension Items	<u>(79,723,098)</u>	
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Total Net Position - Governmental Activities \$439,764,661

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, 2019

	General Fund	Measure N	Housing & Community Grants
REVENUES			
Sales Taxes	\$ 33,201,587	\$ 13,498,993	\$ -
Property Taxes	25,048,585	-	-
Other Taxes	8,538,846	-	-
Subventions and Grants	1,425,679	156,580	1,543,339
License and Permits	75,884	-	-
Fees and Fines	1,211,915	-	53,374
Uses of Money and Property	1,734,538	381,575	78,717
Charges for Current Services	4,066,993	-	-
Miscellaneous	1,765,455	2,430	6,678
Total Revenues	77,069,482	14,039,578	1,682,108
EXPENDITURES			
Current:			
General Government	2,755,302	188,427	-
Community Development	4,504,438	-	876,866
Public Safety:			
Fire	13,707,100	65,506	-
Police	31,657,910	2,376,612	-
Public Works	3,995,074	333,582	-
Parks & Recreation	3,768,508	177,294	-
Capital Outlay	2,208,895	2,194,299	718,087
Debt Service (Note 7):			
Principal	49,915	-	-
Interest and Fiscal Charges	933	-	-
Total Expenditures	62,648,075	5,335,720	1,594,953
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>14,421,407</u>	<u>8,703,858</u>	<u>87,155</u>
Other Financing Sources (Uses)			
Sale of Land	-	-	-
Proceeds From Sale of Capital Assets	450	-	-
Transfers In (Note 4A)	168,569	-	73,213
Transfers Out (Note 4A)	(11,428,000)	-	(276,237)
Total Other Financing Sources (Uses)	(11,258,981)	-	(203,024)
Net Change in Fund Balances	3,162,426	8,703,858	(115,869)
Fund Balances - Beginning of Year (Note 1(O))	51,436,944	9,389,656	1,876,440
Prior Period Adjustment (Note 14)	(3,162,426)	-	-
Fund Balances - Beginning of Year, as Restated	<u>48,274,518</u>	<u>9,389,656</u>	<u>1,876,440</u>
Fund Balances - End of Year	<u>\$ 51,436,944</u>	<u>\$ 18,093,514</u>	<u>\$ 1,760,571</u>

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

	Housing Successor Agency	Transportation	All Other Governmental Funds	Total
REVENUES				
Sales Taxes	\$ -	\$ -	\$ 11,860,224	\$ 58,560,804
Property Taxes	-	-	-	25,048,585
Other Taxes	-	-	79,846	8,618,692
Subventions and Grants	66,114	-	10,313,441	13,505,153
License and Permits	-	-	18,736	94,620
Fees and Fines	-	4,090,931	6,910,979	12,267,199
Uses of Money and Property	35,050	224,774	2,015,566	4,470,220
Charges for Current Services	-	-	4,624,647	8,691,640
Miscellaneous	20	2,774	1,222,114	2,999,471
Total Revenues	101,184	4,318,479	37,045,553	134,256,384
EXPENDITURES				
Current:				
General Government	-	-	105,650	3,049,379
Community Development	662,496	-	8,416	6,052,216
Public Safety:				
Fire	-	-	3,342,263	17,114,869
Police	-	-	4,411,820	38,446,342
Public Works	-	27,090	4,610,642	8,966,388
Parks & Recreation	-	-	42,250	3,988,052
Capital Outlay	29,030	1,452,695	20,428,494	27,031,500
Debt Service (Note 7):				
Principal	-	-	1,085,694	1,135,609
Interest and Fiscal Charges	-	-	463,671	464,604
Total Expenditures	691,526	1,479,785	34,498,900	106,248,959
Excess (Deficiency) of Revenues over (Under) Expenditures	(590,342)	2,838,694	2,546,653	28,007,425
Other Financing Sources (Uses)				
Sale of Land	-	-	517,778	517,778
Proceeds From Sale of Capital Assets	-	-	-	450
Transfers In (Note 4A)	-	-	9,266,939	9,508,721
Transfers Out (Note 4A)	-	-	(1,420,575)	(13,124,812)
Total Other Financing Sources (Uses)	-	-	8,364,142	(3,097,863)
Net Change in Fund Balances	(590,342)	2,838,694	10,910,795	24,909,562
Fund Balances - Beginning of Year (Note 1(O))	2,801,829	3,843,599	58,060,080	127,408,548
Prior Period Adjustment (Note 14)	-	-	99,956	(3,062,470)
Fund Balances - Beginning of Year, as Restated	2,801,829	3,843,599	58,160,036	124,346,078
Fund Balances - End of Year	\$ 2,211,487	\$ 6,682,293	\$ 69,070,831	\$ 149,255,640

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



CITY OF VISALIA
RECONCILIATION OF THE NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
WITH THE CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total Net Changes in Fund Balances - Governmental Funds \$ 24,909,562

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:	\$ 25,453,188	
Depreciation Expense (Net of Internal Service Fund Depreciation Expense):	<u>(8,495,028)</u>	16,958,160

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

Principal Payment of Long-Term Debt		1,132,509
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In governmental funds, principal repayments for notes and loans receivable are recognized as revenue. In government-wide statements, principal repayments of notes and loans receivable are recorded as reduction of notes receivable.

Change in unavailable revenue relating to notes and loans receivable		882,108
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In governmental funds, report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

		23,368
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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 allocations to governmental activities was:

		2,807,641
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Pension Related Expenses		<u>(3,148,775)</u>
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Total Change in Net Position - Governmental Activities		<u>\$ 43,564,573</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF VISALIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Taxes				
Sales	\$ 31,987,000	\$ 31,987,000	\$ 33,201,587	\$ 1,214,587
Property	23,549,300	23,549,300	25,048,585	1,499,285
Transient Occupancy	2,888,200	2,888,200	3,081,723	193,523
Franchise	2,618,800	2,618,800	2,700,206	81,406
Business License	2,424,000	2,424,000	2,756,917	332,917
Total Taxes	63,467,300	63,467,300	66,789,018	3,321,718
Subventions and Grants				
Police and Other	480,800	519,975	1,360,280	840,305
Motor Vehicle License In-Lieu	50,000	50,000	65,399	15,399
Total Subventions and Grants	530,800	569,975	1,425,679	855,704
License and Permits				
Other License and Permits	65,200	65,200	75,884	10,684
Total License and Permits	65,200	65,200	75,884	10,684
Fees and Fines				
Vehicle Code and Parking Violations	805,800	805,800	739,901	(65,899)
Local Ordinance Violations	481,800	481,800	472,014	(9,786)
Total Fees and Fines	1,287,600	1,287,600	1,211,915	(75,685)
Use of Money and Property				
Interest Earned	203,800	203,800	1,341,391	1,137,591
Rents and Concessions	397,800	397,800	393,147	(4,653)
Total Use of Money and Property	601,600	601,600	1,734,538	1,132,938
Charges for Services				
Engineering and Subdivision Fees	900,600	900,600	1,100,278	199,678
Zoning Fees	185,000	185,000	271,080	86,080
Special Public Safety Services	875,700	875,700	1,238,932	363,232
Recreation Programs	1,518,800	1,518,800	1,456,703	(62,097)
Total Charges for Services	3,480,100	3,480,100	4,066,993	586,893
Other Revenue	1,426,200	1,426,200	1,765,455	339,255
Total Revenues	70,858,800	70,897,975	77,069,482	6,171,507

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

EXPENDITURES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Current:				
General Government	\$ 3,363,790	\$ 3,343,040	\$ 2,755,302	\$ 587,738
Community Development	5,230,660	5,247,600	4,504,438	743,162
Public Safety:				
Fire	13,881,677	13,883,100	13,707,100	176,000
Police	32,900,439	32,883,400	31,657,910	1,225,490
Public Works	5,517,327	5,524,200	3,995,074	1,529,126
Parks & Recreation	3,870,430	3,873,400	3,768,508	104,892
Capital Outlay	1,162,700	2,698,617	2,208,895	489,722
Debt Service (Note 7)				
Principal	59,000	59,000	49,915	9,085
Interest and Fiscal Charges	1,800	1,800	933	867
Total Expenditures	<u>65,987,823</u>	<u>67,514,157</u>	<u>62,648,075</u>	<u>4,866,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,870,977</u>	<u>3,383,818</u>	<u>14,421,407</u>	<u>1,305,425</u>
Other Financing Sources (Uses)				
Sale of Land	-	-	-	-
Proceeds From Sale of Capital Assets	-	-	450	450
Transfers In	-	-	168,569	168,569
Transfers Out	-	-	(11,428,000)	(11,428,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(11,258,981)</u>	<u>(11,258,981)</u>
Net Change in Fund Balance	<u>\$ 4,870,977</u>	<u>\$ 3,383,818</u>	<u>3,162,426</u>	<u>\$ (221,392)</u>
Fund Balance Beginning of Year			51,436,944	
Prior Period Adjustment (Note 14)			<u>(3,162,426)</u>	
Fund Balance - Beginning of Year, as Restated			<u>48,274,518</u>	
Fund Balance - End of Year			<u>\$ 51,436,944</u>	

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

CITY OF VISALIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MEASURE N - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original Budget	Final Budget		
Taxes				
Sales	\$ 13,039,700	\$ 13,039,700	\$ 13,498,993	\$ 459,293
Total Taxes	13,039,700	13,039,700	13,498,993	459,293
Subventions and Grants				
Police and Other	-	-	156,580	156,580
Total Subventions and Grants	-	-	156,580	156,580
Use of Money and Property				
Interest Earned	50,300	50,300	381,575	331,275
Total Use of Money and Property	50,300	50,300	381,575	331,275
Other Revenue	100	100	2,430	2,330
Total Revenues	13,090,100	13,090,100	14,039,578	949,478
EXPENDITURES				
Current:				
General Government	168,300	168,300	188,427	(20,127)
Public Safety:				
Fire	623,900	623,900	65,506	558,394
Police	3,009,700	3,009,700	2,376,612	633,088
Public Works	432,600	432,600	333,582	99,018
Parks & Recreation	262,300	262,300	177,294	85,006
Capital Outlay	11,917,900	2,606,763	2,194,299	412,464
Total Expenditures	16,414,700	7,103,563	5,335,720	1,767,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,324,600)	5,986,537	8,703,858	(818,365)
Net Change in Fund Balance	\$ (3,324,600)	\$ 5,986,537	8,703,858	\$ 2,717,321
Fund Balance Beginning of Year			9,389,656	
Fund Balance - End of Year			\$ 18,093,514	

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

MAJOR PROPRIETARY FUNDS

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

The City has identified the funds below as major proprietary funds in fiscal year 2018-19.

CONVENTION CENTER

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

AIRPORT

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

VALLEY OAKS GOLF

This fund is closed as of July 1, 2018. There were no expenses this year due to the first full year of Course Co taking over full operation of the Golf Course. The agreement between the City and Course Co took effect February of 2018. Revenue for the lease agreement is recorded in the Golf Fund which is now included in the Non-Major statements.

WATER RECLAMATION FACILITY

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

STORM SEWER MAINTENANCE

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

SOLID WASTE

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

TRANSIT

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

BUILDING SAFETY

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

ANIMAL CONTROL

Established to account for the operations of the City's animal control services. Revenue is provided by users through fees for licensing, adoptions, vaccinations and shelter related fees.

BASEBALL

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

CITY OF VISALIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Water Reclamation Facility	Storm Sewer Maintenance	Solid Waste
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 38,672	\$ 350	\$ -	\$ 64,639,578	\$ 1,200,803	\$ 28,109,731
Accounts Receivable	146,678	94,468	-	3,526,702	197,448	2,953,127
Taxes Receivable	-	-	-	141,860	63,963	113,398
Note and Loans Receivable (Note 5)	-	-	-	9,649	-	-
Supplies	-	64,625	-	-	-	-
Inventory (Note 11)	-	-	-	20,053	20,766	-
Due from Other Governmental Units	-	-	-	-	-	-
Prepaid Expenses	-	21,741	-	-	-	-
Total Current Assets	<u>185,350</u>	<u>181,184</u>	<u>-</u>	<u>68,337,842</u>	<u>1,482,980</u>	<u>31,176,256</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	73	-	-	4,451,021	-	-
Capital Assets (Note 6)						
Land	829,047	3,000,590	-	6,952,363	9,437,692	1,567,372
Construction in Progress	-	1,811,487	-	194,830	315,660	1,158,433
Buildings	22,428,375	2,163,061	-	2,937,862	-	197,130
Improvements Other Than Buildings	5,435,369	11,892,381	-	205,990,526	2,455,994	981,520
Machinery, Equipment and Vehicles	1,844,596	1,396,691	-	9,207,817	564,808	18,210,041
Infrastructure	-	-	-	90,154,748	56,982,867	-
Accumulated Depreciation	(17,282,232)	(12,064,371)	-	(67,852,084)	(13,159,045)	(14,644,279)
Total Non-Current Assets	<u>13,255,228</u>	<u>8,199,839</u>	<u>-</u>	<u>252,037,083</u>	<u>56,597,976</u>	<u>7,470,217</u>
Total Assets	<u>13,440,578</u>	<u>8,381,023</u>	<u>-</u>	<u>320,374,925</u>	<u>58,080,956</u>	<u>38,646,473</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related (Note 10)	645,452	152,208	-	1,313,153	165,087	1,634,249
Total Deferred Outflows of Resources	<u>645,452</u>	<u>152,208</u>	<u>-</u>	<u>1,313,153</u>	<u>165,087</u>	<u>1,634,249</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	3,464	289,773	-	3,049,578	70,898	1,190,875
Advances from Grantors and Third Parties	-	-	-	-	-	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	-
Customer Deposits	5,350	-	-	817,999	-	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	33,947	17,214	-	71,188	-	79,707
Certificates of Participation and Loans	768,327	-	-	2,389,243	-	-
Notes Payable	9,456	6,532	-	-	-	518
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Total Current Liabilities	<u>820,544</u>	<u>313,519</u>	<u>-</u>	<u>6,328,008</u>	<u>70,898</u>	<u>1,271,100</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4B)	-	44,624	-	-	-	-
Unearned Revenue	-	-	-	20,053	20,766	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	133,371	24,978	-	164,535	13,895	339,285
Certificates of Participation and Loans	6,994,790	-	-	91,705,253	-	-
Notes Payable	-	-	-	-	-	-
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	-
Net Pension Liability (Note 10)	3,640,198	858,418	-	7,405,880	931,051	9,216,784
Total Non-Current Liabilities	<u>10,768,359</u>	<u>928,020</u>	<u>-</u>	<u>99,295,721</u>	<u>965,712</u>	<u>9,556,069</u>
Total Liabilities	<u>11,588,903</u>	<u>1,241,539</u>	<u>-</u>	<u>105,623,729</u>	<u>1,036,610</u>	<u>10,827,169</u>
DEFERRED INFLOWS OF RESOURCES						
Pension Related (Note 10)	138,767	32,724	-	282,318	35,492	351,352
Unamortized Gain on Refunding of Debt	239,612	-	-	-	-	-
Total Deferred Inflows of Resources	<u>378,379</u>	<u>32,724</u>	<u>-</u>	<u>282,318</u>	<u>35,492</u>	<u>351,352</u>
NET POSITION (Note 9)						
Net Investment in Capital Assets	5,482,582	8,193,307	-	153,491,566	56,597,976	7,469,700
Restricted for:						
Debt Service	73	-	-	4,451,021	-	-
Capital Projects	-	4,018,027	-	625,884	107,816	782,262
Unrestricted	<u>(3,363,907)</u>	<u>(4,952,366)</u>	<u>-</u>	<u>57,213,560</u>	<u>468,149</u>	<u>20,850,239</u>
Total Net Position	<u>\$ 2,118,748</u>	<u>\$ 7,258,968</u>	<u>\$ -</u>	<u>\$ 215,782,031</u>	<u>\$ 57,173,941</u>	<u>\$ 29,102,201</u>

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

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
ASSETS						
Current Assets						
Cash and Investments (Note 3)	\$ 17,029,474	\$ 7,553,154	\$ 461,949	\$ 123,601	\$ 119,157,312	\$ 26,797,570
Accounts Receivable	388,437	124	326,586	-	7,633,570	9,362
Taxes Receivable	7,717,178	-	-	-	8,036,399	-
Note and Loans Receivable (Note 5)	-	-	-	-	9,649	-
Supplies	-	-	-	-	64,625	828,603
Inventory (Note 11)	-	-	-	-	40,819	-
Due from Other Governmental Units	5,702,521	-	-	-	5,702,521	-
Prepaid Expenses	-	-	-	-	21,741	928,789
Total Current Assets	<u>30,837,610</u>	<u>7,553,278</u>	<u>788,535</u>	<u>123,601</u>	<u>140,666,636</u>	<u>28,564,324</u>
Non-Current Assets						
Restricted Cash and Investments (Note 3)	-	-	-	-	4,451,094	980,098
Capital Assets (Note 6)						
Land	4,361,902	-	-	-	26,148,966	-
Construction in Progress	214,739	-	-	-	3,695,149	784,597
Buildings	19,589,783	-	6,750,891	-	54,067,102	654,910
Improvements Other Than Buildings	2,602,376	-	-	151,472	229,509,638	218,785
Machinery, Equipment and Vehicles	35,600,238	174,121	33,750	-	67,032,062	32,781,388
Infrastructure	-	-	-	-	147,137,615	-
Accumulated Depreciation	(25,790,370)	(133,609)	(677,809)	(49,784)	(151,653,583)	(19,682,518)
Total Non-Current Assets	<u>36,578,668</u>	<u>40,512</u>	<u>6,106,832</u>	<u>101,688</u>	<u>380,388,043</u>	<u>15,737,260</u>
Total Assets	<u>67,416,278</u>	<u>7,593,790</u>	<u>6,895,367</u>	<u>225,289</u>	<u>521,054,679</u>	<u>44,301,584</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related (Note 10)	<u>362,412</u>	<u>727,227</u>	<u>280,997</u>	<u>-</u>	<u>5,280,785</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>362,412</u>	<u>727,227</u>	<u>280,997</u>	<u>-</u>	<u>5,280,785</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts, Interest and Contracts Payable	1,584,011	479,448	21,200	9,233	6,698,480	274,168
Advances from Grantors and Third Parties	4,887,088	-	-	-	4,887,088	-
Accrued Personnel Costs (Note 10)	-	-	-	-	-	7,136
Customer Deposits	-	192,500	50	-	1,015,899	-
Current Portion of Long-Term Obligations (Note 7):						
Compensated Absences	-	19,373	-	-	221,429	970,770
Certificates of Participation and Loans	-	-	420,596	-	3,578,166	-
Notes Payable	17,227	971	-	3,331	38,035	971
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	718,628
Total Current Liabilities	<u>6,488,326</u>	<u>692,292</u>	<u>441,846</u>	<u>12,564</u>	<u>16,439,097</u>	<u>1,971,673</u>
Non-Current Liabilities						
Advance from Other Funds (Note 4B)	-	-	-	-	44,624	-
Unearned Revenue	-	16,148	-	-	56,967	-
Non-current Portion of Long-term Obligations (Note 7):						
Compensated Absences	44,251	84,821	29,760	-	834,896	3,998,277
Certificates of Participation and Loans	-	-	3,936,746	-	102,636,789	-
Notes Payable	-	-	-	-	-	-
Liability for Self-insured Claims (Note 11)	-	-	-	-	-	5,886,792
Net Pension Liability (Note 10)	<u>2,043,918</u>	<u>4,101,391</u>	<u>1,584,760</u>	<u>-</u>	<u>29,782,400</u>	<u>-</u>
Total Non-Current Liabilities	<u>2,088,169</u>	<u>4,202,360</u>	<u>5,551,266</u>	<u>-</u>	<u>133,355,676</u>	<u>9,885,069</u>
Total Liabilities	<u>8,576,495</u>	<u>4,894,652</u>	<u>5,993,112</u>	<u>12,564</u>	<u>149,794,773</u>	<u>11,856,742</u>
DEFERRED INFLOWS OF RESOURCES						
Pension Related (Note 10)	<u>77,916</u>	<u>156,348</u>	<u>60,412</u>	<u>-</u>	<u>1,135,329</u>	<u>-</u>
Unamortized Gain on Refunding of Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,612</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>77,916</u>	<u>156,348</u>	<u>60,412</u>	<u>-</u>	<u>1,374,941</u>	<u>-</u>
NET POSITION (Note 9)						
Net Investment in Capital Assets	36,561,441	39,541	1,749,490	98,357	269,683,960	14,756,191
Restricted for:						
Debt Service	-	-	-	-	4,451,094	-
Capital Projects	1,381,793	1,343	-	-	6,917,125	1,113,319
Unrestricted	<u>21,181,045</u>	<u>3,229,133</u>	<u>(626,650)</u>	<u>114,368</u>	<u>94,113,571</u>	<u>16,575,332</u>
Total Net Position	<u>\$ 59,124,279</u>	<u>\$ 3,270,017</u>	<u>\$ 1,122,840</u>	<u>\$ 212,725</u>	<u>375,165,750</u>	<u>\$ 32,444,842</u>
Adjustments to Reflect the Consolidation of Internal Service						
Fund Activities Related to Enterprise Funds	-	-	-	-	(1,314,063)	-
Net Position of Business-Type Activities					<u>\$ 373,851,687</u>	

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

CITY OF VISALIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					
	Convention Center	Airport	Valley Oaks Golf	Water Reclamation Facility	Storm Sewer Maintenance	Solid Waste
OPERATING REVENUES						
Charges for Services	\$ 2,966,728	\$ 1,701,466	\$ -	\$ 26,715,133	\$ 1,341,850	\$ 19,225,348
Grants and Contributions	-	-	-	-	-	191,354
Total Operating Revenues	2,966,728	1,701,466	-	26,715,133	1,341,850	19,416,702
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	2,284,004	541,720	-	4,030,403	627,446	5,180,520
Maintenance and Operations	1,587,506	1,169,230	-	9,552,050	852,371	11,388,353
Insurance Premiums and Loss Provisions	-	706	-	-	-	-
Depreciation and Amortization	736,521	290,761	-	2,518,756	731,142	936,983
Total Operating Expenses	4,608,031	2,002,417	-	16,101,209	2,210,959	17,505,856
Operating Income (Loss)	(1,641,303)	(300,951)	-	10,613,924	(869,109)	1,910,846
NONOPERATING REVENUES (EXPENSES)						
Interest Income	1,241	169	-	2,093,029	44,017	996,400
Interest Expense	(325,539)	(6,067)	-	(1,984,332)	-	-
Other Income	123,011	218,389	-	527,932	109,332	388,473
Other Expenses	(28,889)	(200,971)	-	(380,767)	(382,571)	(6,762,936)
Total Nonoperating Revenues (Expenses)	(230,176)	11,520	-	255,862	(229,222)	(5,378,063)
Income (Loss) Before Contributions and Transfers	(1,871,479)	(289,431)	-	10,869,786	(1,098,331)	(3,467,217)
Grants and Contributions	-	403,144	-	337,121	185,208	-
Transfers In (Note 4A)	1,717,447	-	-	-	300,000	-
Transfers Out (Note 4A)	-	-	-	-	-	-
Net Contributions and Transfers	1,717,447	403,144	-	337,121	485,208	-
Change in Net Position	(154,032)	113,713	-	11,206,907	(613,123)	(3,467,217)
Net Position - Beginning	2,272,780	7,145,255	2,405,412	206,213,941	57,787,064	32,803,566
Prior Period Adjustment (Note 14)	-	-	(2,405,412)	(1,638,817)	-	(234,148)
Net Position - Beginning, as restated	2,272,780	7,145,255	-	204,575,124	57,787,064	32,569,418
Net Position - Ending	\$ 2,118,748	\$ 7,258,968	\$ -	\$ 215,782,031	\$ 57,173,941	\$ 29,102,201

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

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
OPERATING REVENUES						
Charges for Services	\$ 4,999,905	\$ 3,958,682	\$ 573,059	\$ 49,672	\$ 61,531,843	\$ 26,854,097
Grants and Contributions	12,792,177	-	3,890	-	12,987,421	-
Total Operating Revenues	17,792,082	3,958,682	576,949	49,672	74,519,264	26,854,097
OPERATING EXPENSES						
Salaries, Wages and Employee Benefits	1,044,902	2,231,969	879,523	-	16,820,487	2,682,712
Maintenance and Operations	16,170,976	865,266	704,904	343,960	42,634,616	5,849,408
Insurance Premiums and Loss Provisions	-	-	-	-	706	15,296,497
Depreciation and Amortization	2,940,883	3,822	169,911	6,147	8,334,926	2,288,763
Total Operating Expenses	20,156,761	3,101,057	1,754,338	350,107	67,790,735	26,117,380
Operating Income (Loss)	(2,364,679)	857,625	(1,177,389)	(300,435)	6,728,529	736,717
NONOPERATING REVENUES (EXPENSES)						
Interest Income	651,985	225,624	10,468	1,662	4,024,595	768,265
Interest Expense	-	-	(160,875)	-	(2,476,813)	(6,583)
Other Income	865,265	6,849	3,718	100,793	2,343,762	954,860
Other Expenses	(278,852)	(212,366)	(4,377)	-	(8,251,729)	(528,204)
Total Nonoperating Revenues (Expenses)	1,238,398	20,107	(151,066)	102,455	(4,360,185)	1,188,338
Income (Loss) Before Contributions and Transfers	(1,126,281)	877,732	(1,328,455)	(197,980)	2,368,344	1,925,055
Grants and Contributions	4,135,436	-	32,100	-	5,093,009	1,251,484
Transfers In (Note 4A)	-	-	1,529,898	237,256	3,784,601	-
Transfers Out (Note 4A)	-	-	-	-	-	(168,510)
Net Contributions and Transfers	4,135,436	-	1,561,998	237,256	8,877,610	1,082,974
Change in Net Position	3,009,155	877,732	233,543	39,276	11,245,954	3,008,029
Net Position - Beginning	63,124,065	2,392,285	889,297	251,309	375,284,974	29,436,813
Prior Period Adjustment (Note 14)	(7,008,941)	-	-	(77,860)	(11,365,178)	-
Net Position - Beginning, as restated	56,115,124	2,392,285	889,297	173,449	363,919,796	29,436,813
Net Position - Ending	\$ 59,124,279	\$ 3,270,017	\$ 1,122,840	\$ 212,725	375,165,750	\$ 32,444,842
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					200,388	
Change in Net Position of Business-Type Activities					\$ 11,446,342	

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, 2019**

Business-Type Activities - Enterprise Funds						
	Convention Center	Airport	Valley Oaks Golf	Water Reclamation Facility	Storm Sewer Maintenance	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 3,279,224	\$ 1,793,062	\$ 14,210	\$ 26,700,398	\$ 1,144,402	\$ 19,286,585
Cash Payments to Employees for Services	(2,195,418)	(426,372)	-	(3,547,988)	(513,623)	(4,989,199)
Cash Payments to Suppliers for Services	(1,628,281)	(1,101,929)	(11,099)	(7,587,893)	(798,034)	(10,384,841)
Cash Received from (Payments to) Other Governments	-	5,431	-	(36,447)	-	61,643
Other Income	123,011	218,389	-	527,932	109,332	388,473
Other Payments	(28,889)	(200,971)	-	(338,452)	(382,571)	(6,997,084)
Net Cash Provided (Used) by Operating Activities	<u>(450,353)</u>	<u>287,610</u>	<u>3,111</u>	<u>15,717,550</u>	<u>(440,494)</u>	<u>(2,634,423)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance (to) from Other Funds	-	(232,981)	(2,798,204)	(9,649)	-	(142,868)
Due (to) from Other Funds	-	-	-	-	-	-
Transfers In	1,717,449	-	-	-	300,000	-
Transfers (Out)	-	(6,067)	(2,405,412)	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,717,449</u>	<u>(239,048)</u>	<u>(5,203,616)</u>	<u>(9,649)</u>	<u>300,000</u>	<u>(142,868)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Payments	(196,583)	(445,408)	5,206,644	(1,861,975)	(246,117)	(216,831)
Capital Grants Received	-	403,144	-	-	-	-
Contributions	-	-	-	337,121	185,208	-
Long-Term Debt Payments - Principal	(748,668)	(6,467)	(6,168)	(2,340,101)	-	(513)
Long-Term Debt Payments - Interest	(421,274)	-	-	(3,665,464)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,366,525)</u>	<u>(48,731)</u>	<u>5,200,476</u>	<u>(7,530,419)</u>	<u>(60,909)</u>	<u>(217,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	1,241	169	-	2,093,029	44,017	996,400
Net Cash Provided by Investing Activities	<u>1,241</u>	<u>169</u>	<u>-</u>	<u>2,093,029</u>	<u>44,017</u>	<u>996,400</u>
Net Increase (Decrease) in Cash and Investments	(98,188)	-	(29)	10,270,511	(157,386)	(1,998,235)
Cash and Investments - Beginning of Year	136,933	350	29	58,820,088	1,358,189	30,107,966
Cash and Investments - End of Year	<u>\$ 38,745</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 69,090,599</u>	<u>\$ 1,200,803</u>	<u>\$ 28,109,731</u>
Consisting of:						
Unrestricted	\$ 38,672	\$ 350	\$ -	\$ 64,639,578	\$ 1,200,803	\$ 28,109,731
Restricted	73	-	-	4,451,021	-	-
Total Cash and Investments	<u>\$ 38,745</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 69,090,599</u>	<u>\$ 1,200,803</u>	<u>\$ 28,109,731</u>

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

Business-Type Activities - Enterprise Funds

	Convention Center	Airport	Valley Oaks Golf	Water Reclamation Facility	Storm Sewer Maintenance	Solid Waste
Reconciliation of Operating Income (Loss) to						
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (1,641,303)	\$ (300,951)	\$ -	\$ 10,613,924	\$ (869,109)	\$ 1,910,846
Other Income	123,011	218,389	-	527,932	109,332	388,473
Other Payments	(28,889)	(200,971)	-	(338,452)	(382,571)	(6,997,084)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flows from Operating Activities:						
Depreciation and Amortization	736,520	290,761	-	2,518,756	731,141	936,982
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	312,496	91,596	14,210	(14,735)	(197,448)	(100,043)
Taxes Receivable	-	-	-	(38,188)	-	(30,074)
Supplies	-	10,704	-	-	-	-
Due from Other Governments	-	6,137	-	1,741	-	61,643
Prepaid Expenses	2,324	1	-	-	-	-
Accounts and Contracts Payable	(40,398)	56,596	(11,099)	2,087,695	54,338	1,003,513
Deferred Outflows Pensions	287,153	40,698	-	4,717	3,174	(14,221)
Deferred Inflows Pensions	(4,535)	3,083	-	493,472	45,238	744,899
Unearned Revenue	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Accrued Personnel Costs	-	-	-	-	-	-
Compensated Absences	5,731	7,431	-	17,043	362	39,893
Other Liability	(199,763)	64,136	-	(32,817)	65,049	(579,250)
Liability for Self-Insurance Claims	-	-	-	-	-	-
Customer Deposits	(2,700)	-	-	(123,538)	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (450,353)</u>	<u>\$ 287,610</u>	<u>\$ 3,111</u>	<u>\$ 15,717,550</u>	<u>\$ (440,494)</u>	<u>\$ (2,634,423)</u>

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

CITY OF VISALIA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service	
	Transit	Building Safety	Animal Control	Baseball	Total	Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers or Other Funds	\$ 9,406,036	\$ 3,965,829	\$ 545,128	\$ 53,032	\$ 66,187,906	\$ 26,859,595
Cash Payments to Employees for Services	(920,482)	(1,846,497)	(817,820)	-	(15,257,399)	(2,774,194)
Cash Payments to Suppliers for Services	(15,185,883)	(1,141,374)	(692,937)	(335,893)	(38,868,164)	(20,602,376)
Cash Received from (Payments to) Other Governments	10,304,879	-	-	-	10,335,506	-
Other Income	865,265	6,849	3,718	100,793	2,343,762	954,860
Other Payments	(391,831)	(212,366)	(4,377)	-	(8,556,541)	(528,204)
Net Cash Provided (Used) by Operating Activities	4,077,984	772,441	(966,288)	(182,068)	16,185,070	3,909,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advance (to) from Other Funds	-	-	-	-	(3,183,702)	-
Due (to) from Other Funds	-	-	-	-	-	40,000
Transfers In	-	-	1,529,898	237,256	3,784,603	-
Transfers (Out)	-	-	-	-	(2,411,479)	(168,510)
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	1,529,898	237,256	(1,810,578)	(128,510)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Payments	(4,667,910)	-	(30,004)	-	(2,458,184)	(1,950,950)
Capital Grants Received	4,135,436	-	-	-	4,538,580	40,000
Contributions	-	-	32,100	-	554,429	1,211,484
Long-Term Debt Payments - Principal	(17,056)	(962)	(406,452)	(3,298)	(3,529,685)	(962)
Long-Term Debt Payments - Interest	-	-	(160,875)	-	(4,247,613)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(549,530)	(962)	(565,231)	(3,298)	(5,142,473)	(700,428)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	651,985	225,624	10,468	1,662	4,024,595	761,682
Net Cash Provided by Investing Activities	651,985	225,624	10,468	1,662	4,024,595	761,682
Net Increase (Decrease) in Cash and Investments	4,180,439	997,103	8,847	53,552	13,256,614	3,842,425
Cash and Investments - Beginning of Year	12,849,035	6,556,051	453,102	70,049	110,351,792	23,935,243
Cash and Investments - End of Year	<u>\$ 17,029,474</u>	<u>\$ 7,553,154</u>	<u>\$ 461,949</u>	<u>\$ 123,601</u>	<u>\$123,608,406</u>	<u>\$ 27,777,668</u>
Consisting of:						
Unrestricted	\$ 17,029,474	\$ 7,553,154	\$ 461,949	\$ 123,601	\$119,157,312	\$ 26,797,570
Restricted	-	-	-	-	4,451,094	980,098
Total Cash and Investments	<u>\$ 17,029,474</u>	<u>\$ 7,553,154</u>	<u>\$ 461,949</u>	<u>\$ 123,601</u>	<u>\$123,608,406</u>	<u>\$ 27,777,668</u>

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

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Transit	Building Safety	Animal Control	Baseball	Total	
Reconciliation of Operating Income (Loss) to						
Cash Flow s from Operating Activities:						
Operating Income (Loss)	\$ (2,364,679)	\$ 857,625	\$ (1,177,389)	\$ (300,435)	\$ 6,728,529	\$ 736,717
Other Income	865,265	6,849	3,718	22,933	2,265,902	954,860
Other Payments	(391,831)	(212,366)	(4,377)	-	(8,556,541)	(528,204)
Adjustments to Reconcile Operating Income (Loss) to Net						
Cash Flow s from Operating Activities:						
Depreciation and Amortization	2,940,883	3,822	169,910	6,147	8,334,922	2,288,762
Net Change in Assets and Liabilities:						
Accounts and Interest Receivable	434,271	7,147	(31,822)	81,220	596,892	5,498
Taxes Receivable	(1,924,355)	-	-	-	(1,992,617)	-
Supplies	-	-	-	-	10,704	147,752
Due from Other Governments	3,826,726	-	-	-	3,896,247	23,000
Prepaid Expenses	-	-	-	-	2,325	(75,513)
Accounts and Contracts Payable	985,093	(259,951)	13,249	8,067	3,897,103	(236,451)
Deferred Outflow s Pensions	1,706	8,497	(947)	-	330,777	-
Deferred Inflow s Pensions	133,565	234,985	118,323	-	1,769,030	-
Unearned Revenue	-	2,745	-	-	2,745	-
Advances from Other Funds	(417,809)	-	-	-	(417,809)	-
Accrued Personnel Costs	-	-	-	-	-	18
Compensated Absences	(12,607)	2,463	3,751	-	64,067	(114,500)
Other Liability	1,756	139,527	(59,424)	-	(600,786)	-
Liability for Self-Insurance Claims	-	-	-	-	-	707,742
Customer Deposits	-	(18,902)	(1,280)	-	(146,420)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,077,984</u>	<u>\$ 772,441</u>	<u>\$ (966,288)</u>	<u>\$ (182,068)</u>	<u>\$ 16,185,070</u>	<u>\$ 3,909,681</u>

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

FIDUCIARY FUNDS

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

The Fiduciary Funds include the following Agency Funds:

Los Rios Assessment District

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

Property and Business Improvement District #4

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

Village West Improvement District

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

Orchard Walk Underground Utilities District

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

Atwood Water Main Assessment District

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

Laura Water Main Assessment District

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

Visalia Tourism & Marketing District

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

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

Successor Agency

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

CITY OF VISALIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Agency Funds	Successor Agency
ASSETS		
Cash and Investments (Note 3)	\$ 242,499	\$ 751,067
Restricted Cash and Investments (Note 3)	-	487,326
Accounts Receivable	223,651	1,631
Taxes Receivable	22,255	-
Notes and Loan Receivable (Note 5)	-	187,390
Land Held For Resale	-	2,824,503
	<u>\$ 488,405</u>	<u>4,251,917</u>
LIABILITIES		
Accounts, Interest, and Contracts Payable	-	59,972
Funds Held as Agent for Others	488,405	-
Long - Term Obligations (Note 7):		
Due Within One Year	-	301,562
Due in More Than One Year	-	16,090,074
	<u>\$ 488,405</u>	<u>16,451,608</u>
Total Liabilities		
	<u>\$ 488,405</u>	<u>16,451,608</u>
NET POSITION		
Net Position Held in Trust		<u>\$ (12,199,691)</u>

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

CITY OF VISALIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Successor Agency
Additions	
Property Taxes	\$ 827,116
Use of Money and Property	33,483
Total Additions	860,599
Deductions	
Obligation Requirements	
Interest on Bonds and Notes Payable	473,658
Total Obligation Requirements	473,658
Administrative Expenses	
Direct Management Expenses	15,931
Total Administrative Expenses	15,931
Total Deductions	489,589
Change in Net Position	371,010
Net Position - Beginning of Year	(12,570,701)
Net Position - End of Year	\$ (12,199,691)

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

NOTES TO THE FINANCIAL STATEMENTS



Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The financial statements exclude the following:

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

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

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

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

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

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

B. Basis of Presentation

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

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

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component unit). These statements include the financial activities of the overall City government, except for fiduciary activities. Certain eliminations have been made as prescribed by GASB statement No. 34 to minimize the double counting of internal activities in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

C. Major Funds

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

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

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

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

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

Housing & Community Grant Fund is used to account for the affordable housing and public service needs of the City's low and moderate income households. Financing is provided by Community Development Block Grants (CDBG),

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

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

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

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

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

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

Valley Oaks Golf Fund This fund is closed as of July 1, 2018. There were no expenses this year due to the first full year of Course Co taking over full operation of the Golf Course. The agreement between the City and Course Co took effect February of 2018. Revenue for the lease agreement is recorded in the Golf Fund which is now included in the Non-Major statements.

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

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

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

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

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

Animal Control Fund is used to account for the operations of the City's animal control services. Revenue is provided by users for animal licensing, vaccinations, adoptions and shelter related fees.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

The City also reports the following fund types:

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

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

D. Basis of Accounting

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

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

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

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

general revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions, activities, and interest.

E. Property Tax

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

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

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

F. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. An employee retiring with 10 years or more of continuous service with the City will be compensated for unused sick leave at 30% of its value on their retirement date. An employee resigning from the City in good standing with 20 years or more of continuous service with the City will be compensated for unused sick leave at 30% of its value on their resignation date. The City's liability for compensated absences is recorded in Proprietary Funds and Internal Service Funds as appropriate. The liability for compensated absences is determined annually. Compensated absences are liquidated by the fund that has recorded the liability. The governmental activities compensated absences are liquidated by the Compensated Absences Internal Service Fund.

G. Land Held for Redevelopment

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

H. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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

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

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

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

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

I. Inventory

Inventory is comprised of nuts available for sale that the City has harvested and processed from City owned farm lands. This inventory is currently in storage. The method of valuation of the inventory was to take the number of pounds in storage as of June 30, 2019 and to multiply it by the average pool inventory value per pound, using level 2 inputs from Atlas World Food & Agriculture. As of June 30, 2019, nut inventory consisted of 21,272 pounds of walnuts valued at \$76,500 and 65,238 pounds of pecans valued at \$185,914, for a total value of \$262,414. The Governmental funds account for \$221,595 of the total value with \$136,564 in the General Fund and \$85,031 in the Groundwater Recharge Special Revenue fund. The Proprietary funds account for \$40,819 of the total value with \$20,053 in the Wastewater fund and \$20,766 in the Storm Sewer Maintenance Fund.

J. Fund Balance

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

1. Nonspendable Fund Balance – amounts that are inherently nonspendable such as prepaids, inventory, supplies and the like.
2. Restricted Fund Balance – amounts that have externally enforceable limitations on use that are either imposed by law or constrained by grantors, contributors, or laws and regulations of other governments.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance (Continued)

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

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. Assignments may be established and modified by the City Council, City Manager, or Finance Director.

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

K. Fair Value Measurements

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

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

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

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically re-appropriated for the following year. Unencumbered and unexpended appropriation lapse at year end except for capital which is rolled to the next fiscal year until project completion. Encumbrances outstanding as of June 30, 2019 were as listed below:

	<u>Amount</u>
General Fund	\$ 15,344,141
Measure N	1,922,908
Housing & Community Grants	1,037,141
Transportation	192,374
Non-Major Governmental Funds	<u>28,926,376</u>
	<u>\$ 47,422,940</u>

M. Implementation of Accounting Pronouncements

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

N. Future GASB Pronouncements

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

GASB Statement No. 84, *Fiduciary Activities.*

The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this statement are effective for fiscal year 2019/20. The City has elected not to implement GASB Statement No. 84 early and has not determined its effects on the City's financial statements.

GASB Statement No. 87, *Leases.*

The objective of the Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of this statement are effective for fiscal year 2020/21. The City has elected not to implement GASB Statement No. 87 early and has not determined its effects on the City's financial statements.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. New, Closed and Renamed Funds

During fiscal year 2018-19, the City made the following changes to its funds:

Activities previously reported in the General Fund were broken out into the following funds in the Non Major statements and adjusted as of July 1, 2018:

<u>Fund Name - Type</u>	<u>Beginning Fund Balance Transferred</u>
Oak Tree Preservation - Special Revenue	\$ (39,902)
Conservation - Special Revenue	232,090
Police Unclaimed Funds - Special Revenue	155,806
Facility Improvements - Capital Projects	733,069
Civic Center - Capital Projects	5,144,147
Sports Complex - Capital Projects	583,031
Animal Control Reserve - Capital Projects	<u>235,471</u>
Total	\$ 7,043,712

The Community Development Fund was renamed as Housing & Community Grants, and the Wastewater Enterprise Fund was renamed as the Water Reclamation Facility.

The Valley Oaks Golf Enterprise Fund was closed.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Information

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

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

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

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Excess of Expenditures

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

Major Funds:	
Housing Successor Agency Fund	\$ 485,196
Non-Major Funds:	
Special Revenue Funds:	
Kaweah Lake and Local Stormwater Maint	\$ 9,266
Northeast Area	201
Grant & Loan Funds	16,675
Measure T - Fire	35,599
Golf Course	81,855
Debt Service Funds:	
VPFA 2014 Refunding Certificates of Part	\$ 126,760
2015 Certificates of Participation	1,153,814
Capital Projects Funds:	
Recreational Facilities	\$ 3,273
Government Facilities Impact Fee	2,563
Parking District	234,293
Facility Improvements	219
Sports Complex	174
Animal Control Reserve	70

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, 2019, are classified in the Statement of Net Position as follows:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 265,648,216
Restricted Cash and Investments	5,440,205
Fiduciary Funds Statement of Net Position:	
Cash and Investments	993,566
Restricted Cash and Investments	<u>487,326</u>
Total Cash and Investments	<u>\$ 272,569,313</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	\$ 12,850
Deposits with financial institutions	4,105,941
Investments	<u>268,450,522</u>
Total Cash and Investments	<u>\$ 272,569,313</u>

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

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

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

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

B. Investments Authorized by Debt Agreements

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
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

C. Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Balance at 06/30/2019</u>	<u>Weighted Average Maturity (in Days)</u>	<u>% of Investments</u>
Federal Agency Securities	\$ 160,080,585	290.17	59.63%
U.S. Treasuries	7,985,455	3.08	2.97%
Local Agency Investment Fund	63,046,745	-	23.49%
Corporate Medium-Term Notes	4,004,680	1.47	1.49%
Municipal Bonds	32,314,664	107.07	12.04%
Local Agency Bonds	521,980	5.96	0.19%
Held by Bond Trustee:			
Money Market Funds	496,413	0.67	0.18%
Total	<u>\$ 268,450,522</u>		

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

As of June 30, 2019, and during the 2018-2019 fiscal year, the City of Visalia did not hold or purchase investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above), such as interest only treasury strips or mortgage backed securities.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City of Visalia's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked "not rated" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type	Minimum Legal Rating	Rating as of Year-End							Not Rated		
		Moody's Rating			Standard & Poors Rating						
		Aaa	AAAm	AA+	AA	AA-	A+	BBB+			
Federal Agency Securities	\$ 160,080,585	N/A	\$ -	\$ -	\$ 160,080,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	7,985,455	N/A	7,985,455	-	-	-	-	-	-	-	-
Corporate Medium-Term Notes	4,004,680	A	-	-	-	-	-	1,998,120	2,006,560	-	-
Local Agency Investment Fund	63,046,745	N/A	-	-	-	-	-	-	-	-	63,046,745
Municipal Bonds	32,314,664	A	-	-	-	6,825,197	25,489,467	-	-	-	-
Local Agency Bonds	521,980	N/A	-	-	-	-	-	-	-	-	521,980
Held by Bond Trustee:											
Money Market Funds	496,413	A	-	496,413	-	-	-	-	-	-	-
Total	\$ 268,450,522		\$ 7,985,455	\$ 496,413	\$ 160,080,585	\$ 6,825,197	\$ 25,489,467	\$ 1,998,120	\$ 2,006,560	\$ 63,568,725	

F. Concentration of Credit Risk

The investment policy of the City of Visalia contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than external investment pools and debt explicitly guaranteed by the U.S. government) that represents 5% or more of the total City of Visalia investments are as follows:

Issuer	Investment Type	Reported
Federal Home Loan Bank	Federal Agency Securities	\$ 74,113,985
Federal Farm Credit Bank	Federal Agency Securities	26,239,720
Federal National Mortgage Association	Federal Agency Securities	43,694,885
Federal Home Loan Mortgage Corporation	Federal Agency Securities	15,963,580
State of California Bonds	Municipal Bonds	32,303,827
Total		\$ 192,315,997

G. Custodial Credit Risk

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2019, none of the City of Visalia investments were held by the broker-dealer (counterparty) that was used by the City of Visalia to buy the securities.

H. Investment in State Investment Pool

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

The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. At June 30, 2019, these investments matured in an average of 173 days. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov

I. Fair Value Measurements

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

<u>Investments by Fair Value Level</u>	<u>Level 2</u>	<u>Total</u>
Federal Agency Securities	\$ 160,080,585	\$ 160,080,585
U.S. Treasuries	7,985,455	7,985,455
Corporate Medium-Term Notes	4,004,680	4,004,680
Municipal Bonds	<u>32,314,664</u>	<u>32,314,664</u>
Subtotal	<u>\$ 204,385,384</u>	204,385,384
<i>Investments Exempt From Fair Value Hierarchy</i>		
Local Agency Investment Fund		63,046,745
<i>Investments Measured at Amortized Cost</i>		
Local Agency Bonds		521,980
Held by Bond Trustee:		
Money market funds		<u>496,413</u>
Total Investments		<u>\$ 268,450,522</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Federal agency securities totaling \$160.1 million, U.S. Treasuries totaling \$7.9 million, corporate medium-term notes totaling \$4.0 million and municipal bonds totaling \$32.3 million, classified in Level 2 of the fair value hierarchy, are valued using a matrix pricing technique. Matrix pricing is the process of estimating the market value price of a bond based on the quoted prices of more frequently traded comparable bonds. The Local Agency Investment Fund are valued using the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Local Agency Bonds and Money Market Funds held by the bond Trustee are reported at amortized cost.

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Among Funds

With City Council approval, resources may be transferred from one City fund to another. Transfers are used in cases when a fund subsidizes another fund as in the case of the General Fund subsidizing the Convention Center, Animal Control, and Baseball Funds. Transfers are also used between Funds to fund capital projects and debt service payments. Transfers between funds during the fiscal year ended June 30, 2019, were as follows:

Fund Receiving Transfer	Fund Making Transfer	Amount Transferred
General Fund	Compensated Absences - Internal Services	\$ 168,510 (B)
General Fund	Grant & Loan Funds - Special Revenue	59 (B)
Housing & Community Grants	General Fund	73,213 (B)
Debt Service Funds:		
VPFA 2014 Refunding COP	General Fund	127,056 (C)
2015 COP	General Fund	589,976 (C)
2015 COP	Public Safety Impact Fee - Capital Projects	413,706 (C)
2015 COP	Measure T Police - Special Revenue	150,944 (C)
Capital Projects Funds:		
Highway Users	Measure R - Regional - Special Revenue	23,348 (A)
Highway Users	Storm Sewer Construction - Capital Projects	6,159 (A)
Parking District	General Fund	47,647 (B)
Parking District	Housing & Community Grants	276,237 (C)
Civic Center	General Fund	6,834,690 (A)
Special Revenue Funds:		
Grant & Loan Funds	General Fund	270,817 (B)
Measure R - Regional	Waterways - Special Revenue	44 (A)
Measure R - Regional	Transportation Grants - Special Revenue	526,315 (A)
GOVERNMENTAL Funds Sub-Total		9,508,721
Enterprise Funds:		
Baseball	General Fund	237,256 (B)
Animal Control	General Fund	962,570 (B)
Animal Control	General Fund	567,328 (C)
Convention Center	General Fund	629,006 (B)
Convention Center	General Fund	1,088,441 (C)
Storm Sewer Maintenance	Kaweah Lake and Local Storm Water Maintenance - Special Revenue	300,000 (A)
ENTERPRISE Funds Sub-Total		3,784,601
TOTAL TRANSFERS		\$ 13,293,322

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

At June 30, 2019, the funds below had advance balances which were not expected to be repaid within the next year.

	Advances From Other Funds	Advances To Other Funds
General Fund	\$ -	\$ 3,971,005
Special Revenue Funds:		
Special Service Districts (a)	898,998	-
Measure R - Regional (b)	2,259,449	-
Grant & Loan Funds (c)	654	-
Capital Projects Funds:		
Public Safety Impact Fee (d)	640,848	-
Government Facilities Impact Fee (Library)(d)	126,432	-
Enterprise Funds:		
Airport (e)	44,624	-
Total Advances	\$ 3,971,005	\$ 3,971,005

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 Measure R Sales Tax.
- (c) To be repaid from grant revenue.
- (d) To be repaid from future impact fees.
- (e) To be repaid from future Airport fees.

C. Internal Balances

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 5 - NOTES AND LOANS RECEIVABLE

A. Current Year Transactions and Balances

	Ref #	Issue Date	Maturity	Balance at June 30, 2018	Additions	Repayments	Balance at June 30, 2019
GOVERNMENTAL ACTIVITIES							
General Fund							
Visalia Successor Agency	-	-	-	\$ 11,375,804	\$ 341,274	\$ -	\$ 11,717,078
Visalia Investment Associates	13010-J13044	April 2004	June 2034	363,055	-	14,565	348,490
4 Creeks Investments	13010-J13079	Nov 2013	June 2019	1,920	-	1,920	-
Mor Furniture	13010-J13080	Feb 2015	June 2020	95,754	-	47,877	47,877
Frank Golden	13010-J13081	May 2015	June 2021	15,982	-	5,327	10,655
Poonam Verma	13010-B50956	Dec 2015	June 2021	21,788	-	7,263	14,525
California Gold Properties	13010-B53548	June 2016	June 2022	243,216	-	60,804	182,412
Deja Vu LP B153025	13010-J13084	Jan 2018	June 2023	39,612	-	7,922	31,690
Deja Vu LP B153018	13010-J13085	Jan 2018	June 2023	232,034	-	46,407	185,627
Deja Vu LP B153023	13010-J13086	Jan 2018	June 2023	100,052	-	20,010	80,042
Visalia Tourism Marketing District	13010-J13087	Feb 2018	Feb 2021	50,000	-	20,000	30,000
101 NW 5th (SHE)	13010-R93009	Nov 2018	Nov 2063	-	32,000	-	32,000
105 NW 5th (SHE)	13010-R93010	Nov 2018	Nov 2063	-	32,000	-	32,000
Subtotal General Fund				12,539,217	405,274	232,095	12,712,396
Housing & Community Grants							
1001 N Jacob (TCHA)	13010-R94101	May 1996	May 2024	14,600	-	2,400	12,200
Fairview Village (KMC)	13010-R94707	Dec 1994	Dec 2034	120,000	-	-	120,000
Robinwood	13010-J13503	April 2007	April 2036	779,985	-	43,332	736,653
101 N Strawberry	13010-R93003	June 2015	Dec 2045	429,150	-	-	429,150
SHE 517-519 N Encina	13010-R93007	May 2018	May 2048	436,656	-	-	436,656
Visalia Senior Housing III	13010-J13057	Jan 2007	Jan 2062	2,720,193	-	-	2,720,193
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	500,000	-	-	500,000
Highland Gardens	13010-R92000	Sep 2015	Dec 2070	1,980,000	-	-	1,980,000
Habitat for Humanity Assigned	13411	Various	Various	204,290	-	11,773	192,517
NSP	13418	Various	Various	660,728	-	27,018	633,710
CDBG	13411	Various	Various	1,087,676	-	55,186	1,032,490
Cal Home	13412	Various	Various	331,719	-	-	331,719
HOME	13412	Various	Various	2,786,975	17,461	189,835	2,614,601
Subtotal Housing & Community Grants				12,051,972	17,461	329,544	11,739,889
Housing Successor Agency							
Visalia Successor Agency	-	-	-	1,632,273	-	-	1,632,273
Town Meadows (1)	13010-J13030	April 2001	April 2015	114,000	-	-	114,000
Kaweah Management (1)	13010-J13019	June 1996	Nov 2025	250,000	-	-	250,000
Encina Triplex	13010-J13066	Aug 2008	Aug 2048	291,970	-	6,045	285,925
Kimball Court (1)	13010-J13020	Aug 1999	Aug 2054	929,262	-	-	929,262
Downtown Senior Housing (1)	13010-J13035	April 2002	April 2057	900,000	-	-	900,000
Tulare County Housing Authority (1)	13010-J13040	Aug 2003	Aug 2058	47,500	-	12,046	35,454
Mill Creek Parkway \$3.0M (KMC)	13010-R09027	Oct 2015	Oct 2070	2,345,449	545,460	54,545	2,836,364
Mill Creek Parkway \$1.5M (KMC)	13010-R09029	Mar 2006	Mar 2061	1,201,230	-	27,941	1,173,289
Kaweah Management - East (1)	13010-J13067	Sep 2009	June 2065	462,047	10,661	-	472,708
Court & Paradise Apts	13010-J13504	Nov 2010	Nov 2066	500,000	-	-	500,000
617 & 619 Santa Fe (KMC)	13010-R09028	July 2017	July 2072	150,000	-	-	150,000
517-519 N Encina (SHE)	13010-R93007	May 2018	May 2074	100,000	-	-	100,000
111 NW 5th (SHE)	13010-R93011	Nov 2018	Nov 2063	-	32,000	-	32,000
113 NW 5th (SHE)	13010-R93012	Nov 2018	Nov 2063	-	32,000	-	32,000
1105 N Court (SHE)	13010-R93008	Nov 2018	Nov 2063	-	32,000	-	32,000
East Visalia Redevelopment	13413	Various	Various	32,461	-	-	32,461
Habitat for Humanity Assigned	13417	Various	Various	796,771	-	59,180	737,591
Housing Fund	13418	Various	Various	119,849	-	7,952	111,897
1029 W Goshen	13418-R89000			141,955	-	2,953	139,002
Subtotal Housing Successor Funds				10,014,767	652,121	170,662	10,496,226
Transportation Fund							
Central Ca Conf Assoc (B090414)	13010-J13088	Nov 2018	June 2024	-	25,159	-	25,159
Dillon Ent (B170632)	13010-J13089	Dec 2018	June 2024	-	250,000	-	250,000
COGO Prop (B180570)	13010-J13090	Aug 2018	June 2024	-	17,517	-	17,517
Subtotal Transportation Fund				-	292,676	-	292,676
Parking District Fund							
Barrell House Brewing	13010-J13083	April 2017	June 2023	30,953	-	11,876	19,077
Comfort Suites	13010-J13038	Oct 2002	Oct 2032	157,248	-	9,779	147,469
Subtotal Parking District Fund				188,201	-	21,655	166,546
Grant & Loan Fund							
Central Valley Christian Housing	13010-J13034	June 2002	April 2026	45,000	-	5,000	40,000
Subtotal Grant & Loan Funds				45,000	-	5,000	40,000
Waterways Fund							
Imagine U Museum	13010-J13082	Dec 2016	Dec 2046	173,980	-	3,397	170,583
Subtotal Waterways Fund				173,980	-	3,397	170,583

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

	Ref #	Issue Date	Maturity	Balance at June 30, 2018	Additions	Repayments	Balance at June 30, 2019
GOVERNMENTAL ACTIVITIES							
<u>Govt Facilities Impact Fee Fund</u>							
Central Ca Conf Assoc (B090414)	13010-J13088	Nov 2018	June 2024	-	725	-	725
Subtotal Govt Facilities Impact Fee				-	725	-	725
<u>Civic Center Fund</u>							
Imagine U Museum	13010-J13082	Dec 2016	Dec 2046	142,346	-	2,778	139,568
Subtotal Civic Center Fund				142,346	-	2,778	139,568
Subtotal Governmental Activities				35,155,483	1,368,257	765,131	35,758,609
BUSINESS - TYPE							
<u>Water Reclamation Facility Fund</u>							
Central Ca Conf Assoc (B090414)	13010-J13088	Nov 2018	June 2024	-	9,649	-	9,649
Subtotal Water Reclamation Facility Fund				-	9,649	-	9,649
FIDUCIARY							
<u>Successor Agency</u>							
Willow Street Parking Structure	13010-J13015	-	-	207,646	-	20,256	187,390
Subtotal Successor Agency				207,646	-	20,256	187,390
Total				\$ 35,363,129	\$ 1,377,906	\$ 785,387	\$ 35,955,648

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.

B. Notes Receivable

The City loans monies for various purposes in the course of its operations. The General Fund holds notes receivable for deferred impact fees and land sales. The Parking District holds notes relating to payment of downtown parking in-lieu fees. Various housing funds hold notes related to housing development. The Housing Successor Agency loans are mainly for developers who develop housing projects for low income persons which meet affordability requirements. At June 30, 2019, these notes receivable totaled \$35,955,648 in the following funds: \$12,712,396 in the General Fund, \$11,739,889 in Housing & Community Grants, \$10,496,226 in the Housing Successor Agency Fund, \$292,676 in the Transportation Fund, \$166,546 in the Parking District Fund, \$40,000 in the Grant & Loan Fund, \$170,583 in the Waterways Fund, \$725 in the Government Facilities Impact Fee Fund, \$139,568 in the Civic Center Fund, \$9,649 in the Water Reclamation Facility Fund, and \$187,390 in the Fiduciary Successor Agency.

C. Loans Receivable

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

The *Community Development Block Grant* (CDBG) has provided low-interest loans to rehabilitate or purchase affordable housing, as well as to rehabilitate rental properties that house low income residents. The outstanding balance of these loans was \$1,032,490 at June 30, 2019.

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 \$2,614,601 at June 30, 2019.

The *Housing Successor Agency* holds loans made by the former Redevelopment Agency which provided low-interest loans to rehabilitate or purchase affordable housing as well as to rehabilitate rental properties that house low income residents. The outstanding balance of these loans was \$8,863,953 at June 30, 2019.

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS

A. Capital Assets Additions and Retirements

	Balance June 30, 2018 <u>As Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Adjustments</u>	Balance <u>June 30, 2019</u>
GOVERNMENTAL ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 40,357,428	\$ 2,083,495	\$ (1,856,156)	\$ 914,971	\$ -	\$ 41,499,738
Construction in progress	24,271,136	15,416,589	-	(11,559,593)	-	28,128,132
	<u>64,628,564</u>	<u>17,500,084</u>	<u>(1,856,156)</u>	<u>(10,644,622)</u>	<u>-</u>	<u>69,627,870</u>
Capital assets being depreciated						
Buildings	61,679,658	-	(90,129)	887,419	-	62,476,948
Improvements other than buildings	68,784,276	1,807,752	(41,122)	6,806,561	-	77,357,467
Machinery, equipment and vehicles	9,395,776	333,192	(13,289)	1,569,842	-	11,285,521
Infrastructure - streets, traffic signals & signs	211,799,652	7,735,022	(1,013,991)	10,417,168	-	228,937,851
	<u>351,659,362</u>	<u>9,875,966</u>	<u>(1,158,531)</u>	<u>19,680,990</u>	<u>-</u>	<u>380,057,787</u>
Accumulated depreciation						
Buildings	(11,409,031)	(1,292,642)	25,912	(702,936)	-	(13,378,697)
Improvements other than buildings	(20,625,650)	(1,920,039)	41,122	(1,960,590)	-	(24,465,157)
Machinery, equipment and vehicles	(5,222,452)	(423,498)	10,800	(1,166,197)	-	(6,801,347)
Infrastructure - streets, traffic signals & signs	(79,944,663)	(4,858,849)	1,013,991	-	-	(83,789,521)
	<u>(117,201,796)</u>	<u>(8,495,028)</u>	<u>1,091,825</u>	<u>(3,829,723)</u>	<u>-</u>	<u>(128,434,722)</u>
Governmental Capital Asset Activity, Net	<u>\$ 299,086,130</u>	<u>\$ 18,881,022</u>	<u>\$ (1,922,862)</u>	<u>\$ 5,206,645</u>	<u>\$ -</u>	<u>\$ 321,250,935</u>
INTERNAL SERVICE FUND ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,491,129	784,597	-	(1,455,592)	(35,537)	784,597
	<u>1,491,129</u>	<u>784,597</u>	<u>-</u>	<u>(1,455,592)</u>	<u>(35,537)</u>	<u>784,597</u>
Capital assets being depreciated						
Buildings	654,910	-	-	-	-	654,910
Improvements other than buildings	207,529	11,256	-	-	-	218,785
Machinery, equipment and vehicles	30,585,756	2,819,194	(2,079,154)	1,455,592	-	32,781,388
	<u>31,448,195</u>	<u>2,830,450</u>	<u>(2,079,154)</u>	<u>1,455,592</u>	<u>-</u>	<u>33,655,083</u>
Accumulated depreciation						
Buildings	(589,910)	-	-	-	-	(589,910)
Improvements other than buildings	(149,810)	(5,304)	-	-	-	(155,114)
Machinery, equipment and vehicles	(17,104,440)	(2,283,459)	450,405	-	-	(18,937,494)
	<u>(17,844,160)</u>	<u>(2,288,763)</u>	<u>450,405</u>	<u>-</u>	<u>-</u>	<u>(19,682,518)</u>
Internal Service Fund Capital Asset Activity, Net	<u>\$ 15,095,164</u>	<u>\$ 1,326,284</u>	<u>\$ (1,628,749)</u>	<u>\$ -</u>	<u>\$ (35,537)</u>	<u>\$ 14,757,162</u>
BUSINESS-TYPE ACTIVITIES:						
Capital assets not being depreciated						
Land	\$ 27,063,937	\$ -	\$ -	\$ (914,971)	\$ -	\$ 26,148,966
Construction in progress	159,519,776	1,356,745	-	(156,845,918)	(335,454)	3,695,149
	<u>186,583,713</u>	<u>1,356,745</u>	<u>-</u>	<u>(157,760,889)</u>	<u>(335,454)</u>	<u>29,844,115</u>
Capital assets being depreciated						
Buildings	54,954,521	-	-	(887,419)	-	54,067,102
Improvements other than buildings	88,704,118	2,850,057	(2,152,003)	140,107,466	-	229,509,638
Machinery, equipment and vehicles	61,743,938	5,040,905	(47,700)	294,919	-	67,032,062
Infrastructure - sewer and storm drainage	137,016,592	911,468	-	9,209,555	-	147,137,615
	<u>342,419,169</u>	<u>8,802,430</u>	<u>(2,199,703)</u>	<u>148,724,521</u>	<u>-</u>	<u>497,746,417</u>
Accumulated depreciation						
Buildings	(18,120,957)	(1,185,669)	-	702,937	-	(18,603,689)
Improvements other than buildings	(58,239,404)	(1,700,395)	-	1,960,590	(7,748)	(57,986,957)
Machinery, equipment and vehicles	(41,778,653)	(3,688,681)	40,811	1,166,197	7,748	(44,252,578)
Infrastructure - sewer and storm drainage	(29,050,178)	(1,760,181)	-	-	-	(30,810,359)
	<u>(147,189,192)</u>	<u>(8,334,926)</u>	<u>40,811</u>	<u>3,829,724</u>	<u>-</u>	<u>(151,653,583)</u>
Business-type Capital Asset Activity, Net	<u>\$ 381,813,690</u>	<u>\$ 1,824,249</u>	<u>\$ (2,158,892)</u>	<u>\$ (5,206,644)</u>	<u>\$ (335,454)</u>	<u>\$ 375,936,949</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

B. Capital Assets Additions and Retirements

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

Governmental Activities	
General Government	\$ 1,563,361
Community Development	13,921
Public Works	4,806,086
Public Safety:	
Police	458,017
Fire	368,342
Community Services	1,285,301
Capital Assets Held by the City's <u>Internal Service Funds</u> are Charged to the Various Functions Based on their Usage of the Assets	<u>2,288,763</u>
Total Governmental Activities	<u>\$ 10,783,791</u>
Business-Type Activities	
Convention Center	\$ 736,521
Airport	290,761
Water Reclamation Facility	2,518,756
Storm Sewer Maintenance	731,142
Solid Waste	936,983
Transit	2,940,883
Building Safety	3,822
Animal Control	169,911
Baseball	<u>6,147</u>
Total Business-Type Activities	<u>\$ 8,334,926</u>

C. Restatement of Governmental Activities Construction in Progress

During Fiscal year 2018-19, the City determined amounts expended on various street and roads construction projects that were previously reported in Construction in Progress, were later reimbursed by CalTrans. As CalTrans maintains these infrastructure assets they are not considered the City's assets, therefore the balance for \$23,605,547 previously recorded by the City has been adjusted. This restatement resulted in decreases in Construction in Progress and beginning net position in Governmental Activities of \$23,605,547.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 7 - LONG-TERM OBLIGATIONS

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
<u>Governmental Activity Debt</u>						
Certificates of Participation:						
2015 COP	\$ 13,121,230	\$ 11,121,177	\$ -	\$ (725,294)	\$ 10,395,883	\$ 747,273
2014 VPFA - Refunding (1)	1,180,800	846,400	-	(90,400)	756,000	94,400
Bond Premium	303,736	26,491	-	(23,368)	3,123	3,123
Notes - Direct Borrowings:						
2008 HUD Sec. 108 Loans - Parking Structure	4,210,000	270,000	-	(270,000)	-	-
Energy Conservation Assistance Act Loan	244,863	100,329	3,100	(49,915)	53,514	53,514
Internal Service Funds						
Notes - Direct Borrowings:						
Energy Conservation Assistance Act Loan (2)	4,718	1,933	-	(962)	971	971
Compensated Absences	-	5,083,547	759,361	(873,861)	4,969,047	970,770
Total Governmental Activity	\$ 19,065,347	\$ 17,449,877	\$ 762,461	\$ (2,033,800)	\$ 16,178,538	\$ 1,870,051
<u>Business-Type Activity Debt</u>						
Certificates of Participation:						
2015 COP	\$ 4,788,770	\$ 4,058,823	\$ -	\$ (264,706)	\$ 3,794,117	\$ 272,727
2014 VPFA - Refunding (1)	6,199,200	4,443,600	-	(474,600)	3,969,000	495,600
Bond Premium	971,504	335,347	-	(95,735)	239,612	67,985
Notes - Direct Borrowings:						
2014 Clean Water State Revolving Fund Loan	96,434,597	96,434,597	-	(2,340,101)	94,094,496	2,389,243
Energy Conservation Assistance Act Loan (2)	199,791	81,861	-	(43,826)	38,035	38,035
Lease - Direct Borrowings:						
2012 Animal Control	6,600,000	4,763,794	-	(406,452)	4,357,342	420,596
Compensated Absences	-	992,260	89,972	(25,907)	1,056,325	221,429
Total Business-Type Activity	\$ 115,193,862	\$ 111,110,282	\$ 89,972	\$ (3,651,327)	\$ 107,548,927	\$ 3,905,615
<u>Private Purpose Trust Funds</u>						
Redevelopment Agency Tax Allocation Bonds:						
2003 East Visalia District	\$ 5,185,000	\$ 1,815,000	\$ -	\$ (170,000)	\$ 1,645,000	\$ 180,000
Notes - Direct Borrowings:						
2004 RDA - Mooney District	2,707,250	1,513,548	-	(116,263)	1,397,285	121,562
Advances:						
General Fund	-	11,375,804	341,274	-	11,717,078	-
Housing Successor Agency	-	1,632,273	-	-	1,632,273	-
Total Private Purpose Trust Funds	\$ 7,892,250	\$ 16,336,625	\$ 341,274	\$ (286,263)	\$ 16,391,636	\$ 301,562

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

(2) The Valley Oaks Golf portion of the Energy Loan (\$3,100) was transferred to the General Fund as the Valley Oaks Golf fund was closed.

B. Certificates of Participation

On July 2, 2014, the City issued \$7,380,000 of 2014 Refunding Certificates of Participation (the Certificates VPFA) to (a) refund all of the City's outstanding 2005 Refunding Certificates of Participation (the "Prior Certificates"), (b) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (c) to pay the costs related to the execution and delivery of the Certificates, including, but not limited to, the cost of municipal bond insurance. Of this issue, 84% is allocable to the Convention Center and 16% is considered general long-term debt. Principal payments are due annually on June 1 and interest is due semiannually on June 1 and December 1, commencing

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

B. Certificates of Participation (Continued)

December 1, 2014, with the final payment due in the year 2025. The refunding was structured to lower the annual certificate payments and was achieved by taking advantage of historically low interest rates and extend out the final maturity date by 4 years. The City also chose to unencumber the Convention Center, which was the leased asset for the Prior Certificates, and encumber a new asset, which is the City's Riverway Sports Park, with the 2014 Certificates. The lowering of the annual payments and unencumbering of the Convention Center were done to help with a larger future financing issued by the City in September of 2015.

The bonds are limited obligations of the Visalia Public Finance Authority and are payable by the City solely from Lease Payments to be made by the City under the Lease and certain other moneys held under the Trust Agreement. The city has covenanted to budget and appropriate Lease Payments in each fiscal year in consideration of the use and occupancy of the Property from any source of legally available funds, and to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations thereof. Should the City default under the facilities sublease, the trustee, as the assignee of the Authority, may elect either to terminate the Lease and seek to collect damages from the City or to maintain the Lease in effect and seek to collect the Lease Payments as they become due. Base Rental payments may not be accelerated upon a default under the facilities sublease. No such events of default occurred during the fiscal year ending June 30, 2019.

On September 10, 2015 the City issued \$17,910,000 of 2015 Certificates of Participation to (a) construct and equip the Visalia Emergency Communications Center (the VECC), (b) to replace the City's Computer Aided Dispatch and Records Management System (the CAD/RMS), (c) to make certain improvements to the Visalia Convention Center, (d) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (e) to pay the costs related to the execution and delivery of the Certificates. Of this issue, 27% is allocable to the Convention Center, 10% is allocable to the Measure T Fund, 26% is allocable to Police Impact Fees, and 37% is considered general long-term debt. Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2015, with the final payment due in the year 2029.

The bonds are limited obligations of the Public Property Financing Corporation of California and are payable by the City solely from Lease Payments to be made by the City under the Lease and certain other moneys held under the Trust Agreement. The City has covenanted to budget and appropriate Lease Payments in each fiscal year in consideration of the use and occupancy of the Property from any source of legally available funds, and to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations thereof. Should the City default under the facilities sublease, the Trustee, as the assignee of the Corporation, may elect either to terminate the Lease and seek to collect personal damages from the City or to maintain the Lease in effect to seek to collect the Lease Payments as they become due. Base Rental payments may not be accelerated upon a default under the facilities sublease. No such events of default occurred during the fiscal year ending June 30, 2019.

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

loan proceeds, any investment earnings on the loan proceeds and a first priority lien on the parking structure. This note was paid in full in August of 2018.

D. Lease – Animal Control

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

E. Compensated Absences

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

F. Redevelopment Agency Tax Allocation Bonds

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

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

The bonds are special obligations of the Agency payable solely from the Tax Revenues. The Successor Agency has covenanted in the Indenture to manage its fiscal affairs in a manner which ensures that it will have sufficient Tax Revenues available under the Plan Limitations in the amounts and at the times required to enable the Agency to pay the principal of and interest and premium (if any) on the Bond when due. Should the Successor Agency default, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. If termination occurs prior to the final maturity of the Bonds; the Issuer shall give notice of such termination in the same manner as for a Listed Event. No such events of default occurred during the fiscal year ending June 30, 2019.

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

G. Note – WestAmerica Bank Loan – RDA Mooney 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.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

This loan is secured by the tax revenues received by the RDA for the project area.

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

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

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

On March 27, 2014, the City entered into an installment sale agreement with the California State Water Resources Control Board for up to \$132,490,000 for a major upgrade to the City’s Water Conservation Plant to provide tertiary level treatment to the water being processed. The project is complete and the City’s loan balance is set at \$96,434,597, which includes \$3,854,165 of capitalized interest. The term of the loan is 30 years at an interest rate of 2.1%. Principal and interest payments will be repaid in annual installments commencing on September 13, 2018 and shall be fully amortized by September 13, 2047.

I. Note – California Energy Conservation Assistance Act Loan

On May 31, 2013, the City entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the acquisition and installation of various energy savings equipment. The City did not request nor receive funds for this agreement until fiscal year 2014-15. The loan amount totaled \$449,372. The interest rate on the loan is fixed at 1% with the term of the loan being 5 years. Principal and interest payments are due in December and June of each year with the first payment beginning December 2015, with the final payment due in June of 2020.

J. Debt Service Requirements

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

For the Year Ending June 30,	Governmental Activities					Business-Type Activities					Private Purpose Trust Fund			
	Direct Borrowings		Principal	Interest	Bond Premium	Direct Borrowings		Principal	Interest	Bond Premium	Direct Borrowings		Principal	Interest
	Principal	Interest				Principal	Interest				Principal	Interest		
2020	\$ 54,485	\$ 410	\$ 841,673	\$ 439,262	\$ 3,123	\$ 2,847,874	\$ 2,123,003	\$ 768,327	\$ 321,325	\$ 67,985	\$ 121,562	\$ 59,554	\$ 180,000	\$ 69,625
2021	-	-	882,304	400,863	-	2,874,649	2,057,907	802,696	288,474	55,450	126,764	54,353	185,000	62,425
2022	-	-	926,598	356,644	-	2,941,022	1,991,533	838,402	252,718	45,368	132,506	48,610	190,000	55,025
2023	-	-	968,029	314,095	-	3,008,998	1,923,557	876,971	214,093	70,809	138,346	42,770	200,000	47,187
2024	-	-	1,013,123	268,870	-	3,078,617	1,853,939	916,877	170,817	-	144,443	36,673	210,000	38,938
2025-2029	-	-	5,388,258	638,832	-	15,925,691	8,169,758	3,146,742	292,944	-	733,664	82,195	680,000	60,156
2030-2034	-	-	1,131,898	18,393	-	15,336,521	6,489,618	413,102	6,713	-	-	-	-	-
2035-2039	-	-	-	-	-	17,015,925	4,810,214	-	-	-	-	-	-	-
2040-2044	-	-	-	-	-	18,879,230	2,946,909	-	-	-	-	-	-	-
2045-2047	-	-	-	-	-	16,581,346	879,565	-	-	-	-	-	-	-
	<u>\$ 54,485</u>	<u>\$ 410</u>	<u>\$ 11,151,883</u>	<u>\$ 2,436,959</u>	<u>\$ 3,123</u>	<u>\$ 98,489,873</u>	<u>\$ 33,246,003</u>	<u>\$ 7,763,117</u>	<u>\$ 1,547,084</u>	<u>\$ 239,612</u>	<u>\$ 1,397,285</u>	<u>\$ 324,155</u>	<u>\$ 1,645,000</u>	<u>\$ 333,356</u>

NOTE 8 - DEBT WITHOUT CITY COMMITMENT

The City issued a \$72,020 bond designated as the, “Limited Obligation Improvement Bonds, Village West Improvement Project, Series 2007” for the unpaid assessments levied upon the Village West Improvement Project special assessment district. The City then purchased the bonds for the City’s cash portfolio. The bonds yield 6% and mature on September 2, 2022, and were for the construction of street improvements in the Village West Subdivision. As of June 30, 2019, \$14,418 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 8 - DEBT WITHOUT CITY COMMITMENT (Continued)

The City issued a \$675,000 bond designated as the "City of Visalia Orchard Walk East and West Undergrounding Utilities Assessment District, Series 2011". The City then purchased the bonds for the City's cash portfolio. The bonds yield 6.75% and mature on September 2, 2026 and were for the construction of underground electrical utilities at the Orchard Walk East and West commercial shopping center. As of June 30, 2019, \$315,000 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$148,367 bond designated as the "City of Visalia Atwood Street Water Assessment District No. 2014-01, Series 2015-2". The City then purchased the bonds for the City's cash portfolio. The bonds yield 4.00% and mature on September 2, 2030 and were for the construction of improvements for the extension of a California Water main into Atwood Street to provide services to each property as the properties had wells that were beginning to fail. As of June 30, 2019, \$116,903 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

The City issued a \$106,530 bond designated as the "City of Visalia Laura Street Water Assessment District No. 2014-01, Series 2015-2". The City then purchased the bonds for the City's cash portfolio. The bonds yield 4.00% and mature on September 2, 2030 and were for the construction of improvements for the extension of a California Water main into Laura Street to provide services to each property as the properties had wells that were beginning to fail. As of June 30, 2019, \$75,660 of principal balance, which is repayable out of assessments on property in the Assessment District, remained outstanding.

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

NOTE 9 - NET POSITION AND FUND BALANCES

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

A. Net Position

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

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

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

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2019 is as follows:

**City of Visalia
Governmental Fund Balances
June 30, 2019
(in thousands)**

	General Fund	Measure N	Housing & Community Grants	Housing Successor Agency	Transportation	All Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepays/Deposits	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180
Supplies	13	-	-	-	-	-	13
Long Term Receivable	932	-	-	-	-	-	932
Land Held for Redevelopment	-	-	-	-	-	-	-
Total Nonspendable Fund Balance	1,125	-	-	-	-	-	1,125
Restricted							
Purpose of Fund	-	16,171	723	579	6,490	44,225	68,188
Total Restricted Fund Balance	-	16,171	723	579	6,490	44,225	68,188
Committed							
Civic Center Facilities	-	-	-	-	-	12,929	12,929
Sports Park	-	-	-	-	-	595	595
Animal Control	-	-	-	-	-	243	243
Conservation	-	-	-	-	-	240	240
Police Unclaimed	-	-	-	-	-	179	179
Facility Improvement Fund	-	-	-	-	-	757	757
Emergency Reserve	15,182	-	-	-	-	-	15,182
Miscellaneous Capital Projects	162	1,923	1,038	-	192	13,828	17,143
Total Committed Fund Balance	15,344	1,923	1,038	-	192	28,771	47,268
Assigned							
Advance - Public Safety Impact Fee	641	-	-	-	-	-	641
Advance - Public Facility Impact Fee	126	-	-	-	-	-	126
Advance - Measure R - Regional	967	-	-	-	-	-	967
Advance - Measure R - Trailways	1,292	-	-	-	-	-	1,292
Advance - Special Service Districts	899	-	-	-	-	-	899
Advance - CHFA	1	-	-	-	-	-	1
Advance - Airport	44	-	-	-	-	-	44
Advance - Atwood District	77	-	-	-	-	-	77
Advance - Laura District	37	-	-	-	-	-	37
CIP Budgeted Not Started	2,551	-	-	-	-	-	2,551
Cal PERS Unfunded Liability Payment FY 19/20	6,863	-	-	-	-	-	6,863
Successor Agency Loans	11,717	-	-	1,632	-	-	13,349
Total Assigned Fund Balance	25,215	-	-	1,632	-	-	26,847
Unassigned							
Total Unassigned Fund Balance	9,753	-	-	-	-	(3,925)	5,828
Total Fund Balances	\$ 51,437	\$ 18,094	\$ 1,761	\$ 2,211	\$ 6,682	\$ 69,071	\$ 149,256

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

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

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Nonspendable Fund Balance:					
Inventory	\$ -	\$ 254	\$ 175	\$ -	\$ -
Prepaid Expenditures	429	98	68	47	180
Supplies	6	5	18	8	13
Long-Term Receivable	-	-	1,085	1,310	932
Nonspendable Fund Balance Total	435	357	1,346	1,365	1,125
Restricted Fund Balance - Debt Service	-	-	1,193	-	-
Committed Fund Balance:					
* Civic Center Facilities	6,508	14,365	4,984	5,144	-
* Sports Park	837	837	609	583	-
General Plan Update	1	-	-	-	-
Brownfield Study	130	-	-	-	-
Recreation Park Stadium	9	9	-	-	-
Transportation Projects	539	-	-	-	-
* Animal Control	230	230	234	236	-
* Conservation	196	195	218	232	-
* Police Unclaimed	-	-	149	156	-
Historic Preservation	1	28	-	-	-
* Facility Improvement Fund	-	-	658	733	-
Emergency Reserve	9,134	11,663	12,896	14,695	15,182
Miscellaneous Capital Projects	134	691	57	142	162
Committed Fund Balance Total	17,719	28,018	19,805	21,921	15,344
Assigned Fund Balance:					
Advance - Public Safety Impact Fee	1,564	1,483	1,312	977	641
Advance - Public Facility Impact Fee	239	212	182	158	126
Advance - Softball Development	8	6	3	1	-
Advance - Measure R - Regional	935	-	-	-	967
Advance - Measure R - Trailways	-	-	236	1,106	1,292
Advance - Waterways	-	1,040	-	-	-
Advance - Storm Sewer Construction	-	-	463	-	-
Advance - Special Service Districts	822	858	879	893	899
Advance - Federal COPS Grant	47	-	-	-	-
Advance - CHFA	31	21	21	5	1
Advance - Transportation	2	-	-	-	-
Advance - Housing Successor Agency	67	-	-	-	-
Advance - Valley Oaks Golf	4,113	2,752	2,629	2,798	-
Advance - Airport	590	479	455	278	44
Advance - Information Systems	50	-	-	-	-
Advance - Atwood District	210	76	75	75	77
Advance - Laura District	128	20	34	36	37
Due from - Community Development	271	107	12	73	-
Due from - Risk	-	-	1,164	-	-
Due from - Measure N	-	-	571	-	-
Miscellaneous Capital Projects	496	349	-	-	-
CIP Budgeted not started	-	-	2,101	1,971	2,551
Cal PERS Unfunded Liability Payment FY 19/20	-	-	-	5,234	6,863
Successor Agency	9,913	11,378	11,720	11,376	11,717
Assigned Fund Balance Total	19,486	18,781	21,857	24,981	25,215
Unassigned Fund Balance:					
Unassigned	4,043	4,787	9,612	10,214	9,753
Unassigned Fund Balance Total	4,043	4,787	9,612	10,214	9,753
Total Fund Balance	\$ 41,683	\$ 51,943	\$ 53,813	\$ 58,481	\$ 51,437

* These funds were previously reported in the General Fund are now being reported in the Non Major Statements.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

C. Fund Balance and Net Position Deficits

The following funds had deficit fund balances or net position at June 30, 2019. Future revenues or interfund transfers are expected to offset these deficits:

Debt Service Funds:		
VPFA 2014 Refunding COP	\$	2,800
2015 COP		25,572
Capital Projects Funds:		
Public Safety Impact Fee	\$	418,251
Private Purpose Trust Fund:		
Successor Agency	\$	12,199,691

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS

A. General Information about the Pension Plans

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

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

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous			
	Prior to May 9, 2008	May 10, 2008 through May 20, 2011	May 21, 2011 through December 31, 2012	January 1, 2013 through current
Hire date				
Benefit formula	3% @ 60	2.5% @ 55	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8%	8%	7%	6.75%
Required employer contribution rates	10.005%	10.005%	10.005%	10.005%
Unfunded Liability Contribution				
% of Payroll (illustrative only)	15.623%	15.623%	15.623%	15.623%
	Safety			
	Prior to February 26, 2011	February 27, 2011 through December 31, 2012	January 1, 2013 through current	
Hire date				
Benefit formula	3% @ 50	3.0% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	Monthly for life	
Retirement age	50	50	50	
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%	
Required employee contribution rates	9%	9%	12.25%	
Required employer contribution rates	19.662%	19.662%	19.662%	
Unfunded Liability Contribution				
% of Payroll (illustrative only)	18.273%	18.273%	18.273%	

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

A. General Information about the Pension Plans (Continued)

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	422	218
Inactive employees entitled to but not yet receiving benefits	279	104
Active employees	<u>377</u>	<u>211</u>
Total	<u>1,078</u>	<u>533</u>

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

B. Net Pension Liability

The City of Visalia's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	.40% - 8.5% (1)	.97% - 17.0% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power applies, 2.50% thereafter	
Mortality (3)	Derived using CalPERS Membership Data for all Funds	

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

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

(3) The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

B. Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	<u>\$222,110,915</u>	<u>\$152,412,558</u>	<u>\$69,698,357</u>
Changes in the year:			
Service cost	4,192,969	-	4,192,969
Interest on the total pension liability	15,535,179	-	15,535,179
Differences between actual and expected experience	(286,874)	-	(286,874)
Changes in assumptions	(1,586,819)	-	(1,586,819)
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	(376.00)	376.00
Contribution - employer	-	5,482,359	(5,482,359)
Contribution - employee (paid by employer)	-	1,850,278	(1,850,278)
Net investment income	-	12,914,267	(12,914,267)
Administrative expenses	-	(237,501)	237,501
Other Miscellaneous Income/(Expense) ¹	-	(451,018)	451,018
Benefit payments, including refunds of employee contributions	(10,116,949)	(10,116,949)	-
Net changes	<u>7,737,506</u>	<u>9,441,060</u>	<u>(1,703,554)</u>
Balance at June 30, 2018	<u>\$229,848,421</u>	<u>\$161,853,618</u>	<u>\$67,994,803</u>

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

C. Changes in the Net Pension Liability (Continued)

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	<u>\$219,426,090</u>	<u>\$159,027,419</u>	<u>\$60,398,671</u>
Changes in the year:			
Service cost	5,995,204	-	5,995,204
Interest on the total pension liability	15,464,636	-	15,464,636
Differences between actual and expected experience	(517,263)	-	(517,263)
Changes in assumptions	(1,321,124)	-	(1,321,124)
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	(400.00)	400.00
Contribution - employer	-	7,221,051	(7,221,051)
Contribution - employee (paid by employer)	-	1,924,202	(1,924,202)
Net investment income	-	13,555,587	(13,555,587)
Administrative expenses	-	(247,809)	247,809
Other Miscellaneous Income/(Expense) ¹	-	(470,593)	470,593
Benefit payments, including refunds of employee contributions	(8,593,404)	(8,593,404)	-
Net changes	<u>11,028,049</u>	<u>13,388,634</u>	<u>(2,360,585)</u>
Balance at June 30, 2018	<u>\$230,454,139</u>	<u>\$172,416,053</u>	<u>\$58,038,086</u>

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

C. Changes in the Net Pension Liability (Continued)

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$99,067,510	\$92,200,118	\$191,267,628
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$67,994,803	\$58,038,086	\$126,032,889
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$42,356,233	\$30,230,462	\$72,586,695

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

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

For the year ended June 30, 2019, the City of Visalia recognized pension expense of \$18,955,251. At June 30, 2019, the City of Visalia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$6,220,510	\$ -
Differences between expected and actual experience	61,616	(1,445,983)
Changes in assumptions	5,436,633	(1,146,036)
Net differences between projected and actual earnings on plan investments	337,553	-
Total	<u>\$12,056,312</u>	<u>(\$2,592,019)</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

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

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$8,086,945	\$ -
Differences between expected and actual experience	313,277	(3,249,969)
Changes in assumptions	7,498,216	(1,790,954)
Net differences between projected and actual earnings on plan investments	351,039	-
Total	<u>\$16,249,477</u>	<u>(\$5,040,923)</u>
Grand Total	<u><u>\$28,305,789</u></u>	<u><u>(\$7,632,942)</u></u>

\$14,307,455 (\$6,220,510 related to the Miscellaneous Plan and \$8,086,945 related to the Safety Plan) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>	
Year Ended	Annual	Year Ended	Annual
June 30	Amortization	June 30	Amortization
2020	\$4,251,855	2020	\$2,756,203
2021	1,302,012	2021	1,935,993
2022	(1,876,909)	2022	(889,305)
2023	(433,175)	2023	(681,282)
Total	<u>\$3,243,783</u>	Total	<u>\$3,121,609</u>

E. Payable to the Pension Plan

At June 30, 2019, the City of Visalia reported a payable of \$397,566 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

F. Deferred Compensation Plan

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 10 - EMPLOYEE BENEFITS (Continued)

F. Deferred Compensation Plan (Continued)

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

The City has a contract with International City Managers' Association (ICMA), Empower, and CalPERS to manage and invest the assets of the plan; all pool the assets of the plan with those of other participants and do not make separate investments for employees.

G. Accrued Personnel Costs

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

H. Postemployment Health Care Benefits

The City provides medical and vision benefits to 64 retirees and 28 retiree dependents. All City employees are eligible for retiree benefits if they reach the normal retirement age while working for the City and retire under CalPERS. The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. Retiree health care benefit program costs are offset by premiums collected from retirees. The rates will eventually be set at full cost. However, during a 7 year phase in period, rates still receive some subsidy based upon years of service the retiree had with the City. The rates as of June 30, 2019, were at a rate up to \$1,102 per retiree per month and up to an additional \$1,102 for spouse. Family coverage is also available for an additional \$551 a month which makes the family PPO premium up to \$2,755 a month. As an alternative, the City also offers retirees access to the City's high deductible health plan at a premium cost of up to \$866 a month for the retiree and \$866 a month for a dependent. For family coverage, the cost is up to \$2,239 a month.

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

I. Defined Contribution for Retiree Health Care

The City's Administrative Policy 301 states:

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

Until 2011, the City had made a substantial contribution towards retirees' health care, about 80% of the premium. In May of 2011, the City Council adopted a retiree health care contribution policy that phases out the City's contribution over 7 years starting in 2012 or longer based upon a retiree's years of service and income. The City estimated that the remaining subsidy for these retirees would be \$3.675 million, to be paid out from 2012 to 2019. Eight retirees of lower income have an additional ten years of contribution phase out, which ends in 2029. Over the phase out period, the premium cost to the retiree will increase to the full health care cost. For fiscal year 2018-19, the City's Retiree Health Care Contributions was approximately \$125,000.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 11 – RISK MANAGEMENT

A. Coverage

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

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

The City currently provides three medical plan options for employees and retirees: a self-insured Preferred Provider Plan (PPO), a self-insured Exclusive Provider (EPO) and a self-insured High Deductible Plan (HD). The City provides medical benefits through an insurance pool, Excess Insurance Authority – Health (EIA – Health) which in turn participates in a larger pool, Self-Insured Schools of California (SISC). The insurance pool is responsible for maintaining a reserve for incurred but not reported claims. The City retains an equity share in the assets and liabilities of both pools.

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

The City is a member of the Authority for California Cities Excess Liability (ACCEL), a joint powers authority, which provides general liability coverage up to \$50,000,000 ultimate net loss per occurrence. The City retains the risk for the first \$1,000,000 in losses for each occurrence under this policy.

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

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

During the fiscal year ended June 30, 2019, the City contributed \$460,970 to ACCEL for current year coverage. ACCEL audited financial statements are available from Alliant Insurance Services at 100 Pine Street, Eleventh Floor, San Francisco, California 94111.

B. Liability for Uninsured Claims

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

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 11 – RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims (Continued)

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).

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

	<u>Beginning of Year Liability</u>	<u>Current Year Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>	<u>Due Within One Year</u>
2016-17	\$4,713,012	\$5,066,327	(\$3,988,799)	\$5,790,540	\$472,150
2017-18	5,790,540	2,820,284	(2,713,146)	5,897,678	535,421
2018-19	5,897,578	2,979,449	(2,271,707)	6,605,420	718,628

NOTE 12 - CONTINGENT LIABILITIES AND COMMITMENTS

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

The City enters into various agreements to reimburse developers for street construction necessary for the City's circulation element. These improvements are paid for from transportation impact fees. As of June 30, 2019, the City had entered into \$1,679,235 in agreements for projects that had not been started and would only be paid for from future impact fees.

At June 30, 2019, the City had made commitments of approximately \$23.3 million for outstanding construction projects and open purchase orders.

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

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2019, which is the date the basic financial statements were available to be issued and there are no notable events to report.

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

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

General Fund	
Beginning Balance as Previously Reported	\$ 51,436,944
Adjustment due to loan/advance payment write off for Valley Oaks Golf.	(54,865)
Adjustment due to loan write off for Valley Oaks Golf.	(2,861,708)
Adjustment due to close out of Golf fund to the General Fund.	63,574
Adjustment due to an accrual of revenue that was previously recognized.	(358,252)
Adjustment due to an expense being charged to the wrong fund.	48,825
Beginning Balance as Restated	<u>\$ 48,274,518</u>
Measure R Local	
Beginning Balance as Previously Reported	\$ 5,604,305
Adjustment due to an incorrect accrual reversal amount.	100,000
Beginning Balance as Restated	<u>\$ 5,704,305</u>
Measure R Regional	
Beginning Balance as Previously Reported	\$ (754,756)
Adjustment due to reimbursement of project expenses paid back from a cancelled project.	(44)
Beginning Balance as Restated	<u>\$ (754,800)</u>
Governmental Activities Net Position	
Beginning Balance as Previously Reported	\$ 417,661,460
Adjustment due to loan/advance payment write off for Valley Oaks Golf.	(54,865)
Adjustment due to loan write off for Valley Oaks Golf.	(2,861,708)
Adjustment due to close out of Golf fund to the General Fund.	63,574
Adjustment due to an accrual of revenue that was previously recognized.	(358,252)
Adjustment due to an expense being charged to the wrong fund.	48,825
Adjustment due to an incorrect accrual reversal amount.	100,000
Adjustment due to reimbursement of project expenses paid back from a cancelled project.	(44)
Adjustment due to reduction in Construction in Progress for assets belonging to CalTrans.	(23,605,547)
Adjustment due to transfer of net assets from Valley Oaks Golf to the General Fund.	5,206,645
Beginning Balance as Restated	<u>\$ 396,200,088</u>
Proprietary Funds:	
Valley Oaks Golf	
Beginning Balance as Previously Reported	\$ 2,405,412
Adjustments due to closing the Valley Oaks Golf funds.	(2,405,412)
Beginning Balance as Restated	<u>\$ -</u>
Water Reclamation Facility	
Beginning Balance as Previously Reported	\$ 206,213,941
Adjustment due to an expense being charged to the wrong fund.	42,315
Adjustment due to accruing interest expense for the prior year.	(1,681,132)
Beginning Balance as Restated	<u>\$ 204,575,124</u>

Notes to the Financial Statements

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

NOTE 14 – PRIOR PERIOD ADJUSTMENTS (Continued)

Solid Waste

Beginning Balance as Previously Reported	\$ 32,803,566
Adjustment due to reclassing payment from a prior year.	(143,008)
Adjustment due to an expense being charged to the wrong fund.	(48,825)
Adjustment due to an expense being charged to the wrong fund.	(42,315)
Beginning Balance as Restated	<u>\$ 32,569,418</u>

Transit

Beginning Balance as Previously Reported	\$ 63,124,065
Adjustment due to an accrual of revenue that was accrued twice.	(6,895,962)
Adjustment due to reclassing payment from a prior year.	(255,987)
Adjustment due to reclassing payment from a prior year.	143,008
Beginning Balance as Restated	<u>\$ 56,115,124</u>

Baseball

Beginning Balance as Previously Reported	\$ 251,309
Adjustment due to cash receipt being deposited to the wrong object number.	(77,860)
Beginning Balance as Restated	<u>\$ 173,449</u>

Business-Type Activities Net Position

Beginning Balance as Previously Reported	\$ 373,770,523
Adjustments due to closing the Valley Oaks Golf funds.	(2,405,412)
Adjustment due to an expense being charged to the wrong fund.	42,315
Adjustment due to accruing interest expense for the prior year.	(1,681,132)
Adjustment due to reclassing payment from a prior year.	(143,008)
Adjustment due to an expense being charged to the wrong fund.	(48,825)
Adjustment due to an expense being charged to the wrong fund.	(42,315)
Adjustment due to an accrual of revenue that was accrued twice.	(6,895,962)
Adjustment due to reclassing payment from a prior year.	(255,987)
Adjustment due to reclassing payment from a prior year.	143,008
Adjustment due to cash receipt being deposited to the wrong object number.	(77,860)
Beginning Balance as Restated	<u>\$ 362,405,345</u>



REQUIRED
SUPPLEMENTARY
INFORMATION



Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

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

Miscellaneous Plan

Measurement Period	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
TOTAL PENSION LIABILITY					
Service Cost	\$ 4,192,969	\$ 4,245,437	\$ 3,786,783	\$ 3,692,092	\$ 3,797,356
Interest	15,535,179	14,997,055	14,571,322	13,839,466	13,175,275
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	(286,874)	(2,890,524)	431,303	(307,086)	-
Changes of Assumptions	(1,586,819)	12,685,479	-	(3,447,570)	-
Benefit Payments, Including Refunds of Employee Contributions	(10,116,949)	(9,515,763)	(8,700,574)	(8,186,347)	(7,668,885)
Net Change in Total Pension Liability	7,737,506	19,521,684	10,088,834	5,590,555	9,303,746
Total Pension Liability - Beginning	222,110,915	202,589,231	192,500,397	186,909,842	177,606,096
Total Pension Liability - Ending (a)	<u>\$ 229,848,421</u>	<u>\$ 222,110,915</u>	<u>\$ 202,589,231</u>	<u>\$ 192,500,397</u>	<u>\$ 186,909,842</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 5,482,359	\$ 5,129,632	\$ 4,678,278	\$ 4,077,411	\$ 3,947,176
Contributions - Employee	1,850,278	1,781,007	1,733,983	1,747,629	1,809,951
Net Investment Income	12,914,267	15,518,122	742,388	3,174,848	21,053,194
Benefit Payments, Including Refunds of Employee Contributions	(10,116,949)	(9,515,763)	(8,700,574)	(8,186,347)	(7,668,885)
Net Plan to Plan Resource Movement	(376)	-	-	-	-
Administrative Expense	(237,501)	(206,266)	(86,138)	(159,136)	-
Other Miscellaneous Income/(Expense) ²	(451,018)	-	-	-	-
Net Change in Fiduciary Net Position	9,441,060	12,706,732	(1,632,063)	654,405	19,141,436
Plan Fiduciary Net Position - Beginning	152,412,558	139,705,826	141,337,889	140,683,484	121,542,048
Plan Fiduciary Net Position - Ending (b)	<u>\$ 161,853,618</u>	<u>\$ 152,412,558</u>	<u>\$ 139,705,826</u>	<u>\$ 141,337,889</u>	<u>\$ 140,683,484</u>
PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)	<u>\$ 67,994,803</u>	<u>\$ 69,698,357</u>	<u>\$ 62,883,405</u>	<u>\$ 51,162,508</u>	<u>\$ 46,226,358</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.42%	68.62%	68.96%	73.42%	75.27%
Covered Payroll	\$ 23,451,102	\$ 22,834,962	\$ 22,149,078	\$ 21,833,945	\$ 20,653,520
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	289.94%	305.23%	283.91%	234.33%	223.82%

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

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

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

Safety Plan	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Measurement Period					
TOTAL PENSION LIABILITY					
Service Cost	\$ 5,995,204	\$ 5,853,759	\$ 5,349,411	\$ 5,222,479	\$ 5,100,652
Interest	15,464,636	14,715,002	14,186,919	13,269,691	12,494,891
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	(517,263)	(4,891,206)	807,923	(373,500)	-
Changes of Assumptions	(1,321,124)	13,266,074	-	(3,509,871)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,593,404)	(8,040,046)	(7,578,069)	(7,169,237)	(6,653,993)
Net Change in Total Pension Liability	11,028,049	20,903,583	12,766,184	7,439,562	10,941,550
Total Pension Liability - Beginning	219,426,090	198,522,507	185,756,323	178,316,761	167,375,211
Total Pension Liability - Ending (a)	\$ 230,454,139	\$ 219,426,090	\$ 198,522,507	\$ 185,756,323	\$ 178,316,761
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 7,221,051	\$ 6,623,640	\$ 6,259,154	\$ 5,610,391	\$ 5,703,922
Contributions - Employee	1,924,202	1,846,297	1,750,054	1,805,168	1,618,205
Net Investment Income	13,555,587	15,911,405	717,302	3,141,564	20,530,453
Benefit Payments, Including Refunds of Employee Contributions	(8,593,404)	(8,040,046)	(7,578,069)	(7,169,237)	(6,653,993)
Net Plan to Plan Resource Movement	(400)	-	(9,962)	-	-
Administrative Expense	(247,809)	(210,978)	(86,447)	(159,587)	-
Other Miscellaneous Income/(Expense) ²	(470,593)	-	-	-	-
Net Change in Fiduciary Net Position	13,388,634	16,130,318	1,052,032	3,228,299	21,198,587
Plan Fiduciary Net Position - Beginning	159,027,419	142,897,101	141,845,069	138,616,770	117,418,183
Plan Fiduciary Net Position - Ending (b)	\$ 172,416,053	\$ 159,027,419	\$ 142,897,101	\$ 141,845,069	\$ 138,616,770
PLAN NET PENSION LIABILITY/(ASSET) - ENDING (a)-(b)	\$ 58,038,086	\$ 60,398,671	\$ 55,625,406	\$ 43,911,254	\$ 39,699,991
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.82%	72.47%	71.98%	76.36%	77.74%
Covered Payroll	\$ 20,176,300	\$ 18,983,326	\$ 18,638,048	\$ 18,862,345	\$ 17,363,328
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	287.65%	318.17%	298.45%	232.80%	228.64%

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

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

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

Miscellaneous Plan

Fiscal Year	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15
Actuarially Determined Contribution	\$ 6,220,510	\$ 5,677,316	\$ 5,117,894	\$ 4,662,880	\$ 4,346,353
Contributions in Relation to the Actuarially Determined Contribution	<u>(6,220,510)</u>	<u>(5,677,316)</u>	<u>(5,117,894)</u>	<u>(4,662,880)</u>	<u>(4,346,353)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 24,277,215	\$ 23,451,102	\$ 22,834,962	\$ 22,149,078	\$ 21,833,945
Contributions as a Percentage of Covered Payroll	25.62%	24.21%	22.41%	21.05%	19.91%

Safety Plan

Fiscal Year	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15
Actuarially Determined Contribution	\$ 8,086,945	\$ 7,478,672	\$ 6,608,845	\$ 6,256,147	\$ 6,108,700
Contributions in Relation to the Actuarially Determined Contribution	<u>(8,086,945)</u>	<u>(7,478,672)</u>	<u>(6,608,845)</u>	<u>(6,256,147)</u>	<u>(6,108,700)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 20,964,043	\$ 20,176,300	\$ 18,983,326	\$ 18,638,048	\$ 18,862,345
Contributions as a Percentage of Covered Payroll	38.58%	37.07%	34.81%	33.57%	32.39%

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



OTHER
SUPPLEMENTARY
INFORMATION



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



**CITY OF VISALIA
MAJOR GOVERNMENTAL FUNDS,
OTHER THAN GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

HOUSING & COMMUNITY GRANTS (CAPITAL PROJECTS FUND)

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

HOUSING SUCCESSOR AGENCY (CAPITAL PROJECTS FUND)

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

TRANSPORTATION (CAPITAL PROJECTS FUND)

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

CITY OF VISALIA
HOUSING & COMMUNITY GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 1,185,937	\$ 1,543,339	\$ 357,402
Fees and Fines	-	53,374	53,374
Uses of Money and Property	55,200	78,717	23,517
Miscellaneous	-	6,678	6,678
	<u>1,241,137</u>	<u>1,682,108</u>	<u>440,971</u>
Expenditures			
Current:			
Community Development	1,296,856	876,866	419,990
Capital Outlay	718,138	718,087	51
	<u>2,014,994</u>	<u>1,594,953</u>	<u>420,041</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(773,857)</u>	<u>87,155</u>	<u>20,930</u>
Other Financing Sources (Uses)			
Transfers In	-	73,213	73,213
Transfers Out	-	(276,237)	276,237
	<u>-</u>	<u>(203,024)</u>	<u>349,450</u>
Net Changes in Fund Balance	<u>\$ (773,857)</u>	<u>(115,869)</u>	<u>\$ 370,380</u>
Fund Balance - Beginning of Year		<u>1,876,440</u>	
Fund Balance - End of Year		<u>\$ 1,760,571</u>	

**CITY OF VISALIA
HOUSING SUCCESSOR AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Subventions and Grants	\$ 16,700	\$ 66,114	\$ 49,414
Uses of Money and Property	8,000	35,050	27,050
Miscellaneous	-	20	20
	<u>24,700</u>	<u>101,184</u>	<u>76,464</u>
Total Revenues			
	<u>24,700</u>	<u>101,184</u>	<u>76,464</u>
Expenditures			
Current:			
Community Development	177,300	662,496	(485,196)
Capital Outlay	29,030	29,030	-
	<u>206,330</u>	<u>691,526</u>	<u>(485,196)</u>
Total Expenditures			
	<u>206,330</u>	<u>691,526</u>	<u>(485,196)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(181,630)</u>	<u>(590,342)</u>	<u>561,660</u>
Net Changes in Fund Balance	<u>\$ (181,630)</u>	<u>(590,342)</u>	<u>\$ 561,660</u>
Fund Balance - Beginning of Year		<u>2,801,829</u>	
Fund Balance - End of Year		<u>\$ 2,211,487</u>	

**CITY OF VISALIA
TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance With Final Budget
Revenues			
Fees and Fines	\$ 3,990,800	\$ 4,090,931	\$ 100,131
Uses of Money and Property	21,400	224,774	203,374
Miscellaneous	2,700	2,774	74
Total Revenues	<u>4,014,900</u>	<u>4,318,479</u>	<u>303,579</u>
Expenditures			
Current:			
Public Works	4,100	27,090	(22,990)
Capital Outlay	<u>2,119,986</u>	<u>1,452,695</u>	<u>667,291</u>
Total Expenditures	<u>2,124,086</u>	<u>1,479,785</u>	<u>644,301</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,890,814</u>	<u>2,838,694</u>	<u>(340,722)</u>
Net Changes in Fund Balance	<u>\$ 1,890,814</u>	<u>2,838,694</u>	<u>\$ (340,722)</u>
Fund Balance - Beginning of Year		<u>3,843,599</u>	
Fund Balance - End of Year		<u>\$ 6,682,293</u>	

NON- MAJOR GOVERNMENTAL FUNDS



SPECIAL REVENUE FUNDS

WATERWAYS

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

GROUNDWATER RECHARGE

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

KAWEAH LAKE AND LOCAL STORMWATER MAINTENANCE

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

SPECIAL SERVICE DISTRICTS

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

NORTHEAST AREA

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

GRANT & LOAN FUNDS

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

NARCOTICS FORFEITURE

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

MEASURE T – POLICE

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

MEASURE T – FIRE

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

MEASURE R – LOCAL

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

MEASURE R – REGIONAL

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

TRANSPORTATION GRANTS

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

Non-Major Governmental Funds

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

GOLF COURSE

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

CASP PROGRAM

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

OAK TREE PRESERVATION

Established to account for the activity of Oak Tree Preservation and Maintenance throughout the City. Revenue is collected from fees charged to property owners for removal of Oak Trees.

CONSERVATION

Established for energy conservation projects throughout the City. Revenue is collected from grants, reimbursements and incentives.

POLICE UNCLAIMED FUNDS

Established to track and account for police unclaimed funds. Revenue is collected from seized money and asset forfeiture.

DEBT SERVICE FUNDS

VPFA 2014 REFUNDING CERTIFICATES OF PARTICIPATION

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

2015 CERTIFICATES OF PARTICIPATION

Established to account for the payment of the 2015 Certificates of Participation.

CAPITAL PROJECTS FUNDS

SOFTBALL FACILITY DEVELOPMENT

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

HIGHWAY USERS

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

RECREATIONAL FACILITIES

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

STORM SEWER CONSTRUCTION

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

PUBLIC SAFETY IMPACT FEE

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

GOVERNMENT FACILITIES IMPACT FEE

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

Non-Major Governmental Funds

City of Visalia – Comprehensive Annual Financial Report For Year Ended June 30, 2019

PARKING DISTRICT FUND

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

FACILITY IMPROVEMENTS

Established to account for the maintenance and improvements to City facilities.

CIVIC CENTER

Established to account for the construction of the Civic Center and related capital improvement projects. Revenue is collected from land sales, one time monies such as incentive revenues and General Fund surplus or other transfers authorized by City Council.

SPORTS COMPLEX

Established to account for the construction of the sports complex.

ANIMAL CONTROL RESERVE

Established to account for the construction of the Animal Control Facility.

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
ASSETS								
Cash and Investments	\$ 2,485,675	\$ 1,587,097	\$ 460,961	\$ 8,712,778	\$ 711,994	\$ 82,637	\$ 607,537	\$ 2,393,634
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	83,108	122,143	46,057	-	10,063	119,344	-	-
Taxes Receivable	-	189,783	-	98,797	-	11,428	-	667,320
Notes and Loans Receivable	170,583	-	-	-	-	40,000	-	-
Inventory	-	85,031	-	-	-	-	-	-
Due from Other Governmental Units	-	-	144,430	-	-	-	-	-
Total Assets	\$ 2,739,366	\$ 1,984,054	\$ 651,448	\$ 8,811,575	\$ 722,057	\$ 253,409	\$ 607,537	\$ 3,060,954
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ 17,488	\$ 11,245	\$ -	\$ 552,663	\$ -	\$ 461	\$ 14,920	\$ -
Advance from Other Funds	-	-	-	898,998	-	654	-	-
Customer Deposits	-	-	-	-	-	-	104,710	-
Unearned Revenue	-	85,031	-	-	-	-	-	-
Total Liabilities	17,488	96,276	-	1,451,661	-	1,115	119,630	-
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	478,590	-
Impact Fees	35,956	11,126	-	-	10,063	-	-	-
Notes	170,583	-	-	-	-	40,000	-	-
Total Deferred Inflows of Resources	206,539	11,126	-	-	10,063	40,000	478,590	-
FUND BALANCES								
Restricted	2,499,811	1,763,492	651,028	7,969,142	711,994	211,429	9,317	3,060,954
Committed	15,528	113,160	420	88,952	-	1,519	-	-
Unassigned	-	-	-	(698,180)	-	(654)	-	-
Total Fund Balances (Deficit)	2,515,339	1,876,652	651,448	7,359,914	711,994	212,294	9,317	3,060,954
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,739,366	\$ 1,984,054	\$ 651,448	\$ 8,811,575	\$ 722,057	\$ 253,409	\$ 607,537	\$ 3,060,954

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	Golf Course	CASP Program	Oak Tree Preservation	Conservation
ASSETS								
Cash and Investments	\$ 4,282,212	\$ 4,177,321	\$ -	\$ 1,669,411	\$ 1,875	\$ 194,065	\$ 257,184	\$ 239,784
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	444,880	222,069	2,433,998	275,000	-	-	-	-
Notes and Loans Receivable	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	687,692	-	-	-	-
Total Assets	\$ 4,727,092	\$ 4,399,390	\$ 2,433,998	\$ 2,632,103	\$ 1,875	\$ 194,065	\$ 257,184	\$ 239,784
LIABILITIES								
Accounts, Interest and Contracts Payable	\$ 8,686	\$ 151,691	\$ 13,162	\$ 257,954	\$ -	\$ 3,123	\$ -	\$ -
Advance from Other Funds	-	-	2,259,449	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total Liabilities	8,686	151,691	2,272,611	257,954	-	3,123	-	-
DEFERRED INFLOWS OF RESOURCES								
Asset Forfeiture	-	-	-	-	-	-	-	-
Impact Fees	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	4,717,123	3,176,814	-	-	1,875	190,942	-	-
Committed	1,283	1,070,885	1,765,455	3,191,700	-	-	257,184	239,784
Unassigned	-	-	(1,604,068)	(817,551)	-	-	-	-
Total Fund Balances (Deficit)	4,718,406	4,247,699	161,387	2,374,149	1,875	190,942	257,184	239,784
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,727,092	\$ 4,399,390	\$ 2,433,998	\$ 2,632,103	\$ 1,875	\$ 194,065	\$ 257,184	\$ 239,784

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2019**

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECT FUNDS				
	Police Unclaimed Funds	VPFA 2014 Refunding Certificates of Participation	2015 Certificates of Participation	Softball Facility Development	Highway Users	Recreational Facilities	Storm Sewer Construction	Public Safety Impact Fee	
ASSETS									
Cash and Investments	\$ 267,058	\$ -	\$ -	\$ 1,097	\$ 2,727,041	\$ 9,396,702	\$ 1,422,843	\$ 222,617	
Restricted Cash and Investments	-	57	8,956	-	-	-	-	-	
Accounts Receivable	-	-	-	-	-	107,662	127,043	211,362	
Taxes Receivable	-	-	-	-	234,235	-	18,269	-	
Notes and Loans Receivable	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	
Due from Other Governmental Units	-	-	-	-	2,700,075	-	-	-	
Total Assets	\$ 267,058	\$ 57	\$ 8,956	\$ 1,097	\$ 5,661,351	\$ 9,504,364	\$ 1,568,155	\$ 433,979	
LIABILITIES									
Accounts, Interest and Contracts Payable	\$ 300	\$ 2,857	\$ 34,528	\$ -	\$ 73,108	\$ 132,300	\$ -	\$ 20	
Advance from Other Funds	-	-	-	-	-	-	-	640,848	
Customer Deposits	47,417	-	-	-	-	-	-	-	
Unearned Revenue	40,225	-	-	-	-	-	-	-	
Total Liabilities	87,942	2,857	34,528	-	73,108	132,300	-	640,868	
DEFERRED INFLOWS OF RESOURCES									
Asset Forfeiture	-	-	-	-	-	-	-	-	
Impact Fees	-	-	-	-	-	107,662	58,958	211,362	
Notes	-	-	-	-	-	-	-	-	
Total Deferred Inflows of Resources	-	-	-	-	-	107,662	58,958	211,362	
FUND BALANCES									
Restricted	-	57	8,956	1,097	4,994,586	2,790,158	1,255,662	222,617	
Committed	179,116	-	-	-	593,657	6,474,244	253,535	115	
Unassigned	-	(2,857)	(34,528)	-	-	-	-	(640,983)	
Total Fund Balances (Deficit)	179,116	(2,800)	(25,572)	1,097	5,588,243	9,264,402	1,509,197	(418,251)	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 267,058	\$ 57	\$ 8,956	\$ 1,097	\$ 5,661,351	\$ 9,504,364	\$ 1,568,155	\$ 433,979	

**CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (Continued)
JUNE 30, 2019**

CAPITAL PROJECT FUNDS							
	Government Facilities Impact Fee	Parking District	Facility Improvements	Civic Center	Sports Complex	Animal Control Reserve	Total Non-major Governmental Funds
ASSETS							
Cash and Investments	\$ 6,254,513	\$ 3,639,156	\$ 757,369	\$ 12,928,657	\$ 595,038	\$ 243,277	\$ 66,319,533
Restricted Cash and Investments	-	-	-	-	-	-	9,013
Accounts Receivable	149,078	2,737	-	701	-	-	979,298
Taxes Receivable	-	-	-	-	-	-	4,595,779
Notes and Loans Receivable	725	166,546	-	139,568	-	-	517,422
Inventory	-	-	-	-	-	-	85,031
Due from Other Governmental Units	-	-	-	-	-	-	3,532,197
Total Assets	\$ 6,404,316	\$ 3,808,439	\$ 757,369	\$ 13,068,926	\$ 595,038	\$ 243,277	\$ 76,038,273
LIABILITIES							
Accounts, Interest and Contracts Payable	\$ 1	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ 1,274,577
Advance from Other Funds	126,432	-	-	-	-	-	3,926,381
Customer Deposits	-	56,353	-	-	-	-	208,480
Unearned Revenue	-	-	-	-	-	-	125,256
Total Liabilities	126,433	56,423	-	-	-	-	5,534,694
DEFERRED INFLOWS OF RESOURCES							
Asset Forfeiture	-	-	-	-	-	-	478,590
Impact Fees	149,078	-	-	-	-	-	584,205
Notes	725	19,077	-	139,568	-	-	369,953
Total Deferred Inflows of Resources	149,803	19,077	-	139,568	-	-	1,432,748
FUND BALANCES							
Restricted	6,254,513	3,732,939	-	-	-	-	44,224,506
Committed	-	-	757,369	12,929,358	595,038	243,277	28,771,579
Unassigned	(126,433)	-	-	-	-	-	(3,925,254)
Total Fund Balances (Deficit)	6,128,080	3,732,939	757,369	12,929,358	595,038	243,277	69,070,831
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,404,316	\$ 3,808,439	\$ 757,369	\$ 13,068,926	\$ 595,038	\$ 243,277	\$ 76,038,273

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS							
	Waterways	Groundwater Recharge	Kaweah Lake and Local Storm Water Maintenance	Special Service Districts	Northeast Area	Grant & Loan Funds	Narcotics Forfeiture	Measure T Police
REVENUES								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,016,422
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	359,022	-	5,648
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	516,292	1,069,217	311,979	-	82,548	-	-	-
Uses of Money and Property	77,955	43,553	15,670	246,027	21,150	2,746	-	74,869
Charges for Current Services	306,113	-	-	3,993,877	-	271,492	-	-
Miscellaneous	4,045	184,134	313,990	307,741	-	-	21	7,704
Total Revenues	904,405	1,296,904	641,639	4,547,645	103,698	633,260	21	4,104,643
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	1,401	-	-	-
Public Works	307,243	604,717	23,344	2,758,656	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	842,975	-	3,549,313
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	9,928	31,581	1,454	-	-	36,300	-	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	317,171	636,298	24,798	2,758,656	1,401	879,275	-	3,549,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	587,234	660,606	616,841	1,788,989	102,297	(246,015)	21	555,330
OTHER FINANCING SOURCES (USES)								
Sale of Land	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	270,817	-	-
Transfers Out	(44)	-	(300,000)	-	-	(59)	-	(150,944)
Total Other Financing Sources (Uses)	(44)	-	(300,000)	-	-	270,758	-	(150,944)
Net Changes in Fund Balance	587,190	660,606	316,841	1,788,989	102,297	24,743	21	404,386
Fund Balance - Beginning of Year (Deficits)	1,928,149	1,216,046	334,607	5,570,925	609,697	187,551	9,296	2,656,568
Prior Period Adjustment	-	-	-	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	1,928,149	1,216,046	334,607	5,570,925	609,697	187,551	9,296	2,656,568
Fund Balance (Deficits) - End of Year	\$ 2,515,339	\$ 1,876,652	\$ 651,448	\$ 7,359,914	\$ 711,994	\$ 212,294	\$ 9,317	\$ 3,060,954

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

SPECIAL REVENUE FUNDS

	Measure T Fire	Measure R Local	Measure R Regional	Transportation Grants	Golf Course	CASP Program	Oak Tree Preservation	Conservation
REVENUES								
Sales Taxes	\$ 2,677,615	\$ 2,732,189	\$ 2,433,998	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	79,846	-	-
Subventions and Grants	-	-	-	2,037,311	-	-	-	-
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	-	-	-	-	93,272	-	292,282	-
Uses of Money and Property	148,874	148,188	5,127	87,223	2,144	4,822	8,152	7,763
Charges for Current Services	51,151	-	-	-	-	-	-	-
Miscellaneous	5,715	6	512	-	-	54	-	-
Total Revenues	2,883,355	2,880,383	2,439,637	2,124,534	95,416	84,722	300,434	7,763
EXPENDITURES								
Current:								
General Government	-	-	-	-	81,855	-	3,448	-
Community Development	-	-	-	-	-	6,946	-	69
Public Works	-	29,720	62,681	831	-	-	-	-
Fire	3,313,892	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-
Capital Outlay	489	4,307,269	1,963,780	2,203,199	49,186	-	-	-
Debt Service:								
Principal Repayment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	3,314,381	4,336,989	2,026,461	2,204,030	131,041	6,946	3,448	69
Excess (Deficiency) of Revenues Over (Under) Expenditures	(431,026)	(1,456,606)	413,176	(79,496)	(35,625)	77,776	296,986	7,694
OTHER FINANCING SOURCES (USES)								
Sale of Land	-	-	-	-	-	-	-	-
Transfers In	-	-	526,359	-	-	-	-	-
Transfers Out	-	-	(23,348)	(526,315)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	503,011	(526,315)	-	-	-	-
Net Changes in Fund Balance	(431,026)	(1,456,606)	916,187	(605,811)	(35,625)	77,776	296,986	7,694
Fund Balance - Beginning of Year (Deficits)	5,149,432	5,604,305	(754,756)	2,979,960	37,500	113,166	(39,802)	232,090
Prior Period Adjustment	-	100,000	(44)	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	5,149,432	5,704,305	(754,800)	2,979,960	37,500	113,166	(39,802)	232,090
Fund Balance (Deficits) - End of Year	\$ 4,718,406	\$ 4,247,699	\$ 161,387	\$ 2,374,149	\$ 1,875	\$ 190,942	\$ 257,184	\$ 239,784

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS				
	Police Unclaimed Funds	VPFA 2014 Refunding Certificates of Participation	2015 Certificates of Participation	Softball Facility Development	Highway Users	Recreational Facilities	Storm Sewer Construction	Public Safety Impact Fee
REVENUES								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	7,878,842	-	-	-
License and Permits	-	-	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	2,298,862	1,010,071	775,568
Uses of Money and Property	9,399	31	390	-	115,228	408,632	31,734	5,752
Charges for Current Services	-	-	-	2,014	-	-	-	-
Miscellaneous	41,585	-	-	-	2,473	6,973	13,498	-
Total Revenues	50,984	31	390	2,014	7,996,543	2,714,467	1,055,303	781,320
EXPENDITURES								
Current:								
General Government	85	-	1,209	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	789,168	-	34,282	-
Fire	-	-	-	-	-	-	-	28,371
Police	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	50	-	42,200	-	-
Capital Outlay	27,589	-	-	-	6,092,158	5,222,174	179,215	1,773
Debt Service:								
Principal Repayment	-	90,400	725,294	-	-	-	-	-
Interest and Fiscal Charges	-	36,360	427,311	-	-	-	-	-
Total Expenditures	27,674	126,760	1,153,814	50	6,881,326	5,264,374	213,497	30,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,310	(126,729)	(1,153,424)	1,964	1,115,217	(2,549,907)	841,806	751,176
OTHER FINANCING SOURCES (USES)								
Sale of Land	-	-	-	-	-	-	-	-
Transfers In	-	127,056	1,154,626	-	29,507	-	-	-
Transfers Out	-	-	-	-	-	-	(6,159)	(413,706)
Total Other Financing Sources (Uses)	-	127,056	1,154,626	-	29,507	-	(6,159)	(413,706)
Net Changes in Fund Balance	23,310	327	1,202	1,964	1,144,724	(2,549,907)	835,647	337,470
Fund Balance - Beginning of Year (Deficits)	155,806	(3,127)	(26,774)	(867)	4,443,519	11,814,309	673,550	(755,721)
Prior Period Adjustment	-	-	-	-	-	-	-	-
Fund Balances (Deficits) - Beginning of Year, as Restated	155,806	(3,127)	(26,774)	(867)	4,443,519	11,814,309	673,550	(755,721)
Fund Balance (Deficits) - End of Year	\$ 179,116	\$ (2,800)	\$ (25,572)	\$ 1,097	\$ 5,588,243	\$ 9,264,402	\$ 1,509,197	\$ (418,251)

CITY OF VISALIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS FUNDS						Total Non-major Governmental Funds
	Government Facilities Impact Fee	Parking District	Facility Improvements	Civic Center	Sports Complex	Animal Control Reserve	
REVENUES							
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,860,224
Other Taxes	-	-	-	-	-	-	79,846
Subventions and Grants	-	32,618	-	-	-	-	10,313,441
License and Permits	-	18,736	-	-	-	-	18,736
Fees and Fines	460,888	-	-	-	-	-	6,910,979
Uses of Money and Property	194,960	122,256	24,519	181,107	19,419	7,876	2,015,566
Charges for Current Services	-	-	-	-	-	-	4,624,647
Miscellaneous	-	-	-	333,663	-	-	1,222,114
Total Revenues	655,848	173,610	24,519	514,770	19,419	7,876	37,045,553
EXPENDITURES							
Current:							
General Government	16,963	-	219	1,627	174	70	105,650
Community Development	-	-	-	-	-	-	8,416
Public Works	-	-	-	-	-	-	4,610,642
Fire	-	-	-	-	-	-	3,342,263
Police	-	19,532	-	-	-	-	4,411,820
Parks & Recreation	-	-	-	-	-	-	42,250
Capital Outlay	-	214,761	-	80,400	7,238	-	20,428,494
Debt Service:							
Principal Repayment	-	270,000	-	-	-	-	1,085,694
Interest and Fiscal Charges	-	-	-	-	-	-	463,671
Total Expenditures	16,963	504,293	219	82,027	7,412	70	34,498,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	638,885	(330,683)	24,300	432,743	12,007	7,806	2,546,653
OTHER FINANCING SOURCES (USES)							
Sale of Land	-	-	-	517,778	-	-	517,778
Transfers In	-	323,884	-	6,834,690	-	-	9,266,939
Transfers Out	-	-	-	-	-	-	(1,420,575)
Total Other Financing Sources (Uses)	-	323,884	-	7,352,468	-	-	8,364,142
Net Changes in Fund Balance	638,885	(6,799)	24,300	7,785,211	12,007	7,806	10,910,795
Fund Balance - Beginning of Year (Deficits)	5,489,195	3,739,738	733,069	5,144,147	583,031	235,471	58,060,080
Prior Period Adjustment	-	-	-	-	-	-	99,956
Fund Balances (Deficits) - Beginning of Year, as Restated	5,489,195	3,739,738	733,069	5,144,147	583,031	235,471	58,160,036
Fund Balance (Deficits) - End of Year	\$ 6,128,080	\$ 3,732,939	\$ 757,369	\$ 12,929,358	\$ 595,038	\$ 243,277	\$ 69,070,831

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Waterways			Groundwater Recharge		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	370,500	516,292	145,792	960,300	1,069,217	108,917
Uses of Money and Property	11,300	77,955	66,655	2,600	43,553	40,953
Charges for Current Services	269,400	306,113	36,713	-	-	-
Miscellaneous	-	4,045	4,045	-	184,134	184,134
Total Revenues	651,200	904,405	253,205	962,900	1,296,904	334,004
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	206,727	307,243	(100,516)	-	604,717	(604,717)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	361,397	9,928	351,469	844,765	31,581	813,184
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	568,124	317,171	250,953	844,765	636,298	208,467
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,076	587,234	2,252	118,135	660,606	125,537
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(44)	(44)	-	-	-
Total Other Financing Sources (Uses)	-	(44)	(44)	-	-	-
Net Changes in Fund Balance	\$ 83,076	587,190	\$ 2,208	\$ 118,135	660,606	\$ 125,537
Fund Balances - Beginning of Year (Deficits)		1,928,149			1,216,046	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		1,928,149			1,216,046	
Fund Balances - End of Year (Deficits)		<u>\$ 2,515,339</u>			<u>\$ 1,876,652</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Kaweah Lake and Local Storm Water Maintenance			Special Service Districts		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	202,400	311,979	109,579	-	-	-
Uses of Money and Property	2,900	15,670	12,770	34,500	246,027	211,527
Charges for Current Services	-	-	-	3,805,180	3,993,877	188,697
Miscellaneous	-	313,990	313,990	1,100	307,741	306,641
Total Revenues	205,300	641,639	436,339	3,840,780	4,547,645	706,865
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	23,344	(23,344)	3,748,463	2,758,656	989,807
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	15,532	1,454	14,078	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	15,532	24,798	(9,266)	3,748,463	2,758,656	989,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	189,768	616,841	445,605	92,317	1,788,989	(282,942)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(300,000)	(300,000)	-	-	-
Total Other Financing Sources (Uses)	-	(300,000)	(300,000)	-	-	-
Net Changes in Fund Balance	\$ 189,768	316,841	\$ 145,605	\$ 92,317	1,788,989	\$ (282,942)
Fund Balances - Beginning of Year (Deficits)		334,607			5,570,925	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		334,607			5,570,925	
Fund Balances - End of Year (Deficits)		<u>\$ 651,448</u>			<u>\$ 7,359,914</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Northeast Area			Grant & Loan Funds		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	296,100	359,022	62,922
License and Permits	-	-	-	-	-	-
Fees and Fines	56,200	82,548	26,348	-	-	-
Uses of Money and Property	3,900	21,150	17,250	300	2,746	2,446
Charges for Current Services	-	-	-	271,500	271,492	(8)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>60,100</u>	<u>103,698</u>	<u>43,598</u>	<u>567,900</u>	<u>633,260</u>	<u>65,360</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	1,401	(1,401)	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	862,600	842,975	19,625
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	1,200	-	1,200	-	36,300	(36,300)
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>1,200</u>	<u>1,401</u>	<u>(201)</u>	<u>862,600</u>	<u>879,275</u>	<u>(16,675)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>58,900</u>	<u>102,297</u>	<u>43,799</u>	<u>(294,700)</u>	<u>(246,015)</u>	<u>82,035</u>
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	270,817	270,817
Transfers Out	-	-	-	-	(59)	(59)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,758</u>	<u>270,758</u>
Net Changes in Fund Balance	<u>\$ 58,900</u>	<u>102,297</u>	<u>\$ 43,799</u>	<u>\$ (294,700)</u>	<u>24,743</u>	<u>\$ 352,793</u>
Fund Balances - Beginning of Year (Deficits)		609,697			187,551	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		<u>609,697</u>			<u>187,551</u>	
Fund Balances - End of Year (Deficits)		<u>\$ 711,994</u>			<u>\$ 212,294</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Narcotics Forfeiture			Measure T - Police		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ 3,911,900	\$ 4,016,422	\$ 104,522
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	15,000	5,648	(9,352)
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	-	-	7,300	74,869	67,569
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	108,000	21	(107,979)	14,900	7,704	(7,196)
Total Revenues	108,000	21	(107,979)	3,949,100	4,104,643	155,543
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	108,000	-	108,000	3,786,400	3,549,313	237,087
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	108,000	-	108,000	3,786,400	3,549,313	237,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	21	(215,979)	162,700	555,330	(81,544)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	(150,944)	150,944
Total Other Financing Sources (Uses)	-	-	-	-	(150,944)	150,944
Net Changes in Fund Balance	\$ -	21	\$ (215,979)	\$ 162,700	404,386	\$ 69,400
Fund Balances - Beginning of Year (Deficits)		9,296			2,656,568	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		9,296			2,656,568	
Fund Balances - End of Year (Deficits)		<u>\$ 9,317</u>			<u>\$ 3,060,954</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Measure T - Fire			Measure R - Local		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 2,607,900	\$ 2,677,615	\$ 69,715	\$ 2,700,600	\$ 2,732,189	\$ 31,589
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	35,000	148,874	113,874	5,600	148,188	142,588
Charges for Current Services	50,000	51,151	1,151	-	-	-
Miscellaneous	100	5,715	5,615	-	6	6
Total Revenues	2,693,000	2,883,355	190,355	2,706,200	2,880,383	174,183
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	29,720	(29,720)
Fire	3,278,782	3,313,892	(35,110)	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	489	(489)	4,555,880	4,307,269	248,611
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	3,278,782	3,314,381	(35,599)	4,555,880	4,336,989	218,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,782)	(431,026)	225,954	(1,849,680)	(1,456,606)	(44,708)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (585,782)	(431,026)	\$ 225,954	\$ (1,849,680)	(1,456,606)	\$ (44,708)
Fund Balances - Beginning of Year (Deficits)		5,149,432			5,604,305	
Prior Period Adjustment		-			100,000	
Fund Balances - Beginning of Year, as Restated		5,149,432			5,704,305	
Fund Balances - End of Year (Deficits)		<u>\$ 4,718,406</u>			<u>\$ 4,247,699</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Measure R - Regional			Transportation Grants		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ 775,200	\$ 2,433,998	\$ 1,658,798	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	10,199,000	2,037,311	(8,161,689)
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	5,127	5,127	-	87,223	87,223
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	512	512	-	-	-
Total Revenues	775,200	2,439,637	1,664,437	10,199,000	2,124,534	(8,074,466)
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	62,681	(62,681)	-	831	(831)
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	4,887,820	1,963,780	2,924,040	4,094,107	2,203,199	1,890,908
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	4,887,820	2,026,461	2,861,359	4,094,107	2,204,030	1,890,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,112,620)	413,176	(1,196,922)	6,104,893	(79,496)	(9,964,543)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	526,359	526,359	-	-	-
Transfers Out	-	(23,348)	(23,348)	-	(526,315)	(526,315)
Total Other Financing Sources (Uses)	-	503,011	503,011	-	(526,315)	(526,315)
Net Changes in Fund Balance	\$ (4,112,620)	916,187	\$ (693,911)	\$ 6,104,893	(605,811)	\$ (10,490,858)
Fund Balances - Beginning of Year (Deficits)		(754,756)			2,979,960	
Prior Period Adjustment		(44)			-	
Fund Balances - Beginning of Year, as Restated		(754,800)			2,979,960	
Fund Balances - End of Year (Deficits)		\$ 161,387			\$ 2,374,149	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Golf Course			CASP Program		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	90,000	79,846	(10,154)
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	93,272	93,272	-	-	-
Uses of Money and Property	-	2,144	2,144	500	4,822	4,322
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	54	54
Total Revenues	-	95,416	95,416	90,500	84,722	(5,778)
EXPENDITURES						
Current:						
General Government	-	81,855	(81,855)	-	-	-
Community Development	-	-	-	30,400	6,946	23,454
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	49,186	49,186	-	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	49,186	131,041	(81,855)	30,400	6,946	23,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,186)	(35,625)	177,271	60,100	77,776	(29,232)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (49,186)	(35,625)	\$ 177,271	\$ 60,100	77,776	\$ (29,232)
Fund Balances - Beginning of Year (Deficits)		37,500			113,166	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		37,500			113,166	
Fund Balances - End of Year (Deficits)		<u>\$ 1,875</u>			<u>\$ 190,942</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Oak Tree Preservation			Conservation		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	1,500	292,282	290,782	-	-	-
Uses of Money and Property	1,400	8,152	6,752	1,489	7,763	6,274
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	2,900	300,434	297,534	1,489	7,763	6,274
EXPENDITURES						
Current:						
General Government	2,100	3,448	(1,348)	-	-	-
Community Development	-	-	-	100	69	31
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	20,880	-	20,880	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	22,980	3,448	19,532	100	69	31
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,080)	296,986	278,002	1,389	7,694	6,243
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Changes in Fund Balance	\$ (20,080)	296,986	\$ 278,002	\$ 1,389	7,694	\$ 6,243
Fund Balances - Beginning of Year (Deficits)		(39,802)			232,090	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		(39,802)			232,090	
Fund Balances - End of Year (Deficits)		<u>\$ 257,184</u>			<u>\$ 239,784</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Police Unclaimed Funds			VPFA 2014 Refunding Certificates of Participation		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	9,399	9,399	-	31	31
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	80,000	41,585	(38,415)	-	-	-
Total Revenues	80,000	50,984	(29,016)	-	31	31
EXPENDITURES						
Current:						
General Government	-	85	(85)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	100,128	27,589	72,539	-	-	-
Debt Service:						
Principal Repayment	-	-	-	-	90,400	(90,400)
Interest and Fiscal Charges	-	-	-	-	36,360	(36,360)
Total Expenditures	100,128	27,674	72,454	-	126,760	(126,760)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,128)	23,310	(101,470)	-	(126,729)	126,791
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	127,056	127,056
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	127,056	127,056
Net Changes in Fund Balance	\$ (20,128)	23,310	\$ (101,470)	\$ -	327	\$ 253,847
Fund Balances - Beginning of Year (Deficits)		155,806			(3,127)	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		155,806			(3,127)	
Fund Balances - End of Year (Deficits)		\$ 179,116			\$ (2,800)	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	2015 Certificates of Participation			Softball Facility Development		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	390	390	-	-	-
Charges for Current Services	-	-	-	2,500	2,014	(486)
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	390	390	2,500	2,014	(486)
EXPENDITURES						
Current:						
General Government	-	1,209	(1,209)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	50	(50)
Capital Outlay	-	-	-	100	-	100
Debt Service:						
Principal Repayment	-	725,294	(725,294)	-	-	-
Interest and Fiscal Charges	-	427,311	(427,311)	-	-	-
Total Expenditures	-	1,153,814	(1,153,814)	100	50	50
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,153,424)	1,154,204	2,400	1,964	(536)
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	1,154,626	1,154,626	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	1,154,626	1,154,626	-	-	-
Net Changes in Fund Balance	\$ -	1,202	\$ 2,308,830	\$ 2,400	1,964	\$ (536)
Fund Balances - Beginning of Year (Deficits)		(26,774)			(867)	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		(26,774)			(867)	
Fund Balances - End of Year (Deficits)		<u>\$ (25,572)</u>			<u>\$ 1,097</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Highway Users			Recreational Facilities		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	7,123,300	7,878,842	755,542	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	1,488,300	2,298,862	810,562
Uses of Money and Property	5,000	115,228	110,228	70,200	408,632	338,432
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	10,800	2,473	(8,327)	-	6,973	6,973
Total Revenues	7,139,100	7,996,543	857,443	1,558,500	2,714,467	1,155,967
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	789,168	(789,168)	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	42,200	(42,200)
Capital Outlay	7,292,767	6,092,158	1,200,609	5,261,101	5,222,174	38,927
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	7,292,767	6,881,326	411,441	5,261,101	5,264,374	(3,273)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,667)	1,115,217	446,002	(3,702,601)	(2,549,907)	1,159,240
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	29,507	29,507	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	29,507	29,507	-	-	-
Net Changes in Fund Balance	\$ (153,667)	1,144,724	\$ 475,509	\$ (3,702,601)	(2,549,907)	\$ 1,159,240
Fund Balances - Beginning of Year (Deficits)		4,443,519			11,814,309	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		4,443,519			11,814,309	
Fund Balances - End of Year (Deficits)		<u>\$ 5,588,243</u>			<u>\$ 9,264,402</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Storm Sewer Construction			Public Safety Impact Fee		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	949,400	1,010,071	60,671	622,000	775,568	153,568
Uses of Money and Property	-	31,734	31,734	2,800	5,752	2,952
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	13,498	13,498	-	-	-
Total Revenues	949,400	1,055,303	105,903	624,800	781,320	156,520
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	34,282	(34,282)	-	-	-
Fire	-	-	-	-	28,371	(28,371)
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	378,829	179,215	199,614	33,795	1,773	32,022
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	378,829	213,497	165,332	33,795	30,144	3,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	570,571	841,806	(59,429)	591,005	751,176	152,869
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	(6,159)	(6,159)	-	(413,706)	(413,706)
Total Other Financing Sources (Uses)	-	(6,159)	(6,159)	-	(413,706)	(413,706)
Net Changes in Fund Balance	\$ 570,571	835,647	\$ (65,588)	\$ 591,005	337,470	\$ (260,837)
Fund Balances - Beginning of Year (Deficits)		673,550			(755,721)	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		673,550			(755,721)	
Fund Balances - End of Year (Deficits)		<u>\$ 1,509,197</u>			<u>\$ (418,251)</u>	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Government Facilities Impact Fee			Parking District		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	32,618	32,618
License and Permits	-	-	-	8,500	18,736	10,236
Fees and Fines	83,200	460,888	377,688	-	-	-
Uses of Money and Property	-	194,960	194,960	33,900	122,256	88,356
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	83,200	655,848	572,648	42,400	173,610	131,210
EXPENDITURES						
Current:						
General Government	-	16,963	(16,963)	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	19,532	(19,532)
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	14,400	-	14,400	-	214,761	(214,761)
Debt Service:						
Principal Repayment	-	-	-	270,000	270,000	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	14,400	16,963	(2,563)	270,000	504,293	(234,293)
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,800	638,885	575,211	(227,600)	(330,683)	365,503
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	-	-
Transfers In	-	-	-	-	323,884	323,884
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	323,884	323,884
Net Changes in Fund Balance	\$ 68,800	638,885	\$ 575,211	\$ (227,600)	(6,799)	\$ 689,387
Fund Balances - Beginning of Year (Deficits)		5,489,195			3,739,738	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		5,489,195			3,739,738	
Fund Balances - End of Year (Deficits)		\$ 6,128,080			\$ 3,732,939	

CITY OF VISALIA
NON - MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Facility Improvements			Civic Center		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-	-
Subventions and Grants	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Fees and Fines	-	-	-	-	-	-
Uses of Money and Property	-	24,519	24,519	-	181,107	181,107
Charges for Current Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	333,663	333,663
Total Revenues	-	24,519	24,519	-	514,770	514,770
EXPENDITURES						
Current:						
General Government	-	219	(219)	-	1,627	(1,627)
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	123,219	80,400	42,819
Debt Service:						
Principal Repayment	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	219	(219)	123,219	82,027	41,192
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	24,300	24,738	(123,219)	432,743	473,578
OTHER FINANCING SOURCES (USES)						
Sale of Land	-	-	-	-	517,778	517,778
Transfers In	-	-	-	-	6,834,690	6,834,690
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	7,352,468	7,352,468
Net Changes in Fund Balance	\$ -	24,300	\$ 24,738	\$ (123,219)	7,785,211	\$ 7,826,046
Fund Balances - Beginning of Year (Deficits)		733,069			5,144,147	
Prior Period Adjustment		-			-	
Fund Balances - Beginning of Year, as Restated		<u>733,069</u>			<u>5,144,147</u>	
Fund Balances - End of Year (Deficits)		<u>\$ 757,369</u>			<u>\$ 12,929,358</u>	

CITY OF VISALIA
NON -MAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Sports Complex			Animal Control Reserve			Total		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES									
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,995,600	\$ 11,860,224	\$ 1,864,624
Other Taxes	-	-	-	-	-	-	90,000	79,846	(10,154)
Subventions and Grants	-	-	-	-	-	-	17,633,400	10,313,441	(7,319,959)
License and Permits	-	-	-	-	-	-	8,500	18,736	10,236
Fees and Fines	-	-	-	-	-	-	4,733,800	6,910,979	2,177,179
Uses of Money and Property	-	19,419	19,419	-	7,876	7,876	218,689	2,015,566	1,796,877
Charges for Current Services	-	-	-	-	-	-	4,398,580	4,624,647	226,067
Miscellaneous	-	-	-	-	-	-	214,900	1,222,114	1,007,214
Total Revenues	-	19,419	19,419	-	7,876	7,876	37,293,469	37,045,553	(247,916)
EXPENDITURES									
Current:									
General Government	-	174	(174)	-	70	(70)	2,100	105,650	(103,550)
Community Development	-	-	-	-	-	-	30,500	8,416	22,084
Public Works	-	-	-	-	-	-	3,955,190	4,610,642	(655,452)
Fire	-	-	-	-	-	-	3,278,782	3,342,263	(63,481)
Police	-	-	-	-	-	-	4,757,000	4,411,820	345,180
Parks & Recreation	-	-	-	-	-	-	-	42,250	(42,250)
Capital Outlay	7,238	7,238	-	-	-	-	28,042,344	20,428,494	7,613,850
Debt Service:									
Principal Repayment	-	-	-	-	-	-	270,000	1,085,694	(815,694)
Interest and Fiscal Charges	-	-	-	-	-	-	-	463,671	(463,671)
Total Expenditures	7,238	7,412	(174)	-	70	(70)	40,335,916	34,498,900	5,837,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,238)	12,007	19,593	-	7,806	7,946	\$ (3,042,447)	\$ 2,546,653	\$ (6,084,932)
OTHER FINANCING SOURCES (USES)									
Sale of Land	-	-	-	-	-	-	-	517,778	517,778
Transfers In	-	-	-	-	-	-	-	9,266,939	9,266,939
Transfers Out	-	-	-	-	-	-	-	(1,420,575)	(1,420,575)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	8,364,142	8,364,142
Net Changes in Fund Balance	\$ (7,238)	12,007	\$ 19,593	\$ -	7,806	\$ 7,946	\$ (3,042,447)	10,910,795	\$ 2,279,210
Fund Balances - Beginning of Year (Deficits)		583,031			235,471			58,060,080	
Prior Period Adjustment		-			-			99,956	
Fund Balances - Beginning of Year, as Restated		583,031			235,471			58,160,036	
Fund Balances - End of Year (Deficits)		\$ 595,038			\$ 243,277			\$ 69,070,831	

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

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

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

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

FLEET SERVICES

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

VEHICLE REPLACEMENT

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

INFORMATION SERVICES

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

RISK MANAGEMENT

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

HEALTH BENEFITS

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

COMPENSATED ABSENCES

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

BUILDING MAINTENANCE

Established to account for the repairs and maintenance for the City's owned/occupied buildings.

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
ASSETS				
Current Assets				
Cash and Investments	\$ 232,561	\$ 6,632,738	\$ 1,265,926	\$ 10,350,494
Restricted Cash and Investments	-	-	-	908,188
Accounts and Interest Receivables	7,543	-	-	-
Supplies	828,603	-	-	-
Prepaid Expenses	-	-	-	-
Capital Assets:				
Building	654,910	-	-	-
Improvements Other Than Buildings	211,545	-	7,240	-
Machinery, Equipment and Vehicles	443,675	20,159,130	12,178,583	-
Construction in Progress	-	784,597	-	-
Accumulated Depreciation	(1,092,239)	(11,655,487)	(6,934,792)	-
Total Assets	1,286,598	15,920,978	6,516,957	11,258,682
LIABILITIES				
Accounts, Interest, and Contracts Payable	173,129	-	37,675	3,014
Compensated Absences	-	-	-	-
Accrued Personnel Costs	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	6,501,420
Notes Payable	-	-	971	-
Total Liabilities	173,129	-	38,646	6,504,434
NET POSITIONS				
Net Investments in Capital Assets	217,891	9,288,240	5,250,060	-
Restricted	50,000	970,889	92,430	-
Unrestricted	845,578	5,661,849	1,135,821	4,754,248
Total Net Positions	\$ 1,113,469	\$ 15,920,978	\$ 6,478,311	\$ 4,754,248

	Health Benefits	Compensated Absences	Building Maintenance	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 2,628,677	\$ 4,969,047	\$ 718,127	\$ 26,797,570
Restricted Cash and Investments	71,910	-	-	980,098
Accounts and Interest Receivables	1,819	-	-	9,362
Supplies	-	-	-	828,603
Prepaid Expenses	928,789	-	-	928,789
Capital Assets:				
Building	-	-	-	654,910
Improvements Other Than Buildings	-	-	-	218,785
Machinery, Equipment and Vehicles	-	-	-	32,781,388
Construction in Progress	-	-	-	784,597
Accumulated Depreciation	-	-	-	(19,682,518)
Total Assets	3,631,195	4,969,047	718,127	44,301,584
LIABILITIES				
Accounts, Interest, and Contracts Payable	60,350	-	-	274,168
Compensated Absences	-	4,969,047	-	4,969,047
Accrued Personnel Costs	7,136	-	-	7,136
Liability for Self-Insurance Claims	104,000	-	-	6,605,420
Notes Payable	-	-	-	971
Total Liabilities	171,486	4,969,047	-	11,856,742
NET POSITIONS				
Net Investments in Capital Assets	-	-	-	14,756,191
Restricted	-	-	-	1,113,319
Unrestricted	3,459,709	-	718,127	16,575,332
Total Net Positions	\$ 3,459,709	\$ -	\$ 718,127	\$ 32,444,842

CITY OF VISALIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
OPERATING REVENUES				
Service Charges and Fees	\$ 5,776,270	\$ 1,197,989	\$ 2,441,119	\$ 4,566,784
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	1,271,796	-	1,159,346	251,570
Maintenance and Operations	4,641,490	36,452	521,383	395,486
Insurance Premiums and Loss Provisions	-	-	-	3,298,444
Depreciation	20,696	1,197,964	1,070,103	-
Total Operating Expenses	5,933,982	1,234,416	2,750,832	3,945,500
Operating Income (Loss)	(157,712)	(36,427)	(309,713)	621,284
NONOPERATING REVENUES (EXPENSES)				
Interest Income	1,232	194,769	13,429	296,346
Interest (Expense)	(6,583)	-	-	-
Other Income	52,372	-	652,505	249,983
Other (Expenses)	(43,197)	(193,984)	(291,023)	-
Total Nonoperating Revenues (Expenses)	3,824	785	374,911	546,329
Income (Loss) Before Contributions and Transfers	(153,888)	(35,642)	65,198	1,167,613
CONTRIBUTIONS AND TRANSFERS				
Grants and Contributions	11,256	807,127	433,101	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Contributions and Transfers	11,256	807,127	433,101	-
Change in Net Position	(142,632)	771,485	498,299	1,167,613
Net Position - Beginning of Year	1,256,101	15,149,493	5,980,012	3,586,635
Net Position - End of Year	\$ 1,113,469	\$ 15,920,978	\$ 6,478,311	\$ 4,754,248

	Health Benefits	Compensated Absences	Building Maintenance	Totals
OPERATING REVENUES				
Service Charges and Fees	\$ 12,871,935	\$ -	\$ -	\$ 26,854,097
OPERATING EXPENSES				
Salaries, Wages and Employee Benefits	-	-	-	2,682,712
Maintenance and Operations	252,868	1,522	207	5,849,408
Insurance Premiums and Loss Provisions	11,998,053	-	-	15,296,497
Depreciation	-	-	-	2,288,763
Total Operating Expenses	12,250,921	1,522	207	26,117,380
Operating Income (Loss)	621,014	(1,522)	(207)	736,717
NONOPERATING REVENUES (EXPENSES)				
Interest Income	69,208	170,032	23,249	768,265
Interest (Expense)	-	-	-	(6,583)
Other Income	-	-	-	954,860
Other (Expenses)	-	-	-	(528,204)
Total Nonoperating Revenues (Expenses)	69,208	170,032	23,249	1,188,338
Income (Loss) Before Contributions and Transfers	690,222	168,510	23,042	1,925,055
CONTRIBUTIONS AND TRANSFERS				
Grants and Contributions	-	-	-	1,251,484
Transfers In	-	-	-	-
Transfers Out	-	(168,510)	-	(168,510)
Net Contributions and Transfers	-	(168,510)	-	1,082,974
Change in Net Position	690,222	-	23,042	3,008,029
Net Position - Beginning of Year	2,769,487	-	695,085	29,436,813
Net Position - End of Year	\$ 3,459,709	\$ -	\$ 718,127	\$ 32,444,842

CITY OF VISALIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fleet Services	Vehicle Replacement	Information Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 5,779,176	\$ 1,197,989	\$ 2,441,119	\$ 4,568,927
Cash Payments to Suppliers for Services	(4,511,930)	(36,452)	(621,067)	(3,091,188)
Cash Payments to Employees for Services	(1,271,796)	-	(1,136,346)	(251,570)
Other Income	52,372	-	652,505	249,983
Other Payments	(43,197)	(193,984)	(291,023)	-
Net Cash Provided (Used) by Operating Activities	<u>4,625</u>	<u>967,553</u>	<u>1,045,188</u>	<u>1,476,152</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from Other Funds	-	40,000	-	-
Transfers Out	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Payments	(10,546)	(1,489,942)	(450,462)	-
Capital Grants Received	-	40,000	-	-
Contributions	11,256	767,127	433,101	-
Long-Term Debt Payments - Principal	-	-	(962)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>710</u>	<u>(682,815)</u>	<u>(18,323)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	(5,351)	194,769	13,429	296,346
Cash Flows from Investing Activities	<u>(5,351)</u>	<u>194,769</u>	<u>13,429</u>	<u>296,346</u>
Net Increase (Decrease) in Cash and Cash Investments	(16)	519,507	1,040,294	1,772,498
Cash and Cash Investments at Beginning of Year	232,577	6,113,231	225,632	9,486,184
Cash and Cash Investments at End of Year	<u>\$ 232,561</u>	<u>\$ 6,632,738</u>	<u>\$ 1,265,926</u>	<u>\$11,258,682</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (157,712)	\$ (36,427)	\$ (309,713)	\$ 621,284
Other Income	52,372	-	652,505	249,983
Other Expenses	(43,197)	(193,984)	(291,023)	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	20,695	1,197,964	1,070,103	-
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	2,906	-	-	2,143
Supplies	147,752	-	-	-
Due from Other Governments	-	-	23,000	-
Prepaid Expenses	250	-	23,000	-
Accounts Payable	(18,441)	-	(122,684)	(100,000)
Accrued Personnel Costs	-	-	-	-
Compensated Absences	-	-	-	-
Liability for Self-Insurance Claims	-	-	-	702,742
Cash Flows from Operating Activities	<u>\$ 4,625</u>	<u>\$ 967,553</u>	<u>\$ 1,045,188</u>	<u>\$ 1,476,152</u>

	Health Benefits	Compensated Absences	Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers or Other Funds	\$ 12,872,384	\$ -	\$ -	\$ 26,859,595
Cash Payments to Suppliers for Services	(12,340,010)	(1,522)	(207)	(20,602,376)
Cash Payments to Employees for Services	18	(114,500)	-	(2,774,194)
Other Income	-	-	-	954,860
Other Payments	-	-	-	(528,204)
Net Cash Provided (Used) by Operating Activities	532,392	(116,022)	(207)	3,909,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due from Other Funds	-	-	-	40,000
Transfers Out	-	(168,510)	-	(168,510)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(168,510)	-	(128,510)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Payments	-	-	-	(1,950,950)
Capital Grants Received	-	-	-	40,000
Contributions	-	-	-	1,211,484
Long-Term Debt Payments - Principal	-	-	-	(962)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(700,428)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	69,208	170,032	23,249	761,682
Cash Flows from Investing Activities	69,208	170,032	23,249	761,682
Net Increase (Decrease) in Cash and Cash Investments	601,600	(114,500)	23,042	3,842,425
Cash and Cash Investments at Beginning of Year	2,098,987	5,083,547	695,085	23,935,243
Cash and Cash Investments at End of Year	\$ 2,700,587	\$ 4,969,047	\$ 718,127	\$ 27,777,668
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 621,014	\$ (1,522)	\$ (207)	\$ 736,717
Other Income	-	-	-	954,860
Other Expenses	-	-	-	(528,204)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	-	-	-	2,288,762
Net Change in Assets and Liabilities:				
Accounts and Interest Receivable	449	-	-	5,498
Supplies	-	-	-	147,752
Due from Other Governments	-	-	-	23,000
Prepaid Expenses	(98,763)	-	-	(75,513)
Accounts Payable	4,674	-	-	(236,451)
Accrued Personnel Costs	18	-	-	18
Compensated Absences	-	(114,500)	-	(114,500)
Liability for Self-Insurance Claims	5,000	-	-	707,742
Cash Flows from Operating Activities	\$ 532,392	\$ (116,022)	\$ (207)	\$ 3,909,681



AGENCY FUNDS



AGENCY FUNDS

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

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

Los Rios Assessment District

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

Property and Business Improvement District #4

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

Village West Improvement District

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

Orchard Walk Underground Utilities District

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

Atwood Water Main Assessment District

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

Laura Water Main Assessment District

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

Visalia Tourism & Marketing District

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

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Los Rios Assessment District				
Assets				
Cash and Investments	\$ 7,182	\$ 2,833	\$ 10,015	\$ -
Accounts Receivable	554	554	1,108	-
Total Assets	\$ 7,736	\$ 3,387	\$ 11,123	\$ -
Liabilities				
Due to Others	\$ 7,736	\$ 3,387	\$ 11,123	\$ -
Total Liabilities	\$ 7,736	\$ 3,387	\$ 11,123	\$ -
Property and Business Improvement District #4				
Assets				
Cash and Investments	\$ 146,236	\$ 429,403	\$ 462,512	\$ 113,127
Accounts Receivable	19,089	397,658	394,578	22,169
Total Assets	\$ 165,325	\$ 827,061	\$ 857,090	\$ 135,296
Liabilities				
Due to Others	\$ 165,325	\$ 827,061	\$ 857,090	\$ 135,296
Total Liabilities	\$ 165,325	\$ 827,061	\$ 857,090	\$ 135,296
Village West Improvement District				
Assets				
Cash and Investments	\$ 2,378	\$ 6,745	\$ 8,807	\$ 316
Accounts Receivable	90	6,131	6,135	86
Total Assets	\$ 2,468	\$ 12,876	\$ 14,942	\$ 402
Liabilities				
Due to Others	\$ 2,468	\$ 12,876	\$ 14,942	\$ 402
Total Liabilities	\$ 2,468	\$ 12,876	\$ 14,942	\$ 402
Orchard Walk Underground Utilities District				
Assets				
Cash and Investments	\$ 68,458	\$ 74,597	\$ 72,153	\$ 70,902
Accounts Receivable	(285)	70,953	70,668	-
Total Assets	\$ 68,173	\$ 145,550	\$ 142,821	\$ 70,902
Liabilities				
Due to Others	\$ 68,173	\$ 145,550	\$ 142,821	\$ 70,902
Total Liabilities	\$ 68,173	\$ 145,550	\$ 142,821	\$ 70,902

CITY OF VISALIA
STATEMENT OF CHANGES IN NET POSITION AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Atwood Water Main Assessment District				
Assets				
Cash and Investments	\$ -	\$ 35,213	\$ 35,213	\$ -
Accounts Receivable	100,204	13,344	13,344	100,204
Total Assets	\$ 100,204	\$ 48,557	\$ 48,557	\$ 100,204
Liabilities				
Due to Others	\$ 100,204	\$ 48,557	\$ 48,557	\$ 100,204
Total Liabilities	\$ 100,204	\$ 48,557	\$ 48,557	\$ 100,204
Laura Water Main Assessment District				
Assets				
Cash and Investments	\$ -	\$ 17,264	\$ 17,264	\$ -
Accounts Receivable	64,548	8,735	8,735	64,548
Total Assets	\$ 64,548	\$ 25,999	\$ 25,999	\$ 64,548
Liabilities				
Due to Others	\$ 64,548	\$ 25,999	\$ 25,999	\$ 64,548
Total Liabilities	\$ 64,548	\$ 25,999	\$ 25,999	\$ 64,548
Visalia Tourism Marketing District				
Assets				
Cash and Investments	\$ 59,948	\$ 608,865	\$ 610,660	\$ 58,153
Accounts Receivable	56,788	58,899	56,788	58,899
Total Assets	\$ 116,736	\$ 667,764	\$ 667,448	\$ 117,052
Liabilities				
Due to Others	\$ 116,736	\$ 667,764	\$ 667,448	\$ 117,052
Total Liabilities	\$ 116,736	\$ 667,764	\$ 667,448	\$ 117,052
Total Agency Funds				
Assets				
Cash and Investments	\$ 284,203	\$ 1,174,920	\$ 1,216,624	\$ 242,499
Accounts Receivable	240,988	556,274	551,356	245,906
Total Assets	\$ 525,191	\$ 1,731,194	\$ 1,767,980	\$ 488,405
Liabilities				
Due to Others	\$ 525,191	\$ 1,731,194	\$ 1,767,980	\$ 488,405
Total Liabilities	\$ 525,191	\$ 1,731,194	\$ 1,767,980	\$ 488,405



Statistical Section



Statistical Section

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

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the City of Visalia’s significant revenue sources, property tax and sales tax.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities:				
Net Investment in Capital Assets	\$ 207,248	\$ 216,751	\$ 244,070	\$ 259,744
Restricted	47,947	46,343	34,283	39,249
Unrestricted	69,248	61,970	55,851	61,930
Total Governmental Activities Net Position	<u>\$ 324,443</u>	<u>\$ 325,064</u>	<u>\$ 334,204</u>	<u>\$ 360,923</u>
Business-type Activities:				
Net Investment in Capital Assets	\$ 179,856	\$ 195,198	\$ 206,947	\$ 203,346
Restricted	5,622	4,992	4,993	4,890
Unrestricted	34,919	33,935	49,791	70,743
Total Business-type Activities Net Position	<u>\$ 220,397</u>	<u>\$ 234,125</u>	<u>\$ 261,731</u>	<u>\$ 278,979</u>
Primary Government:				
Net Investment in Capital Assets	\$ 387,104	\$ 411,949	\$ 451,017	\$ 463,090
Restricted	53,569	51,334	39,276	44,139
Unrestricted	104,167	95,906	105,642	132,673
Total Primary Government Net Position	<u>\$ 544,840</u>	<u>\$ 559,189</u>	<u>\$ 595,935</u>	<u>\$ 639,902</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 271,964	\$ 284,901	\$ 288,048	\$ 312,172	\$ 325,420	\$ 324,799
45,363	52,401	56,417	56,984	69,608	79,763
60,694	(2,230)	12,676	17,877	22,633	35,203
<u>\$ 378,021</u>	<u>\$ 335,072</u>	<u>\$ 357,141</u>	<u>\$ 387,033</u>	<u>\$ 417,661</u>	<u>\$ 439,765</u>
\$ 198,310	\$ 212,853	\$ 242,950	\$ 266,867	\$ 271,696	\$ 269,444
121,630	71,139	45,202	16,732	12,785	11,368
(27,024)	5,135	24,631	63,975	89,290	93,039
<u>\$ 292,916</u>	<u>\$ 289,127</u>	<u>\$ 312,783</u>	<u>\$ 347,574</u>	<u>\$ 373,771</u>	<u>\$ 373,851</u>
\$ 470,274	\$ 497,754	\$ 530,998	\$ 579,039	\$ 597,116	\$ 594,243
166,993	123,540	101,619	73,716	82,393	91,131
33,670	2,905	37,307	81,852	111,923	128,242
<u>\$ 670,937</u>	<u>\$ 624,199</u>	<u>\$ 669,924</u>	<u>\$ 734,607</u>	<u>\$ 791,432</u>	<u>\$ 813,616</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses:				
Governmental Activities:				
General Government	\$ 6,659	\$ 9,349	\$ 7,188	\$ 1,396
Community Development	7,388	5,905	6,154	6,133
Housing & Economic Development	905	827	822	608
Public Safety				
Police	28,493	29,705	29,475	30,407
Fire	11,825	12,581	12,508	13,548
Public Works	15,729	22,405	18,886	15,519
Parks & Recreation	6,758	7,101	6,866	6,455
Interest on Long-Term Debt	1,360	1,314	736	304
Total Governmental Activities Expenses	79,117	89,187	82,635	74,370
Business-type Activities:				
Convention Center	5,372	5,342	5,353	5,404
Airport	2,346	2,529	2,342	2,389
Valley Oaks Golf	2,303	2,319	2,403	2,350
Wastewater and Storm				
Sewer Maintenance	12,678	13,157	12,492	13,004
Solid Waste	15,005	14,880	15,059	15,348
Transit	10,637	10,880	10,979	11,929
Baseball	-	294	244	285
Animal Control	-	-	-	1,103
Building Safety	1,834	1,669	1,562	1,570
Total Business-Type Activities Expenses	50,175	51,070	50,434	53,382
Total Primary Government Expenses	129,292	140,257	133,069	127,752
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	157	140	183	152
Community Development	726	1,796	873	778
Housing & Economic Development	217	156	270	199
Public Safety				
Police	2,614	2,492	2,808	2,135
Fire	774	538	657	667
Public Works	6,683	7,063	7,641	7,643
Parks & Recreation	1,720	1,716	1,550	1,875
Operating Grants and Contributions	7,545	5,774	3,222	3,983
Capital Grants and Contributions	5,495	11,269	10,038	22,621
Total Governmental Activities Program Revenues	\$ 25,931	\$ 30,944	\$ 27,242	\$ 40,053

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,070	\$ 4,299	\$ 4,262	\$ 3,653	\$ 5,778	\$ 4,951
5,266	5,985	4,768	3,570	2,028	6,098
-	-	-	-	-	-
31,714	30,378	31,182	34,737	38,720	39,996
14,308	13,858	15,331	16,948	16,881	17,371
11,906	13,596	24,526	19,270	19,579	15,155
9,000	8,999	799	3,988	4,820	5,540
191	145	702	561	508	471
<u>76,455</u>	<u>77,260</u>	<u>81,570</u>	<u>82,727</u>	<u>88,314</u>	<u>89,582</u>
5,943	5,688	5,822	5,525	5,517	4,952
2,505	2,530	2,219	1,999	2,017	2,199
2,574	2,756	2,502	2,426	1,571	-
15,281	16,791	19,836	23,845	18,488	21,031
18,589	17,969	16,309	17,422	18,847	24,168
13,670	14,702	14,772	14,726	18,360	20,408
295	332	342	329	354	350
1,184	1,141	1,881	2,490	1,993	1,908
1,768	1,969	2,306	3,103	3,303	3,303
<u>61,809</u>	<u>63,878</u>	<u>65,989</u>	<u>71,865</u>	<u>70,450</u>	<u>78,319</u>
<u>138,264</u>	<u>141,138</u>	<u>147,559</u>	<u>154,592</u>	<u>158,764</u>	<u>167,901</u>
265	1,952	653	717	794	1,247
1,503	1,633	2,142	2,122	1,955	1,788
-	-	-	-	-	-
2,516	2,690	2,804	2,716	2,636	3,055
626	802	1,256	1,492	1,875	1,678
8,773	9,279	10,011	10,736	11,344	12,286
2,974	3,068	3,468	3,321	3,509	4,140
3,184	4,581	3,660	3,118	2,619	2,648
12,152	8,556	9,625	14,635	9,206	12,022
<u>\$ 31,993</u>	<u>\$ 32,561</u>	<u>\$ 33,619</u>	<u>\$ 38,857</u>	<u>\$ 33,938</u>	<u>\$ 38,864</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Business-Type Activities:				
Charges for Services:				
Convention Center	\$ 3,447	\$ 3,507	\$ 3,339	\$ 3,446
Airport	1,343	1,439	1,611	1,647
Valley Oaks Golf	2,418	2,311	2,323	2,389
Wastewater and Storm				
Sewer Maintenance	16,607	17,365	19,150	21,465
Solid Waste	16,413	16,660	17,931	17,945
Transit	2,424	3,262	2,964	4,051
Baseball	-	117	119	102
Animal Control	-	-	-	104
Building Safety	1,572	1,523	1,429	2,102
Operating Grants and Contributions	7,353	4,803	7,189	6,433
Capital Grants and Contributions	5,575	5,860	16,296	5,370
Total Business-Type Activities				
Program Revenues	57,152	56,847	72,351	65,054
Total Primary Government				
Program Revenues	83,083	87,791	99,593	105,107
Net Revenues (Expenses):				
Governmental Activities	(53,186)	(58,243)	(55,393)	(34,317)
Business-Type Activities	6,977	5,777	21,917	11,672
Total Net Revenues (Expenses)	(46,209)	(52,466)	(33,476)	(22,645)
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes:				
Sales Taxes	26,799	24,457	25,488	30,342
Property Taxes	22,309	22,730	17,649	23,886
Incremental Property Taxes	7,951	7,919	7,929	-
Other Taxes	5,886	5,692	6,133	6,276
Investment Earnings	2,243	1,597	1,390	993
Gain from Sale of Capital Assets	-	-	-	-
Miscellaneous	257	676	679	2,892
Transfers and Extraordinary Items	(2,744)	(3,070)	4,138	(3,355)
Total Governmental Activities	62,701	60,001	63,406	61,034
Business-Type Activities:				
Investment Earnings	532	470	439	457
Miscellaneous	8,607	5,139	2,663	1,764
Transfers	2,744	3,070	2,598	3,355
Total Business-Type Activities	11,883	8,679	5,700	5,576
Total Primary Government	74,584	68,680	69,106	66,610
Changes in Net Position:				
Governmental Activities	9,515	1,758	8,013	26,717
Business-Type Activities	18,860	14,456	27,617	17,248
Total Primary Government	\$ 28,375	\$ 16,214	\$ 35,630	\$ 43,965

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,099	\$ 3,617	\$ 3,587	\$ 3,483	\$ 3,657	\$ 2,967
1,734	1,708	1,925	1,710	1,817	1,701
2,409	2,401	2,405	2,372	1,337	-
22,365	26,210	26,033	26,822	27,060	28,057
19,570	19,222	18,852	19,831	20,216	19,225
3,974	4,366	6,004	4,969	5,055	5,000
8	17	18	51	68	50
219	309	430	487	441	573
2,948	3,274	3,873	3,741	3,465	3,959
6,588	9,841	4,183	14,050	16,499	12,987
4,045	2,691	17,291	21,188	12,160	5,093
67,959	73,656	84,601	98,704	91,775	79,612
99,952	106,217	118,220	137,561	125,713	118,476
(44,462)	(44,699)	(47,951)	(43,870)	(54,376)	(50,718)
6,150	9,778	18,612	26,839	21,325	1,293
(38,312)	(34,921)	(29,339)	(17,031)	(33,051)	(49,425)
28,791	32,237	36,145	44,574	54,104	58,561
27,306	27,708	26,810	22,429	23,687	25,076
-	-	-	-	-	-
6,921	8,306	7,638	7,800	8,341	8,663
513	1,894	725	1,074	1,409	4,064
-	5	7	3	1	1,704
1,317	1,587	2,563	1,944	1,504	-
(4,322)	(4,265)	(4,138)	(3,869)	(4,140)	(3,785)
60,526	67,472	69,750	73,955	84,906	94,283
454	440	576	690	872	4,024
3,349	2,622	3,439	3,478	3,431	2,344
4,322	4,265	4,138	3,869	4,140	3,785
8,125	7,327	8,153	8,037	8,443	10,153
68,651	74,799	77,903	81,992	93,349	104,436
16,064	22,773	21,799	30,085	30,530	43,565
14,275	17,105	26,765	34,876	29,768	11,446
\$ 30,339	\$ 39,878	\$ 48,564	\$ 64,961	\$ 60,298	\$ 55,011

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund:				
Nonspendable	\$ 2,228	\$ 1,916	\$ 1,519	\$ 1,168
Restricted	-	-	-	-
Committed	17,999	16,264	14,930	12,186
Assigned	10,412	10,341	10,776	21,665
Unassigned	11,056	5,108	1,363	1,305
Total General Fund	41,695	33,629	28,588	36,324
All Other Governmental Funds:				
Nonspendable	-	44	41	7
Restricted	47,244	49,260	55,905	44,392
Committed	9,932	5,717	347	-
Assigned	-	-	1,960	1,632
Unassigned	(9,229)	(8,679)	(23,970)	(6,782)
Total All Other Governmental Funds	47,947	46,342	34,283	39,249
Total Governmental Fund Balance	\$ 89,642	\$ 79,971	\$ 62,871	\$ 75,573

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 580	\$ 435	\$ 357	\$ 1,346	\$ 1,365	\$ 1,125
-	-	-	1,193	-	-
16,330	17,719	28,018	19,805	21,921	15,344
18,629	19,486	18,781	21,857	24,981	25,215
1,387	4,043	4,787	9,612	10,214	9,753
<u>36,926</u>	<u>41,683</u>	<u>51,943</u>	<u>53,813</u>	<u>58,481</u>	<u>51,437</u>
15	-	-	47	815	-
44,817	45,965	50,857	51,465	54,253	68,188
5,318	7,271	15,903	9,582	18,233	31,924
1,632	1,632	1,243	1,243	1,632	1,632
(6,419)	(2,471)	(11,627)	(5,393)	(6,005)	(3,925)
<u>45,363</u>	<u>52,397</u>	<u>56,376</u>	<u>56,944</u>	<u>68,928</u>	<u>97,819</u>
<u>\$ 82,289</u>	<u>\$ 94,080</u>	<u>\$ 108,319</u>	<u>\$ 110,757</u>	<u>\$ 127,409</u>	<u>\$ 149,256</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues:				
Sales Tax	\$ 26,799	\$ 24,457	\$ 25,488	\$ 30,342
Property Tax	30,259	30,649	25,578	23,886
Other Taxes	5,886	5,692	6,134	6,276
Subventions and Grants	13,040	17,043	13,260	26,604
Licenses and Permits	110	73	93	109
Fees and Fines	6,485	6,446	6,007	6,433
Use of Money and Property	2,243	1,597	1,389	1,087
Charges for Current Services	4,642	4,982	5,584	5,042
Miscellaneous	1,150	2,382	1,875	4,256
Total Revenues	90,614	93,321	85,408	104,035
Expenditures				
Current:				
General Government	5,451	3,736	5,099	270
Community Development	8,725	8,428	4,586	5,384
Housing & Economic Development	901	820	822	598
Public Safety:				
Police	28,067	28,919	29,138	29,412
Fire	11,637	12,157	12,123	13,130
Public Works	6,781	6,774	8,174	7,875
Parks and Recreation	5,617	5,196	5,630	5,777
Capital Outlay	28,241	30,033	25,218	24,708
Debt Service:				
Principal Retirement	960	1,504	938	615
Interest and Fiscal Charges	1,351	1,304	723	294
Total Expenditures	97,731	98,871	92,451	88,063
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,117)	(5,550)	(7,044)	15,972
Other Financing Sources (Uses):				
Sales of Real Property	215	37	33	96
Proceeds from Sale of Capital		-	-	-
Issuance of Debt		-	-	-
Bond Premium		-	-	-
Transfers In	1,264	1,515	5,867	1,424
Transfers Out	(4,006)	(4,535)	(8,464)	(4,760)
Total Other Financing Sources (Uses)	(2,527)	(2,983)	(2,564)	(3,240)
Extraordinary Items	-	-	(7,296)	-
Net Change in Fund Balances	\$ (9,644)	\$ (8,533)	\$ (16,904)	\$ 12,732

Debt Service as a Percentage of

Noncapital Expenditures ¹	3.0%	3.3%	2.2%	1.3%
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¹ The calculation of debt service as a percentage of noncapital expenditures excludes capital outlays.

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

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 28,791	\$ 32,237	\$ 36,144	\$ 44,575	\$ 54,104	\$ 58,561	
27,306	26,711	26,880	22,370	23,694	25,048	
6,920	7,662	7,608	7,681	8,272	8,619	
15,336	13,137	13,286	14,160	10,355	13,505	
61	109	87	81	88	95	
8,751	9,199	10,520	10,552	10,991	12,267	
907	2,334	1,133	1,522	1,843	4,470	
5,589	6,257	7,014	7,859	8,367	8,692	
2,253	2,067	2,477	2,578	2,260	2,999	
<u>95,914</u>	<u>99,713</u>	<u>105,149</u>	<u>111,378</u>	<u>119,974</u>	<u>134,256</u>	
2,477	2,896	3,102	3,335	3,913	3,049	
5,209	6,684	5,119	5,245	5,272	6,052	
-	-	-	-	-	-	
13,708	13,598	15,070	15,855	16,160	17,115	
30,228	30,469	31,728	33,378	35,382	38,446	
3,239	5,563	8,958	8,874	9,053	8,966	
7,956	8,104	3,231	3,531	3,510	3,988	
22,429	17,378	32,435	34,136	24,248	27,031	
649	2,229	1,178	1,321	1,364	1,136	
189	138	694	548	507	465	
<u>86,084</u>	<u>87,059</u>	<u>101,515</u>	<u>106,223</u>	<u>99,409</u>	<u>106,248</u>	
9,830	12,654	3,634	5,155	20,565	28,008	
11	12	655	1,465	113	517	
-	5	7	3	1	1	
-	1,558	13,121	-	-	-	
-	-	785	-	-	-	
970	2,482	2,070	8,373	3,272	9,509	
(5,300)	(7,254)	(6,304)	(12,365)	(7,398)	(13,125)	
<u>(4,319)</u>	<u>(3,197)</u>	<u>10,334</u>	<u>(2,524)</u>	<u>(4,012)</u>	<u>(3,098)</u>	
-	-	-	-	-	-	
<u>\$ 5,511</u>	<u>\$ 9,457</u>	<u>\$ 13,968</u>	<u>\$ 2,631</u>	<u>\$ 16,553</u>	<u>\$ 24,910</u>	
1.2%	3.2%	2.4%	2.3%	2.3%	2.0%	

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

	Fiscal Year			
	2010	2011	2012	2013
City Direct Rate:				
City Basic Rate	\$ 0.1156	\$ 0.1154	\$ 0.1154	\$ 0.1152
Total City Direct Rate	0.1156	0.1154	0.1154	0.1152
Overlapping Rates:				
Visalia Unified School District	0.3068	0.3068	0.3068	0.3068
College of The Sequoias	0.0537	0.0537	0.0537	0.0537
County of Tulare	0.1852	0.1846	0.1846	0.1840
Tulare County Schools	0.0248	0.0248	0.0248	0.0248
Tulare County Flood Control District	0.0022	0.0022	0.0022	0.0022
Air Pollution Control District	0.0004	0.0004	0.0004	0.0004
Library Fund	0.0157	0.0156	0.0156	0.0156
Memorial District	0.0016	0.0016	0.0016	0.0016
Cemetery District	0.0011	0.0011	0.0011	0.0011
Delta Vector Control District	0.0143	0.0143	0.0142	0.0142
Kaweah Delta Hospital	0.0096	0.0096	0.0096	0.0096
Kaweah Delta Water District	0.0289	0.0289	0.0289	0.0289
Education Revenue Augmentation	0.2404	0.2412	0.2412	0.2420
Visalia Unified School District Bonds	0.0356	0.0300	0.0300	0.0300
Kaweah Delta Hospital Bonds	0.0278	0.0292	0.0272	0.0253
Kaweah Delta Water Assessment	0.0003	0.0005	0.0005	0.0001
Land and Improvements	0.0003	0.0005	-	-
Total Direct Rate ¹	\$ 1.0643	\$ 1.0604	\$ 1.0578	\$ 1.0554

NOTE:

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

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

Source: Tulare County Auditor Controller's Office

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 0.1152	\$ 0.1150	\$ 0.1150	\$ 0.1150	\$ 0.1150	\$ 0.1150	\$ 0.1150
0.1152	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150
0.3068	0.3068	0.3068	0.3068	0.3068	0.3068	0.3068
0.0537	0.0537	0.0537	0.0537	0.0537	0.0537	0.0537
0.1832	0.1832	0.1834	0.1836	0.1825	0.1825	0.1825
0.0248	0.0248	0.0248	0.0248	0.0248	0.0248	0.0248
0.0022	0.0022	0.0022	0.0022	0.0021	0.0021	0.0021
0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004
0.0156	0.0158	0.0158	0.0158	0.0157	0.0157	0.0157
0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016
0.0011	0.0011	0.0011	0.0011	0.0011	0.0011	0.0011
0.0142	0.0142	0.0142	0.0142	0.0141	0.0141	0.0141
0.0096	0.0096	0.0096	0.0096	0.0096	0.0096	0.0096
0.0289	0.0289	0.0289	0.0289	0.0289	0.0289	0.0289
0.2429	0.2430	0.2430	0.2426	0.2438	0.2438	0.2438
0.0300	0.0300	0.0226	0.0270	0.0183	0.0225	0.0225
0.0282	0.0209	0.0237	0.0206	0.0198	0.0181	0.0181
0.0004	0.0005	0.0004	0.0003	0.0004	0.0004	0.0004
-	-	-	-	-	-	-
\$ 1.0588	\$ 1.0517	\$ 1.0472	\$ 1.0482	\$ 1.0386	\$ 1.0411	\$ 1.0411

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

Fiscal Year Ended June 30	City			Total Direct Tax Rate ¹
	Secured	Unsecured	Taxable Assessed Value	
2010	\$ 7,587,665	\$ 386,405	\$ 7,974,070	0.116%
2011	7,613,423	382,545	7,995,968	0.115%
2012	7,516,654	389,762	7,906,416	0.115%
2013	7,291,841	409,092	7,700,933	0.115%
2014	7,669,621	409,634	8,079,255	0.115%
2015	8,186,023	442,930	8,628,953	0.115%
2016	8,672,154	438,480	9,110,634	0.115%
2017	9,144,989	435,751	9,580,740	0.115%
2018	9,502,122	498,924	10,001,046	0.115%
2019	10,066,721	534,555	10,601,276	0.115%

NOTE:

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

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

Source: Tulare County Auditor Controller's Office

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

Taxpayer	2019			2010		
	Taxable Assessed Value	Percent Of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percent Of Total City Taxable Assessed Value	Rank
California Dairies Inc.	\$ 172,448	1.63%	1	\$ 118,594	1.49%	1
California Water Service	59,029	0.56%	2	-	-	
Perfection Pet Foods LLC	50,715	0.48%	3	-	-	
Graphic Packing INT	50,224	0.47%	4	-	-	
Visalia Mall LP	45,393	0.43%	5	40,029	-	4
Caldwell Mooney Partners	43,699	0.41%	6	-	-	
VWR International LLC	37,468	0.35%	7	-	-	
Target Corporation	37,441	0.35%	8	-	-	
Cottonwood Fresno Holdings LLC	36,500	0.34%	9	88,954	1.12%	2
J Beast LP	34,408	0.32%	10	-	-	
Imperial Bondware Corp.	-	-	-	56,745	0.71%	3
US Industrial Reit II	-	-	-	26,027	0.33%	7
Crunch Time LP	-	-	-	27,227	0.34%	6
Blam-Jade A Gen PTNSHP	-	-	-	30,140	0.38%	5
Costco Wholesale Corporation	-	-	-	24,570	0.31%	8
DBO Development	-	-	-	23,235	0.29%	9
Moore Business Forms Inc.	-	-	-	22,301	0.28%	10
Total Ten Largest Tax Payers	<u>\$ 567,325</u>	<u>5.35%</u>		<u>\$ 457,822</u>	<u>5.24%</u>	
All Other Tax Payers	<u>\$10,033,951</u>	<u>94.65%</u>		<u>\$ 7,516,248</u>	<u>94.76%</u>	
Total Assessed Valuation - All Tax Payers	<u><u>\$10,601,276</u></u>	<u><u>100.00%</u></u>		<u><u>\$ 7,974,070</u></u>	<u><u>100.00%</u></u>	

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

Source: Tulare County Auditor-Controller

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	\$ 21,518	\$ 21,518	100.00%	\$ -	\$ 21,518	100.00%
2011	19,970	19,970	100.00%	-	19,970	100.00%
2012	19,198	19,198	100.00%	-	19,198	100.00%
2013	16,106	16,106	100.00%	-	16,106	100.00%
2014	17,167	17,167	100.00%	-	17,167	100.00%
2015	18,755	18,755	100.00%	-	18,755	100.00%
2016	19,764	19,764	100.00%	-	19,764	100.00%
2017	20,337	20,337	100.00%	-	20,337	100.00%
2018	21,335	21,335	100.00%	-	21,335	100.00%
2019	22,634	22,634	100.00%	-	22,634	100.00%

NOTE:

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

Source: Tulare County Auditor Controller's Office

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

Effective Date	End Date	Statewide Base Sales and Use Tax Rate			(1) City Rate Measure T	County Rate Measure R	City Rate Measure N	Combined Rate
		State Jurisdiction	Local Transportation Fund	Local City Rate				
08/01/1933	06/30/1935 (2)	2.50%						2.50%
07/01/1935	06/30/1943	3.00%						3.00%
07/01/1943	06/30/1949	2.50%						2.50%
07/01/1949	12/31/1961	3.00%		1.00%				4.00%
01/01/1962	07/31/1967	3.00%		1.00%				4.00%
08/01/1967	06/30/1972	4.00%	0.25%	1.00%				5.25%
07/01/1972	06/30/1973	3.75%	0.25%	1.00%				5.00%
07/01/1973	09/30/1973	4.75%	0.25%	1.00%				6.00%
10/01/1973	03/31/1974	3.75%	0.25%	1.00%				5.00%
04/01/1974	11/30/1989	4.75%	0.25%	1.00%				6.00%
12/01/1989	12/31/1990	5.00%	0.25%	1.00%				6.25%
01/01/1991	07/14/1991	4.75%	0.25%	1.00%				6.00%
07/15/1991	12/31/2000	6.00%	0.25%	1.00%				7.25%
01/01/2001	12/31/2001	5.75%	0.25%	1.00%				7.00%
01/01/2002	06/30/2004	6.00%	0.25%	1.00%				7.25%
07/01/2004	03/31/2007	6.25%	0.25%	0.75% (3)	0.25% (4)			7.50%
04/01/2007	03/31/2009	6.25%	0.25%	0.75%	0.25%	0.50% (5)		8.00%
04/01/2009	06/30/2011	7.25%	0.25%	0.75%	0.25%	0.50%		9.00%
07/01/2011	12/31/2012	6.25%	0.25%	0.75%	0.25%	0.50%		8.00%
01/01/2013	12/31/2016	6.50%	0.25%	0.75%	0.25%	0.50%		8.25%
01/01/2017	03/31/2017	6.00%	0.25%	1.00%	0.25%	0.50%		8.00%
04/01/2017	Current	6.00%	0.25%	1.00%	0.25%	0.50%	0.50% (6)	8.50%

NOTES:

- (1) The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of Equalization to collect the local tax.
- (2) Sales Tax only. The use tax was enacted effective July 1, 1935.
- (3) In March 2004, a State ballot measure was passed issuing deficit reduction bonds for State purposes. Funding was provided effective July 1, 2004, by repealing 25% of the local 1% sales tax and then adopting a new 1/4 cent sales tax dedicated to the repayment of the deficit reduction bonds. Cities and counties would then be "made whole" by the State from increased property tax allocations via reduced contributions to ERAF. This "triple flip" is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
- (4) In March 2004, the voters of the City of Visalia passed a sales tax override (Measure T) to increase public safety in the community increasing the City rate by 1/4% ,effective July 1, 2004. The measure requires the City Manager to annually recertify the Measure T plan to the City Council. Additionally, the plan must be reaffirmed every 8 years by a 4 out of 5 City Council approval.
- (5) In November 2006, voters in the County of Tulare approved a countywide sales tax measure (Measure R) giving the County a 1/2% rate increase which became effective April 1, 2007. The sales tax measure has a sunset period of 30 years. The revenue is earmarked for transportation projects with allocations as follows: 50% for regional projects, 35% goes to cities for their street programs, 14% for transportation enhancement programs, and 1% for administration.
- (6) In November 2016, voters of the City of Visalia passed a 1/2 (half-cent) sales tax override (Measure N), effective April 1, 2017. The proceeds of this tax will provide the City with a reliable, ongoing, local source of funding for public safety, repairs and maintenance for streets, and maintenance of parks and trails.

Source:

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

CITY OF VISALIA
TAXABLE SALES TRANSACTIONS BY TYPE
2014-2018 CALENDAR YEARS
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Retail Stores					
Apparel Stores	\$ 123,465	\$ 128,885	\$ 138,129	\$ 138,637	\$ 144,806
General Merchandise Stores	382,040	392,404	398,900	400,820	406,490
Food Stores	109,234	108,996	123,005	120,900	124,058
Eating and Drinking Places	227,906	247,406	263,310	277,409	288,003
Home Furnishings and Appliances	65,265	83,136	91,778	86,839	91,966
Bldg. Material and Farm Implements	180,519	203,921	213,421	222,315	312,640
Auto Dealers and Auto Supplies	320,499	370,884	411,684	401,536	377,145
Service Stations	210,790	155,270	141,307	163,999	155,709
Other Retail Stores	266,053	208,015	212,872	203,637	215,347
Retail Stores Totals	<u>1,885,770</u>	<u>1,898,917</u>	<u>1,994,406</u>	<u>2,016,092</u>	<u>2,116,164</u>
All Other Outlets	<u>642,282</u>	<u>742,120</u>	<u>775,194</u>	<u>794,330</u>	<u>854,888</u>
Totals All Outlets	<u><u>2,528,051</u></u>	<u><u>2,641,037</u></u>	<u><u>2,769,600</u></u>	<u><u>2,810,422</u></u>	<u><u>2,971,052</u></u>

Source: MuniServices

Note: 2018 is latest available year.

**CITY OF VISALIA
TOP 25 SALES TAX CONTRIBUTORS
2018 CALENDAR YEAR
(in alphabetical order)**

ARCO AM/PM Mini Marts	McDonald's Restaurants
Best Buy Stores	MWI Veterinary Supply
Bluescope Buildings North America	Nissan of Visalia
Butler Animal Health Supply	Ross Stores
COSTCO Wholesale	Save Mart Supermarkets
Giant Chevrolet Company	Target Stores
HILTI	Tri-Animal Health Services
Home Depot	Visalia Ford
J C Penney Company	Visalia Honda
J.C. Lansdowne	Visalia Toyota
Lampe Chrysler Dodge Jeep Ram	VWR International
Lowe's Home Improvement	Wal Mart Stores
Macy's Department Store	

Source: MuniServices

Note: 2018 is latest available year.

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

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities
	Certificates of Participation	Tax Allocation Bonds	Notes Payable	Capital Lease Obligations	
2010	\$ 2,600	\$ 3,760	\$ 15,261	\$ -	\$ 21,621
2011	2,393	4,030	14,194	-	20,617
2012	2,175	-	2,972	-	5,147
2013	2,323	-	2,584	-	4,907
2014	2,022	-	2,173	-	4,195
2015	1,306	-	1,987	-	3,293
2016	13,678	-	1,479	-	15,157
2017	12,835	-	937	-	13,772
2018	11,994	-	372	-	12,366
2019	11,155	-	54	-	11,209

NOTES:

¹US Department of Commerce Bureau of Economic Analysis

2017-2019 Personal Income Data is not currently available by the Bureau of Economic Analysis.

Business-type Activities								
Revenue Bonds	Certificates of Participation	Notes	Capital Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita	
\$ 5,840	\$ 13,650	\$ 194	\$ -	\$ 19,684	\$ 41,305	0.31%	\$ 333	
-	13,292	173	-	13,465	34,082	0.24%	271	
-	11,998	-	-	11,998	17,145	0.12%	135	
-	17,270	-	-	17,270	22,177	0.15%	173	
-	15,557	14,999	-	30,556	34,751	0.21%	268	
-	12,442	56,979	-	69,421	72,714	0.43%	566	
-	16,053	84,995	-	101,048	116,205	0.66%	887	
-	14,834	92,703	-	107,537	121,309	0.00%	911	
-	13,602	96,516	-	110,118	122,484	0.00%	899	
-	12,360	94,133	-	106,493	117,702	0.00%	852	

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt				Percent of Assessed Value ¹	Debt Per Capita
	Certificates of Participation	Notes Payable	Capital Lease Obligations	Total		
2010	\$ 672	\$ -	\$ -	\$ 672	0.01%	\$ 5
2011	987	-	-	987	0.01%	8
2012	1,550	-	-	1,550	0.02%	12
2013	1,698	-	-	1,698	0.02%	13
2014	1,384	-	-	1,384	0.02%	11
2015	1,304	-	-	1,304	0.02%	10
2016	13,670	-	-	13,670	0.15%	104
2017	12,827	-	-	12,827	0.13%	96
2018	11,985	-	-	11,985	0.12%	88
2019	11,155	-	-	11,155	0.11%	81

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

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

**CITY OF VISALIA
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2019
(In Thousands)**

2018-19 City Assessed Valuation		\$ 10,601,276	
Successor Agency Incremental Valuation		<u>920,898</u>	
Total Assessed Valuation		<u>\$ 11,522,174</u>	
	Percentage Applicable ¹	Outstanding Debt 6/30/19	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	0.502%	\$ 32,041	\$ 161
College of the Sequoias Visalia School Facilities Improvement District	67.143%	26,196	17,589
Visalia Unified School District	86.180%	53,920	46,468
Tulare Joint Union High School District	0.654%	21,236	139
Liberty School District	22.357%	605	135
Kaweah Delta Hospital District	85.003%	43,325	36,828
City of Visalia 1915 Act Bonds	100.000%	<u>522</u>	<u>522</u>
Total Overlapping Tax and Assessment Debt		<u>177,845</u>	<u>101,842</u>
Direct and Overlapping General Fund Debt:			
Tulare County Certificates of Participation	32.591%	32,315	10,532
Tulare County Pension Obligation Bonds	32.591%	242,115	78,908
Tulare County Board of Education Certificates of Participation	32.591%	33,885	11,043
College of The Sequoias Certificates of Participation	35.285%	5,015	1,770
Visalia Unified School District Certificates of Participation	86.180%	74,950	64,593
Liberty School District Certificates of Participation	22.357%	2,410	539
City of Visalia General Fund Obligations	100.000%	<u>11,209</u>	<u>11,209</u>
Total Direct and Overlapping General Fund Debt		<u>401,899</u>	<u>178,594</u>
Overlapping Tax Increment Debt (Successor Agency)	100.000%	<u>1,645</u>	<u>1,645</u>
Total Direct Debt		11,209	11,209
Total Overlapping Debt		<u>328,065</u>	<u>270,872</u>
Combined Total Debt		<u>\$ 339,274</u>	<u>\$ 282,081</u>

Notes:

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

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2010	2011	2012	2013
Assessed valuation	\$ 7,974,070	\$ 7,995,968	\$ 7,906,416	\$ 7,700,933
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,993,518	1,998,992	1,976,604	1,925,233
Debt limit percentage	15%	15%	15%	15%
Debt limit	299,028	299,849	296,491	288,785
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 299,028</u>	<u>\$ 299,849</u>	<u>\$ 296,491</u>	<u>\$ 288,785</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						
2014	2015	2016	2017	2018	2019	
\$ 8,079,201	\$ 8,628,953	\$ 9,110,634	\$ 9,580,740	\$ 10,001,046	\$ 10,601,276	
25%	25%	25%	25%	25%	25%	
2,019,800	2,157,238	2,277,659	2,395,185	2,500,262	2,650,319	
15%	15%	15%	15%	15%	15%	
302,970	323,586	341,649	359,278	375,039	397,548	
-	-	-	-	-	-	
<u>\$ 302,970</u>	<u>\$ 323,586</u>	<u>\$ 341,649</u>	<u>\$ 359,278</u>	<u>\$ 375,039</u>	<u>\$ 397,548</u>	
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

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

Fiscal Year Ended June 30	Wastewater & Storm Sewer Maintenance Fund					
	Wastewater Revenue Bonds					
	Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
			Principal	Interest		
2010	\$ 16,607	\$ 9,197	\$ 7,410	\$ 610	185	9.32
2011	17,365	10,172	7,193	5,840	(2) \$ 74	1.22
2012	19,150	9,387	9,763	-	-	-
2013	21,465	10,163	11,302	-	-	-
2014	22,365	9,180	13,185	-	-	-
2015	25,031	11,184	13,847	-	-	-
2016	25,504	11,778	13,726	-	-	-
2017	26,822	12,863	13,959	-	-	-
2018	27,060	13,561	13,499	-	-	-
2019	28,057	15,062	12,995	-	-	-

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

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

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

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

Calendar Year	Population (1)	Assessed Value (in thousands) (2)	Per Capita Assessed Value	Personal Income (in thousands) (3)	Per Capita Personal Income (3)	Unemployment Rate (4)
2010	124,184	\$ 7,974,070	\$ 64,212	\$ 13,496,988	\$ 30,463	16.9%
2011	125,770	7,995,968	63,576	14,432,008	32,261	17.1%
2012	127,061	7,906,416	62,225	14,531,771	32,237	16.5%
2013	128,443	7,700,933	59,956	15,283,723	33,690	14.5%
2014	129,481	8,079,201	62,397	16,941,984	37,117	13.2%
2015	128,447	8,628,953	67,179	17,105,786	37,300	11.0%
2016	130,977	9,110,634	69,559	17,578,692	38,145	10.3%
2017	133,151	9,580,740	71,954	18,466,575	39,756	9.9%
2018	136,246	10,001,046	73,404	NA	NA	9.6%
2019	138,207	10,601,276	76,706	NA	NA	9.1%

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

* Rate for Tulare County as of June 30

Note:
Personal Income & Per Capita Personal Income Data from the Bureau of Economic Analysis is only available through 2017.

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

Employer	2019			2017		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
County of Tulare (1)	5,033	1	2.68%	4,945	1	2.62%
Visalia Unified School District (2)	2,943	2	1.57%	2,762	2	1.47%
Kaweah Delta Healthcare (4)	2,132	3	1.14%	2,132	3	1.13%
College of the Sequoias (4)	1,160	4	0.62%	1,160	4	0.62%
CIGNA Health Care (4)	700	5	0.37%	700	5	0.37%
City of Visalia (3)	642	6	0.34%	603	6	0.32%
VF Outdoor Inc (4)	600	7	0.32%	600	7	0.32%
Walmart (4)	400	8	0.21%	400	8	0.21%
International Paper (4)	350	9	0.19%	350	9	0.19%
Jostens (4)	320	10	0.17%	320	10	0.17%
Number of Employed (6)	187,800			188,400		

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

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

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	41	41	41	46	44	46	46	47	64	64
Administrative Services	32	32	32	31	NA	NA	NA	NA	NA	NA
Community Development	49	49	49	55	61	64	65	65	79	79
Finance	NA	NA	NA	NA	16	16	20	20	27	27
Fire	70	70	70	81	81	82	82	81	81	85
Housing & Economic Development	11	11	11	NA						
Parks & Recreation	34	34	34	32	32	34	12	12	13	13
Police	198	198	198	198	206	208	208	208	223	230
Public Works	115	115	115	115	118	121	139	141	143	144
Transportation & General Services	NA	NA	NA	NA	18	18	27	29	NA	NA
Total	<u>550</u>	<u>550</u>	<u>550</u>	<u>558</u>	<u>576</u>	<u>589</u>	<u>599</u>	<u>603</u>	<u>630</u>	<u>642</u>

(NA) - Function was not active in this year and was combined with another function.

Source: City Budget

CITY OF VISALIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

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

Source: City of Visalia

Fiscal Year					
2014	2015	2016	2017	2018	2019
129,828	134,287	144,856	144,489	153,701	136,374
12,482	12,518	14,065	14,283	15,301	15,229
36,144	37,538	37,884	38,014	38,579	41,638
3,731	3,747	3,758	4,043	3,993	3,654
39,875	41,285	41,642	42,057	42,572	45,292
1,261	1,098	1,201	1,375	1,955	1,586
11,784	11,920	12,145	12,098	12,268	12,241
2,019	2,478	3,152	2,793	2,865	3,049
353	381	349	355	381	319
1,474	1,673	1,648	1,745	1,497	1,970
3,846	4,532	5,149	4,893	4,743	5,338

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

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

Source: Various City Departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
3	3	3	3	3	3
5	5	6	6	6	6
37	37	37	38	38	38
493	512	512	516	516	525
118	120	120	123	123	126
288	281	281	269	269	269
231	282	282	289	289	289
1	1	1	1	1	1
5	5	5	5	5	5
0	0	0	0	0	0
50	52	52	54	54	54
493	290	290	286	286	286
468	468	468	507	508	508
240	240	240	276	277	277
1	1	1	1	1	1

**CITY OF VISALIA
INSURANCE IN FORCE
FISCAL YEAR ENDED JUNE 30, 2019**

Coverage	Underwriter	Limits of Coverage	Deductibles	Policy Number	Period of Policy
PRIMARY POLICIES					
General liability over \$1,000,000 per occurrence (covers bodily injury, personal injury, property damage and errors/omissions, auto liability, or any combination thereof) ACCEL coverage effective 6/1/86	Authority for California Cities Excess Liability (ACCEL)	SIR \$1,000,000; ACCEL pooled layer \$4,000,000; Pool purchase \$45,000,000; total limits \$35,000,000	\$1,000,000 SIR		07/01/18 to 06/30/19
Commercial Property Policy	Alliance/Firemens Fund	Bldg limits \$338 mil, deduct \$50k; Bus Pers Prop \$29 mil, Deduct \$5k; Extra Exp \$10m	\$50,000 bldg; \$5k contents;	DXJ80979755	07/01/18 to 06/30/19
Pollution Liability (Underground Storage Tank)	Crum & Forester	\$1 mil liability; \$1 mil aggregate	\$5k deductible	STP-114401	10/12/18 to 10/12/20
Excess Workers Compensation	Keenan & Associates/Safety National	XS work comp, loss control fees; admin fees; broker fees. \$25 million limits	\$1 mil SIR	SP4055376	07/01/18 to 06/30/19
Excess Health & Medical Coverage	CSAC EIA	Potential pool assessments when total pool claims exceed excess ins.	None		1/1/19 to 12/31/19
SPECIAL COVERAGES					
Aviation Liability	Allianz Global	A) Single limit bodily injury and property damage liability combined \$25Mil; B) Hangarkeepers Liability \$25 mil; limits included in A; C) No errors & omissions; Endorsements Personal Inj \$5 mil; Premises med \$1k person/\$10k occurrent; Non owned physical damage legal liab \$50k	None	A2GA000732818AM	7/14/18 to 7/14/19
Contractors Equipment/Mobile Equipment/Fine Arts/Valuable Papers & Records	AGCS Marine Insurance Company	Contractors equip/mobile equip \$9,133,263 all covered property, including rented and leased; limit \$500 ee tool/\$5k per occurrence; Fine arts/Valuable papers & records \$500k blanket all locations; Commercial Fine Arts Floater, \$85k limit,	\$500 deductible	MXJ93042476	7/1/18 to 7/1/19
Crime Policy/ Bond - General	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	Policy Number Pending	4/27/18 to 4/27/21
Crime Policy/Bond - Police	Fidelity and Deposit Companies	Commercial Crime Policy; \$5,000,000	\$100,000 deductible	Policy Number Pending	4/27/18 to 4/27/21
Special Events Insurance	Diversified Risk	Liability policy available to citizens holding events in city facilities/parks			
EAP	Kaweah Delta Assistance Program				1/1/18 to 12/31/19
Long Term Disability (LTD)	Sun Life	66% of pre-disability earnings up to \$5,000 monthly benefit		234707	1/1/14 to 12/31/19
Life Insurance	Sun Life	City Manager 2X Annual Salary; Department Head Group \$75,000; All Other Employees \$30,000		234707	1/1/14 to 12/31/19
Dental	Preferred Benefits/Delta Dental	\$1,000 maximum annual benefit paid per insured (retirees and their dependents are not eligible for dental)		8244	1/1/19 to 12/31/19
Vision	Vision Service Plan	Annual benefits with VSP provider		ID #00849301	1/1/17 to 12/31/18

Compliance Section





M. Green and Company LLP

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*Stanford
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Citizens Advisory Committee (CAC), with respect to the administration, financial management and accounting of the City's Measure T funds for the fiscal year ended June 30, 2019. The City's management is responsible for the City's administration, financial management and accounting for Measure T. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

- (1) We obtained and reviewed the City's Measure T commitments as expressed in the Measure T ballot measure from the March 2, 2004 election, the Enabling Ordinance adopted by the City Council, the Board of Equalization Agreements for implementation and administration of additional sales tax, the City Council approved Program Guidelines and expenditure plans for the current fiscal year and the Annual Recertification Plan for June 30, 2019, as approved by the City Council.

Findings: None

- (2) We updated our documentation of the following Measure T compliance provisions, as interpreted by the City Council adopted enabling ordinance, program guidelines and interim progress report reported to City staff:
 - a. Administrative procedures
 - b. Accounting control (including budgetary) procedures

Findings: None

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

Findings: None

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

- a. Establishment of a separate Measure T fund or fund group;
- b. Establishment within the Measure T fund(s) of an accountability structure that allows for accountability of the Measure T sales tax proceeds mandated allocations - police (60%) and fire (40%);
- c. That reasonable interest allocation methodologies were applied to Measure T fund(s) regarding interest revenue for unexpended net proceeds and interest charged for other City fund advances;
- d. That General Fund support for police and fire services during the fiscal year 2018-19, without regard to Measure T funds based upon budgeted expenditure levels, was not less than General Fund police and fire services support during the fiscal year 2017-18, unless the Council declared an economic emergency by a 4/5^{ths} vote;
- e. Establishment of a separate "Economic Uncertainty" fund within the Measure T fund(s) of 25% of the budgeted Measure T tax revenues.

Finding:

Measure T calls for the budgeted General Fund support for police and fire services during the fiscal year 2018-19, without regard to Measure T, to be greater than the General Fund police and fire services support during the fiscal year 2017-18, unless the council declares an economic emergency by a 4/5^{ths} vote.

General Fund support for police and fire services during the fiscal year 2018-19, without regard to Measure T, was greater than the General Fund police and fire services support during the fiscal year 2017-18; therefore, the City has met the maintenance of effort calculations.

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 25% of the annually budgeted revenues. The Fire and Police Measure T Economic Uncertainty Fund balances as of June 30, 2019, were \$672,350 and \$987,276 respectively. The amount for the Fire and Police Measure T Economic Uncertainty Funds exceeded the required 25% by \$20,375 and \$9,301, respectively.

(5) We traced all Measure T monies remitted by the California Department of Tax and Fee Administration 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 2018-19 as prepared by the City.

Finding:

Our review indicated that 23 police officers and 15 firemen were hired in accordance with plan objectives. However as of June 30, 2019, two police officer positions were vacant by attrition, of which one will remain vacant in Measure T fund and the position will be filled in the General Fund following the Annual Recertification Plan for June 30, 2020. Due to reduced sales tax revenue compared to original Plan projections and the Measure T sales tax revenue recovery at a slow rate, the number of police officers hired was reduced from the original 28 planned. During the reduction three officers were transferred to the General Fund and will be transferred back once sales tax revenues improve. The remaining two positions were left vacant by attrition and will be filled when sales tax receipts increase sufficiently to fund these positions. The number of firemen hired was reduced from the original 18 planned to 15 until sales tax revenues improve.

Finding:

We found that two employee related expenditures were charged to Measure T Funds in error. The employees were not Measure T employees during the current fiscal year. Therefore, the charges should have not been charged to Measure T Funds. City staff has made journal entries to correct the errors and our review noted that Measure T Funds were reimbursed in the current fiscal year for the amounts expended in error for a total of \$33.

Recommendation:

We recommend that City staff ensure that employee related expenditures are only charged to Measure T Funds for current Measure T officers.

Management Response:

City staff has implemented processes to ensure that employee related expenditures are only charged to Measure T funds for current Measure T officers.

Finding:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Measure T Plan. The City finished construction of the Visalia Emergency Communication Center during the previous fiscal year. The expenditures made towards the project were not charged to Fire and Police Measure T Funds, as the project was a multi-funded project which was being funded with prior year Certificates of Participation (COP) proceeds. Therefore, expenditures related to the construction of the Visalia Emergency Communication Center, were recorded in another fund where all project expenditures were accounted for. COP in the amount of \$17,910,000 were issued in the 2015-16 fiscal year to fund the project. The Measure T Plan was recertified approving the Police Measure T Fund to pay 14% of the total debt payment in the amount of \$151,000. However, Measure T's portion of the COP proceeds and debt service payments is 9.577540%. Police Measure T Funds paid \$150,944 of debt service payments in the current year in accordance with approved plan and is budgeted to pay for their percentage of the project through an additional 12 years of debt service payments ending in fiscal year 2029-30.

Recommendation:

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

Management Response:

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

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

Findings: None

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

Findings: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on administration, financial management and accounting. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Very truly yours,


M. GREEN AND COMPANY LLP
Certified Public Accountants

November 13, 2019
Visalia, California



M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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*Hanford
Lindsay
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council
City of Visalia and Measure N Sales Tax Oversight Board
707 W. Acequia
Visalia, CA 93291-6100

We have performed the procedures enumerated below, which were agreed to by the City of Visalia (City), solely to assist the City and the independent Measure N Sales Tax Oversight Board; with respect to the administration, financial management and accounting of the City's Measure N funds for the fiscal year ended June 30, 2019. The City's management is responsible for the City's administration, financial management and accounting for Measure N. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

- (1) We obtained and reviewed the City's Measure N commitments as expressed in the Measure N ballot measure from the November 8, 2016 election, the Enabling Ordinance adopted by the City Council, the Board of Equalization Agreements for implementation and administration of additional sales tax, and the City Council approved initial expenditure plan, annual expenditure plan and any amendments, as applicable for the current fiscal year.

Findings: None

- (2) We identified and documented the following Measure N compliance provisions, as interpreted by the City Council adopted enabling ordinance and interim progress report reported to City staff:

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

Findings: None

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

Findings: None

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

Finding:

The Measure calls for the establishment and funding of an Economic Uncertainty Fund in the amount of 10% of the annually budgeted revenues. The Measure N Economic Uncertainty Fund balance as of June 30, 2019, was \$1,303,970. The amount for the Measure N Economic Uncertainty Fund met the required 10%.

The Measure also calls for the establishment and funding of a Maintenance and Emerging Needs Fund in the amount of 10% of the annually budgeted revenues of which 2% of the budgeted revenues shall be used for youth programs. The Maintenance and Emerging Needs Fund and The Maintenance and Emerging Needs Fund - Youth Fund were both funded during the fiscal year June 30, 2019, with the amount of \$1,043,176 and \$260,794, respectively which met the required percentages.

- (5) We traced all Measure N monies remitted by the California Department of Tax and Fee Administration to determine whether they were properly deposited into the appropriate Measure N fund.

Findings: None

- (6) We performed procedures to verify the summaries of Measure N receipts, disbursements and unexpended funds pertaining to the fiscal year 2018-2019 as prepared by the City.

Findings:

Police

The Annual Measure N Plan calls for the hiring of 18 police officers and five police professional staff during the current fiscal year. Our review indicated that 17 police officers and five police professional staff were hired in accordance with plan objectives. One of the five police professional staff hired transferred to a police officer vacant position during the current fiscal year and one of the 17 police officers hired resigned prior to June 30, 2019. Therefore two police officer positions and one police professional staff position remained open as of June 30, 2019.

Fire

The Annual Measure N Plan calls for the hiring of four squad staff during the current fiscal year. Our review indicated that none were hired as of June 30, 2019. However, we noted that on April 15, 2019 Council discussed and approved a phased squad vehicle based emergency medical response program, with paramedic staffing implementation plan to be presented to the Measure N Oversight Committee for a proposal amendment of the Annual Measure N Plan.

Parks and Recreation

Our review also indicated that two parks and recreation maintenance employees, an urban forest employee and a recreation coordinator were hired in accordance with the Annual Measure N Plan.

Maintenance and Emerging Needs (Including Youth)

The prior year Measure N Plan called for the implementation of a Clubhouse Networking program which rolled-over to the current fiscal year and the Maintenance and Emerging Needs Fund - Youth Fund was able to fund various hourly employees working on the Clubhouse Networking program in accordance with the Plan.

Findings:

We found that the Capital Improvement Program expenditures are generally proceeding in accordance with the Annual Measure N Plan. Measure N Funds include a capital project roll-over policy consistent with all City projects and funds where projects approved and possibly started but not completed in one fiscal year may roll-over into the next fiscal year until completed.

Fire

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

The Capital Improvement Program expenditures for refurbishment of Station 51 has been delayed due to the advancement of relocating Fire Station 56 within the Annual Measure N Plan. Land was purchased during the 2018-2019 fiscal year and the project is in the design phase. Management anticipates the project to be completed in fiscal year 2021-2022 or 2022-2023.

The Annual Measure N Plan also calls for the purchase of four squad vehicles during the current fiscal year. Our review indicated that none were purchased as of June 30, 2019. However, we noted that on April 15, 2019 Council discussed and approved a phased squad vehicle based emergency medical response program, with paramedic staffing implementation plan to be presented to the Measure N Oversight Committee for a proposal amendment of the Annual Measure N Plan.

Police

As of June 30, 2019, 13 police officer vehicles and two police professional staff vehicles had been purchased and the approval of five additional police officer vehicles had been made in accordance with the Measure N plan.

Also, during the 2018-2019 fiscal year the City purchased body worn cameras in accordance with the Plan.

Roads

Various street maintenance projects have been completed in fiscal year 2018-2019 in accordance with the Measure N Plan. \$1,069,272 had been expended during the fiscal year ended June 30, 2019.

Parks and Recreation

No Capital Improvement Program expenditure amounts had been expended as of June 30, 2019. However, the approval of two employee vehicles had been made in accordance with the Measure N plan.

Other

The Annual Measure N Plan calls for a Downtown Street Light System. This project is still in the design phase. Management anticipates the project to be completed in fiscal year 2021-2022 or 2022-2023.

Maintenance and Emerging Needs

Various building maintenance projects have been completed in fiscal year 2018-2019 in accordance with the Measure N plan. \$365,644 had been expended towards re-roofing City Facilities during the fiscal year ended June 30, 2019.

Maintenance and Emerging Needs – Youth

No Capital Improvement Program expenditure amounts had been included in the Annual Measure N Plan or expended as of June 30, 2019.

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

Findings: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on administration, financial management and accounting. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Very truly yours,


M. GREEN AND COMPANY LLP
Certified Public Accountants

November 13, 2019
Visalia, California

CITY OF VISALIA BOND DISCLOSURE REQUIREMENTS

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

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

Redevelopment Agency Tax Allocation Bonds

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

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

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

Certificates of Participation

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

Certificates of Participation

On September 10, 2015, the City issued \$17,910,000 of 2015 Certificates of Participation to (a) construct and equip the Visalia Emergency Communications Center (the VECC), (b) to replace the City's Computer Aided Dispatch and Records Management System (the CAD/RMS), (c) to make certain improvements to the Visalia Convention Center, (d) to purchase a municipal bond debt service reserve insurance policy for deposit into a debt service reserve fund established for the Certificates, and (e) to pay the costs related to the execution and delivery of the Certificates. Of this issue, 27% is allocable to the Convention Center and 73% is considered general long-term debt. Interest represented by the Certificates is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2015, with the final payment due in the year 2029.

DISCLOSURES

Redevelopment Agency Tax Allocation Bonds

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

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

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

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

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

For FY 2018-19 and future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the former redevelopment agency have been paid in full and all assets have been liquidated.

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

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

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

These tables are presented here as required.

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

Fiscal Year Ended June 30	Locally- Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Assessed Value	Incremental Assessed Value
2015	149,196,204	17,144,551	521,796	166,862,551	71,863,428
2016	154,685,059	17,744,471	521,796	172,951,326	71,719,119
2017	159,202,054	31,905,255	521,796	191,629,105	71,719,119
2018	166,077,971	19,965,433	602,306	186,645,710	71,719,119
2019	172,658,326	23,034,881	602,306	196,295,513	71,719,119

Source: County of Tulare and City of Visalia Finance Department

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

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

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

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

Source: County of Tulare and City of Visalia Finance Department

Table 6
SUCCESSOR AGENCY OF THE CITY OF VISALIA
EAST VISALIA REDEVELOPMENT PROJECT AREA
TOP TEN TAXPAYERS
BASED UPON 2018-19 ASSESSED VALUATION

Property Owner	Fiscal Year 2018-19 Total Assessed Value	Percentage of Total ⁽¹⁾
1 Hotel Circle GL Holding LLC	\$ 17,033,540	8.68%
2 Donald John & Shelly Kaye Groppetti	11,184,247	5.70%
3 Willow Street Development Co LLC	10,736,218	5.47%
4 Kenneth J. Curti (TR)	8,586,663	4.37%
5 Mark Whittlesey (TR)	6,110,105	3.11%
6 Three Ten Center Street LLC	4,264,497	2.17%
7 Pile Partners #1 LLC	2,143,249	1.09%
8 Smith Auto Parts	2,061,670	1.05%
9 Dinesh & Diane L Sharma (TRS)	2,043,605	1.04%
10 Troy Korsgaden	1,965,000	1.00%
	\$ 66,128,794	

⁽¹⁾ Fiscal Year 2018-19 assessed valuation: \$196,295,513

Source: Tulare County Auditor Controller's Office

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

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

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

Source: County of Tulare and City of Visalia Finance Department

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

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

Fiscal Year	Tax Revenues	Debt Service	Coverage
2008-09	\$ 488	\$ 220	222%
2009-10	434	225	193%
2010-11	429	230	187%
2011-12*	489	240	204%
2012-13**	245	245	100%
2013-14**	255	255	100%
2014-15**	260	260	100%
2016-2020**	1,065	1,065	100%
2021-2025**	1,005	1,005	100%
2025-2027**	460	460	100%

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

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

Source: City of Visalia Finance Department

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

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

Certificates of Participation – 2014 Refunding Certificates of Participation

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

Balance of the Reserve Fund as of January 1
Rating Changes

The reserve fund for the 2014 Refunding Certificates of Participation consists of an Assured Guaranty Municipal Bond Insurance Policy. The market value of the bond insurance in place at January 1, 2019 was \$797,250.00.

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

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

Certificates of Participation – 2015 Certificates of Participation

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

Balance of the Reserve Fund as of January 1
Rating Changes

The reserve fund for the 2015 Certificates of Participation consists of an Assured Guaranty Municipal Bond Insurance Policy. The market value of the bond insurance in place at January 1, 2019 was \$1,578,737.50.

Rating Changes for **2015 Certificates of Participation**

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