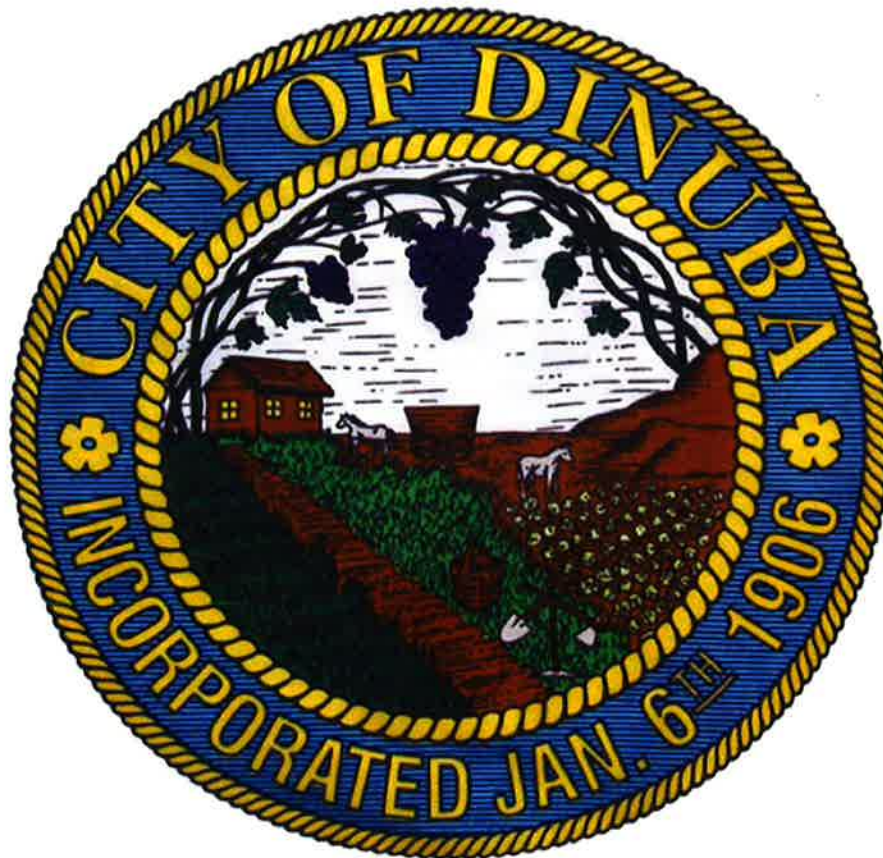


CITY OF DINUBA, CALIFORNIA



Comprehensive Annual Financial Report
For the year ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2016
City of Dinuba, California

Prepared by the Finance Department

CITY OF DINUBA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2016

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Introductory Section





City Manager
559/591-5904

City Attorney
559/437-1770

Administrative Services
559/591-5900

Development Services
559/591-5906

Fire/Ambulance Services
559/591-5931

Parks & Community Services
559/591-5940

Police Services
559/591-5914

Public Works Services
559/591-5924

December 20, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dinuba, for the fiscal year ended June 30, 2016, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Dinuba issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The accounting firm of Moss, Levy, & Hartzheim, LLP of Beverly Hills, California, was retained by the City to perform the audit of financial records for the fiscal year ended June 30, 2016. The audit was designed to meet the requirements of the federal Single Audit Act of 1984, as amended and related OMB Circular A-133. The auditors report on the fair presentation of the financial statements, the internal controls, and compliance with legal requirements and have issued an unqualified ("clean") opinion on Dinuba's financial statements.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Government Profile

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Dinuba as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government; the Dinuba Financing Authority qualifies as a blended component unit in this regard. City Council members serve as the governing board of the Authority, and the City Manager also serves as the Executive Director of the Authority.

The City of Dinuba is situated in the northern part of Tulare County, near the Fresno County line. Roughly 180 miles north of Los Angeles and 200 miles south of San Francisco, the City lies in the heart of California's agriculturally-rich San Joaquin Valley, near the Sierra Nevada Mountain Range. It is the service center for a large farming area that extends into both Tulare and Fresno Counties.

Dinuba was established in 1888 with the coming of the railroad and was incorporated in 1906. Because of Dinuba's rich agricultural area, it grew quickly into a thriving community as people from outlying areas moved closer to the railroad shipping area. Since its founding, Dinuba has had consistent growth, increasing from 970 persons in 1910 to a 2016 population of 24,657. Among the eight incorporated cities of Tulare County, Dinuba ranks fourth in population.

The City, until 1994, operated under the General Laws of the State of California. A City Charter was adopted by the voters on June 4, 1994, and by the Secretary of State on July 7, 1994. The Charter gives the City government greater latitude in carrying out its operations and enables the City to operate more efficiently.

Springtime in Dinuba is filled with the fragrance of blossoms from the surrounding orchards. Dinuba's warm summer days bring forth the abundance of produce that keeps the packing houses and shippers busy during the summer months. Mild temperatures year-round enhance the dairy industry in the surrounding area as well.

The Dinuba area is one of the San Joaquin Valley's most productive agricultural spots. The variety of crops includes cotton, nuts, vegetables, and fruits, such as grapes, raisins, plums, peaches, nectarines, and citrus. Raisins are a major product in the Dinuba area, where 40 percent of the world's raisins are grown and dried, a total of approximately 300,000 tons annually. Table grapes and wine are also major products. The City of Dinuba is in Tulare County; a table in the Statistical Section lists the major crops raised in Tulare County and the gross value of the crops in the previous calendar year.

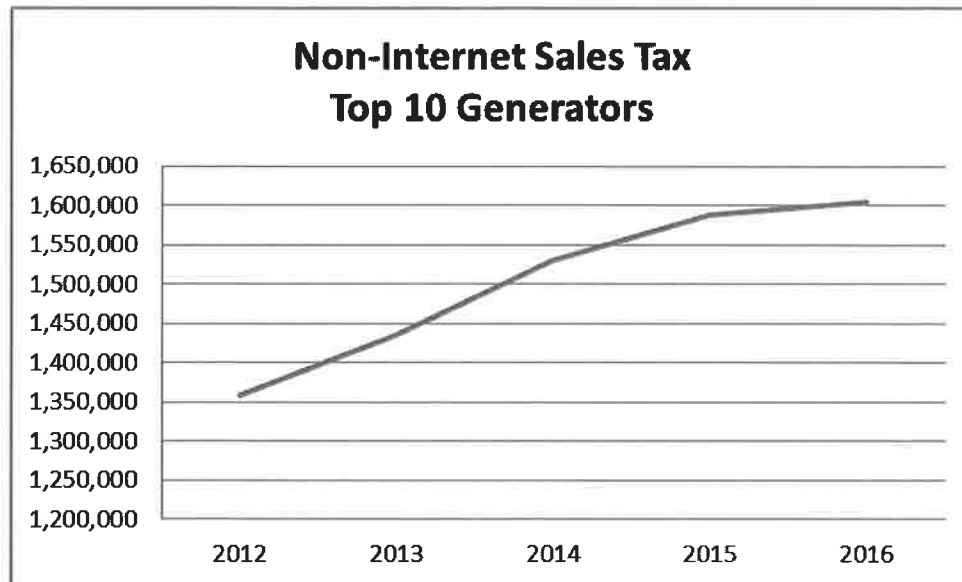
Although agriculture is Dinuba's predominant activity, the community has had a modest commercial and industrial base for many years. Dinuba is home to the headquarters of Ruiz Food Products, Incorporated, which prepares frozen Mexican foods and distributes them worldwide. It is also home to the West Coast Distribution Facility for Best Buy, Inc. and Patterson Logistics, Inc. This concentration of employers attracts more residents which in turn draws additional commercial businesses. This has been evidenced through continued strength of the building sector in Dinuba. Because of its unparalleled agricultural base and its expanding industrial site, Dinuba is a community with a progressive and diverse economy.

The City has a Council-Manager form of government. There are five Council members who serve overlapping terms of four years and the Council in turn elects one of the Council members to serve as the Mayor for a term of two years. The Council engages a City Manager and a City Attorney. The Manager is the chief executive officer of the City, and it is the City Manager's responsibility to hire department managers for each of the City functions. Such person also proposes the annual budgets, coordinates and oversees all activities of the organization, and implements the policies, budgets, and laws adopted by the City Council. The Dinuba Redevelopment Agency was created on June 12, 1984, by an Ordinance of the City Council, pursuant to the California Community Redevelopment Law. With the dissolution of redevelopment agencies by the state, the City Council has assumed the role of the board to the Successor Agency of the City of Dinuba.

Local Economy

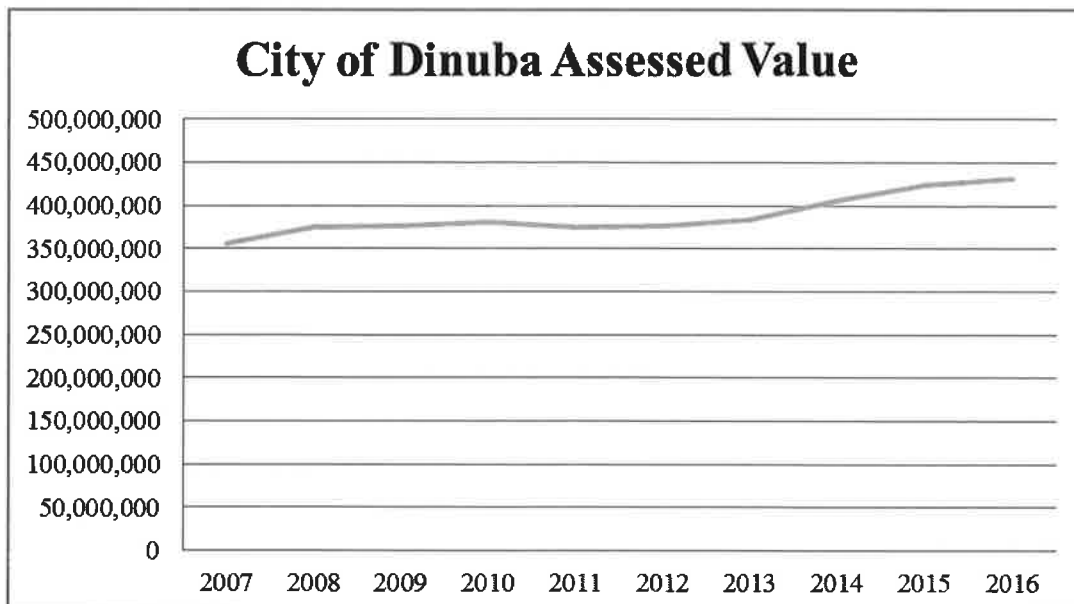
The economic climate in Dinuba continues to improve. Over the past 5 years sales tax from the top 10 non-Internet businesses grew from approximately \$1,350,000 to approximately \$1,600,000. During the past year non-Internet sales tax from the same sources grew by 1%.

In 2016, 689 building permits were issued compared to 552 issued in 2015. While commercial permits remained unchanged, residential permits decreased over the previous year. Overall total permit evaluations decreased from \$14.6 million to \$7.1 million in 2016. It is anticipated that work will begin on a residential development surrounding the City's golf course. Currently it is anticipated that the development will include over 100 lots. The development will be gated and comprised of higher-end homes.



West El Monte Way continues to be attractive for further commercial development. In fiscal year 2016 Farm Credit West and Western Dental and Orthodontics were opened.

After years of stagnant growth in assessed values, property values saw an uptick in fiscal year 2016. The continued growth in new residential and commercial permits is finally impacting the assessed values. Traditionally, it has taken a couple of years for new development to affect the property tax rolls.



Current Major Initiatives

Several major projects are underway in the City of Dinuba.

The City and the County are moving forward on the widening of El Monte Way/Avenue 416. The widening runs the length of the City and will be completed in two phases. The first Phase will widen El Monte Way/Avenue 416 from Road 56 to Alta Avenue/Road 80; the second Phase will begin east of the intersection of Alta Avenue/Road 80 and continue widening to Road 92.

Phase 1 design and rights-of-way acquisition were completed in the summer of 2013 with construction beginning in 2014. Funding for the first Phase will be from Measure R, the County-wide add-on sales tax for transportation projects with supplemental State funds from the State and Local Partnership Program (SLPP) and local funds. The second Phase has not been programmed by TCAG for funding at this time. The City is exploring the possibility of introducing two Roundabouts into the second Phase which could reduce rights-of-way impacts/costs and be financed with CMAQ funds.

In fiscal year 2014 work began on the second phase to the expansion of the City's CNG fueling station, which will be completed in the fall of 2016. The City's existing CNG facility was completed in 2005 and was subsequently expanded in the summer of 2012. The second expansion includes a third natural gas compressor as well as an additional ten slow fill stations, which will allow all City transit buses to be completely fueled overnight.

In fiscal year 2015 work began to update the WWRF 2007 Preliminary Design Report (PDR), which will be completed in the fall of 2016. The PDR provides final recommendations and estimated costs for the expansion of the WWRF from its current capacity of 3 MGD to 4 MGD. This planned expansion will require a new Waste Discharge Permit (which has been anticipated regardless of an expansion project due to the 1995 issuance date of the current Permit) from the State. The City will apply for a low-interest loan from the State, including a request for consideration for partial principal waiver (grant) based upon possible Disadvantaged Community (DAC) status.

In fiscal year 2017, the design of Fire Station No. 2 will continue with completion expected in late 2016. Construction is anticipated to begin in March 2017.

Financial Information

It is recognized that City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This should provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation costs and benefits require estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

The City maintains budgetary controls with the objective of ensuring compliance with legal provision embodied in the annual appropriated budget approved by the City Council. Activities of most funds are included in the annual appropriated budget and both revenues and expenses are categorized into either recurring or one-time. Project-length financial plans are adopted for long-term capital projects in a five-year Capital Improvement Plan. As a component of capital projects future operating costs are analyzed and projected and then incorporated into future budget forecasts.

Budgets are prepared for the individual departments within specific funds as management control devices, but the level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) remains at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances outstanding at the year end are generally reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Dinuba continues to meet its responsibility for sound financial management. For further analysis of the City's financial position, please refer to the Management Discussion and Analysis report in the Financial Section.

Awards

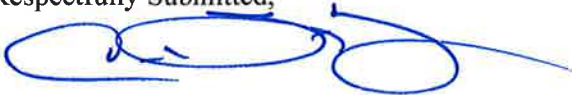
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dinuba for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the twenty-third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation, cooperation, and assistance of the Finance Department and the auditing firm of Moss, Levy, & Hartzheim, LLP is greatly appreciated in the publication of this document. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire finance staff. We also thank the Dinuba City Council for their dedicated service in guiding and directing the management of the City of Dinuba.

Respectfully Submitted,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Carlos Sanchez
Interim Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

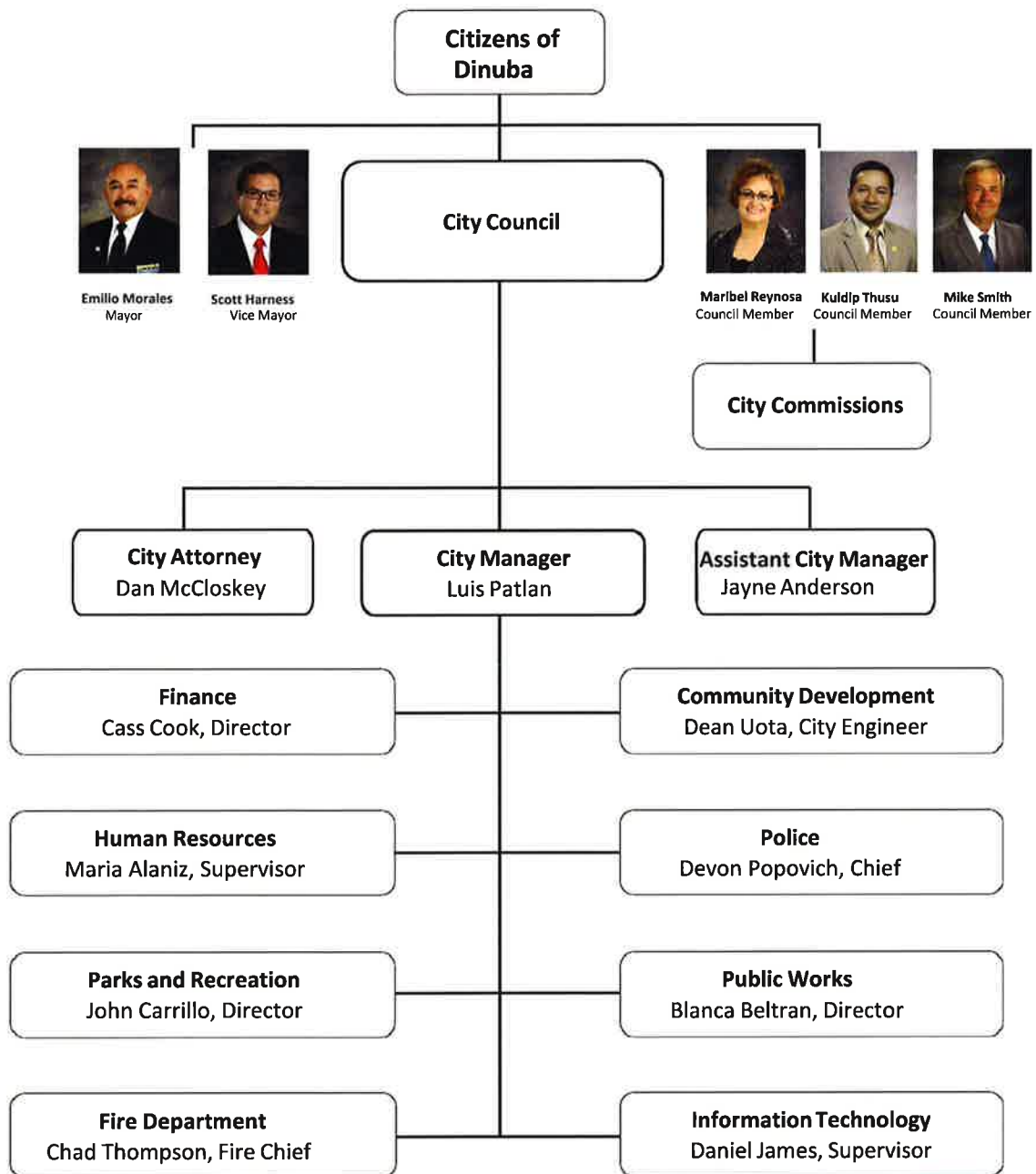
**City of Dinuba
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Organizational Chart and Principal Officials



Financial Section





MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council City of
Dinuba, 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 City of Dinuba, California as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 entity'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 entity'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 of Dinuba, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in note 1 of the notes to the basic financial statements effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and Statement No. 73, *Accounting and Reporting for Pensions and Related Assets not within the Scope of GASB 68 and Amendments to GASB 67 and 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison schedules for the General and major special revenue funds, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Funding Progress for Retiree Health Plan on pages 13 through 26 and 97 through 104 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 of Dinuba's basic financial statements. The introductory section, governmental and enterprise combining and individual non-major fund information, internal service, major capital project fund budgetary comparison schedule, major debt service fund budgetary comparison schedule and fiduciary fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The governmental and enterprise combining and individual non-major fund information, internal service, major capital project fund budgetary comparison schedule, major debt service fund budgetary comparison schedule and fiduciary fund financial statements and schedules are the responsibility of management and were derived from and relate 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 governmental and enterprise combining and individual non-major fund information, internal service, major capital project fund budgetary comparison schedule, major debt service fund budgetary comparison schedule and fiduciary fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 21, 2016

Management's Discussion and Analysis ***Fiscal Year Ended June 30, 2016***

This management's discussion and analysis provides an overview of financial activities of the City of Dinuba (City) for the fiscal year ended June 30, 2016. Please read this discussion and analysis in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

City-Wide

- City total assets increased by \$9 million to \$308.6 million, of which \$236.8 million represented governmental assets and \$71.8 million represented business-type assets.
- City total liabilities increased by \$0.6 million to \$72.8 million, of which \$50 million were governmental liabilities and \$21.8 million were business-type liabilities.
- The City's total net position increased by \$9.6 million to \$238.4 million.
- City-wide revenues were \$55.1 million, of which \$37.3 million were generated by governmental activities and \$17.8 were generated by business-type activities.
- City-wide expenses were \$46.5 million, of which \$29.8 million were incurred by governmental activities and \$17.1 were incurred by business-type activities.

Fund Level

- Governmental Fund balances decreased \$2.6 million to \$21.6 million. Of this amount \$0.5 million was unassigned fund balance and available for spending at the City's discretion.
- Governmental Fund revenues were \$30 million, an increase of \$0.6 million from the previous year.
- Governmental Fund expenditures decreased by \$1.4 million to \$32.8 million in fiscal year 2016.
- Enterprise net position increased by \$1.1 million to \$51.5 million. Of this amount, \$5.0 million was unrestricted net position and available for spending at the City's discretion.
- Enterprise Fund operating revenues remained at \$13.4 million compared to the previous fiscal year.
- Enterprise Fund operating expenses were \$16.0 million in fiscal year 2016, an increase of \$2.7 million compared to the previous fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report is composed of the following:

1. Introductory section, including the Transmittal Letter
2. Management's Discussion and Analysis
3. Basic Financial Statements, which include the Government-wide and the Fund financial statements
4. Notes to the financial statements
5. Combining statements for Non-Major Governmental, Internal Service and Fiduciary Funds
6. Statistical information

Basic Financial Statements

The Basic Financial Statements consist of the City-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide a short-term view as well as a long-term view.

The City-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 City-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities.

The **Statement of Net Position** provides information about the financial position of the City as a whole, including all of its capital assets, liabilities and long-term liabilities 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.

The fund financial statements report the City's operations in more detail than the City-wide statement and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current, assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

City-wide Financial Statements

All of the City's activities are grouped into either Governmental Activities or into Business-type Activities. Governmental Activities are those functions that are principally supported by taxes or by specific governmental program revenues such as developer fees. Business Activities are those services supported by charges paid by direct users of the service such as Disposal collection.

City-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

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 of the City's smaller funds.

Governmental Funds

Most of the City's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that it is collectible within the current period or soon enough thereafter to be used.

The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the Governmental Fund Financial Statements and the Government-Wide Financial Statements are explained in a reconciliation following the Governmental Funds' Financial Statements.

Proprietary Funds

When the City charges customers for services - whether to outside customers or to programs of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The City's enterprise funds are the same as the business-type activities reported in the Government-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City also uses internal service funds to report activities that provide supplies and services for the City's internal program and activities, such as the City's self-insurance.

Fiduciary Funds

The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found following the fund financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position and changes in net position of the City's Governmental Activities (Tables 1 and 2) and Business-Type Activities (Tables 3 and 4) are presented in the City-wide Statement of Net Position and Statement of Activities.

Governmental Activities

Table 1			
Governmental Net Position at June 30, 2016 and 2015			
(in Thousands)			
	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Current and other assets	48,260	50,140	(1,880)
Capital Assets	188,580	178,327	10,253
Total Assets	236,840	228,467	8,373
Deferred outflows	2,879	2,487	392
Total deferred outflow	2,879	2,487	392
Current and other liabilities	3,442	4,156	(713)
Long-term obligations outstanding	47,534	45,549	1,985
Total liabilities	50,977	49,705	1,272
Deferred inflows	1,760	2,665	(905)
Total deferred inflow	1,760	2,665	(905)
Net Position			
Net investment in capital assets	160,788	145,009	15,779
Restricted	33,955	34,836	(881)
Unrestricted	(7,760)	(1,260)	(6,500)
Total net position	186,983	178,585	8,398

Net Position

As shown in Table 1, the City's governmental Total Net Position is \$187 million. During fiscal year 2016, the overall net position increased by \$8.4 million, or 4.7%. During fiscal year 2015, the City implemented GASB 68 & 71, which required the recording of net pension liability and pension related deferred inflows and outflows.

The largest portion of the City's net position, approximately \$160.7 million, reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves rarely are used to liquidate these liabilities.

Resources that are subject to restriction that may only be used to construct specified capital projects, debt service or other special revenue programs represent 18.3% of the City's Governmental Net Position. These are external restrictions and cannot be changed by the City.

Unrestricted net position can be used to finance day-to-day operation without constraints. Due to the restrictions mentioned about and the implementation GASB 68 & 71, the unrestricted net position was (\$9.7) million at year end.

Changes in Net Position

The Statement of Activities provides information regarding the entirety of the City's governmental revenues and expenses. The Statement describes in detail the changes in net position from the previous year.

The City's Governmental Net Position increased by \$8.4 million in fiscal year 2016. Revenues increased \$3.4 million and expenses increased by \$2.6 million. The increase in revenues is primarily due to an increase in capital contributions and grants.

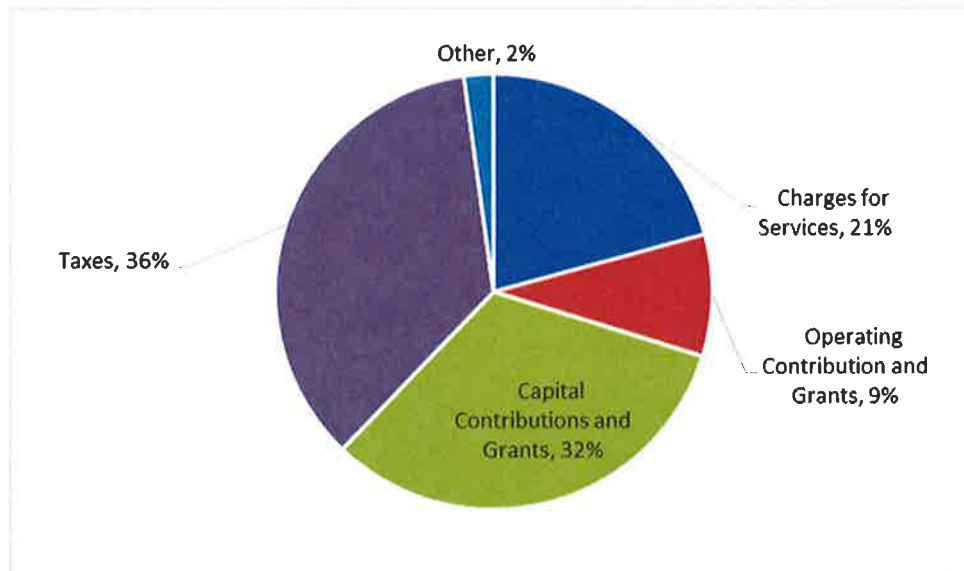
While total revenues increased from the previous year, tax revenues increased by \$1.3 million. Property tax revenue comprised \$0.4 million with the largest increase being other revenue which includes Franchise Tax and Transient Occupancy Taxes. The increase in property tax revenues is due to continued building within the City as well as the winding down of the redevelopment obligations.

The rise in Governmental expenses was primarily focused in the public safety functions of the City. In 2015-16 personnel costs increased due to a new Police Officer and converting a part-time Evidence Technician to a full-time position. Additionally capital expenses included costs associated with the Police Station improvements and an Animal Control truck and module.

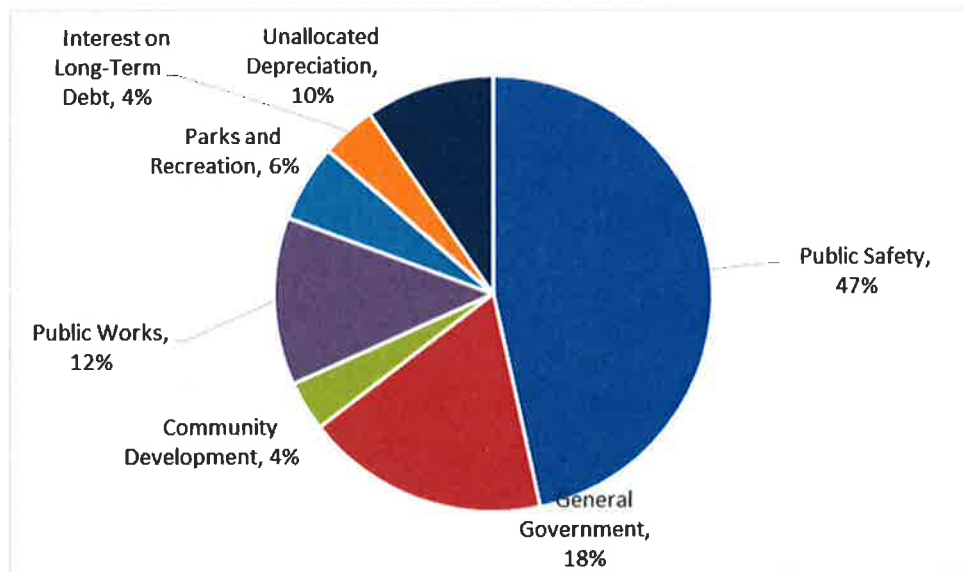
Table 2			
Changes in Governmental Net Position			
(in Thousands)			
	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Revenues			
Program Revenues			
Charges for services	\$ 7,750	\$ 8,082	\$ (332)
Operating contribution and grants	3,376	3,274	102
Capital contributions and grants	12,076	10,114	1,962
General Revenues			
Taxes			
Sales Tax	9,729	7,095	2,634
Motor Vehicle in Lieu	1,755	1,633	122
Utility Users Tax	1,683	1,631	53
Property Tax	1,261	846	415
Other	990	776	214
Investment Earnings	263	113	149
Miscellaneous	553	371	181
Total Revenues	<u>39,435</u>	<u>33,937</u>	<u>5,498</u>
Expenses			
Public Safety	13,746	13,275	471
General Government	4,803	5,345	(542)
Community Development	1,179	1,642	(463)
Public Works	3,944	3,335	609
Parks and Recreation	1,824	1,682	142
Interest on Long-Term Debt	1,278	1,205	73
Unallocated Depreciation	3,030	2,635	395
Total Expenses	<u>29,804</u>	<u>29,119</u>	<u>685</u>
Transfers & Special Items	<u>(1,302)</u>	<u>392</u>	<u>(1,694)</u>
Total Transfers & Special Items	(1,302)	392	(1,694)
Change in Net Position	8,329	5,210	3,119
Net Position- Beginning, Restated	178,654	175,009	3,645
Net Position- Ending	186,983	180,219	6,765

The following charts display the City's governmental activities for fiscal year 2016, highlighting the makeup of the governmental revenues and expenses.

**Revenues by Source
Governmental Activities**



**Expenses by Function
Governmental Activities**



Business Type Activities

The statement of Business-Type Net Position (Table 3) and statement of Business-Type Activities (Table 4) are presented below.

Net Position

The business-type activities of the City showed a minor increase \$0.6 million in total assets. Of the total net position, 90.9% was net investment in capital assets and 9.1% percent was unrestricted, which was available for future operations.

Table 3			
Business-Type Net Position at June 30, 2016 and 2015			
(in Thousands)			
	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Current and other assets	\$ 8,816	\$ 6,878	\$ 1,938
Capital Assets	<u>63,023</u>	<u>64,356</u>	<u>(1,334)</u>
Total Assets	71,839	71,234	605
Deferred outflows	<u>1,818</u>	<u>1,854</u>	<u>(36)</u>
Total deferred outflow	1,818	1,854	(36)
Current and other liabilities	1,224	1,219	4
Long-term obligations outstanding	<u>20,672</u>	<u>21,368</u>	<u>(696)</u>
Total liabilities	21,896	22,588	(692)
Deferred inflows	<u>301</u>	<u>450</u>	<u>(149)</u>
Total deferred inflow	301	450	(149)
Net Position			
Net investment in capital assets	46,474	47,536	(1,062)
Restricted	-	-	-
Unrestricted	<u>4,986</u>	<u>2,514</u>	<u>2,472</u>
Total net position	51,460	50,051	1,410

Changes in Net Position

As shown in Table 4, net revenues for business-type activities were \$17.7 million in fiscal year 2016, an increase of \$2.7 million over the prior year. The increase was primarily attributable to growth in operating grants in the Transit Fund.

Expenses for business-type activities increased by \$1 million compared to the previous fiscal year. The primary growth in expenses came from costs associated with the maintenance and depreciation of the transit fleet.

Table 4			
Business-Type Activities			
(in Thousands)			
	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Revenues			
Program Revenues			
Charges for services	\$ 13,379	\$ 12,875	\$ 504
Operating contribution and grants	3,178	1,705	1,473
Capital contributions and grants	1,166	450	716
General Revenues			
Investment Earnings	37	19	18
Miscellaneous	-	-	-
Total Revenues	<u>17,760</u>	<u>15,049</u>	<u>2,711</u>
Expenses			
Disposal	3,239	3,337	(98)
Golf Course	3,560	3,336	224
Sewer	3,247	3,182	65
Water	3,204	2,932	272
Ambulance	1,369	1,377	(8)
Transit	1,244	1,044	200
Engineering	739	659	80
Compressed Natural Gas	160	165	(5)
Total Expenses	<u>16,762</u>	<u>16,032</u>	<u>735</u>
Transfers			
	<u>270</u>	<u>(392)</u>	<u>662</u>
Total Transfers	270	(392)	662
Change in Net Position	1,268	(1,375)	2,643
Net Position- Beginning, Restated	50,193	51,426	(1,234)
Net Position- Ending	51,460	50,051	1,409

FINANCIAL ANALYSIS OF CITY'S MAJOR FUNDS

Table 5 summarizes the Governmental balances at the fund level.

Table 5			
Financial Highlights at Fund Level at June 30, 2016 and 2015			
(in Thousands)			
	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Total Assets	51,076	52,692	(1,615)
Total Liabilities	5,484	5,317	167
Total Fund Balances	21,632	24,236	(2,604)
Total Revenues	30,000	29,383	617
Total Expenditures	32,821	34,205	(1,384)
Total Other Financing Sources (Uses)	1,178	60	1,118

General Fund

The General Fund accounts for all financial resources traditionally associated with government activities that are not accounted for reported in another fund.

Fund balance in the General Fund decreased by 13.2% to end the fiscal year at a balance of \$4.3 million. The decrease can be attributed to a redevelopment agency dissolution settlement of 1.0 million.

The final budget amount for General Fund expenditures totaled \$13.3 million excluding transfers out. In comparison, actual expenditures excluding transfers out totaled \$13 million. The variance in expenditures was \$0.3 million. Total revenues were budgeted at \$13.2 million; actual revenues in the General Fund were \$14.6 million. The variance was due to an increase in service charges.

Other Major Funds

HUD Grants

The fund accounts for the Community Development Block Grants (CDBG) and Home Investment Partnership Program (HOME). The fund's assets include \$20.3 million in notes and loans receivable. The loans are offset by unearned revenue as the loans are not expected to be repaid within the next year. The notes and loans receivable are for housing acquisition assistance and housing rehabilitation.

Activity on housing remained virtually the same compared to the previous year as evidenced by the slight decrease in expenditures from the previous year by \$0.3 million.

Public Safety Sales Tax

Fund balance decreased by \$0.5 million in the 2016 fiscal year. The decrease was due to costs associated with the completion of the Emergency Operations Center.

Transportation Construction:

Revenue in the Transportation Construction fund came to nearly \$6.6 million. The revenue is primarily composed of intergovernmental revenues originating with the Tulare County Association of Governments for the purpose of expanding the road widening project along Avenue 416.

Financing Authority:

The Fund Balance in the Financing Authority fund remained almost the same as last fiscal year. It increased slightly by \$0.2 million to \$1.5 million in 2016. The increase came as a result of transfer debt proceeds to the Financing Authority fund.

General Construction:

The construction of the Emergency Operations Center and the transit building comprised most of the expenditures in the General Construction fund. The Public Safety Sales Tax paid for most of the work on the Emergency Operations Center.

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 \$3.9 million in revenue and have a combined Fund Balance at year-end of \$13.8 million.

Business-Type Funds

The business-type funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. Prior year adjustments including pension liabilities totaled \$.14 million in the enterprise funds. Other than the Golf Fund which is managed by an outside contractor the remaining major enterprise funds were affected by the adjustment.

Water

The net position in the water fund decreased by \$0.7 million to \$11.3 million. The unrestricted portion of the net position totaled \$1.5 million. Water conservation efforts resulted in a slight decrease in service charges. Operating expenses were held to prior year levels and the fund was able to cover depreciation costs.

Sewer

The sewer fund ended the year with a net position of \$11.0 million of which \$1 million was unrestricted. Operating revenues exceeded operating expenses by \$0.8 million. After accounting for interest expense on long-term debt, the funds net position decreased by \$0.4 million.

Disposal

Operating revenues and expenses were virtually flat when compared to the previous fiscal year. The fund ended the year with a net position of \$1.4 million of which \$0.9 million was unrestricted.

Ambulance

In 2016, the City participated in the Inter-governmental Transfer funding provided by the State and as a result the revenue increased from \$1.3 to \$2.9 million in 2016. As of June 30, 2016 the fund had net position of 1.4 million.

Golf Course

Operating revenues and operating expenses remained fairly constant as compared to the previous fiscal year. Operating expenses increased by \$0.1 million from the prior year. The revenues in the Golf Fund are sufficient to cover ongoing operating expenses outside of depreciation. However, the fund is not currently able to set aside funds for capital replacement. The net position of the Golf Course at the end of the fiscal year was \$23.9 million.

CAPITAL ASSETS

A summary of the City's capital assets is shown below in Table 6. More detail regarding the assets can be found in Note 7 of the financial statements.

Table 6			
Capital Assets Net of Accumulated Depreciation at June 30			
(in Thousands)			
	FY 2016	FY 2015	Change
Governmental Activities			
Land	111,621	109,504	2,117
Artwork	69	69	-
Construction in Progress	23,709	13,336	10,373
Buildings	6,884	7,172	(288)
Improvements	10,132	10,482	(350)
Equipment and Machinery	1,819	1,958	(139)
Infrastructure	34,347	35,806	(1,459)
Total	188,581	178,327	10,254
Business-Type Activities			
Land	8,610	8,610	-
Construction in Progress	424	2,080	(1,656)
Buildings and Improvements	22,688	21,715	973
Equipment and Machinery	1,625	1,421	204
Infrastructure	29,676	30,530	(854)
Total	63,023	64,356	(1,334)

The net increase of \$10.2 million for governmental activity assets is comprised of the construction in progress which is for the Ave 416 expansion, the Compressed Natural Gas expansion project, and the Transit Center addition.

The net decrease of \$1.3 million for business-type activity assets is made up of accumulated depreciation offset by the addition of \$1.6 million worth of assets attributable to the completion of the Transit Center.

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. More information concerning the City's investment in capital assets is available in Note 7 in the Notes to Basic Financial Statements section later in this document.

DEBT ADMINISTRATION

Each of the debt is discussed in more detail in Note 8 to the financial statements.

The City's total long-term debt increased by \$2.0 million compared to the prior fiscal year. The increase was primarily due to the Notes and Capital Leases payable.

Additionally, because the City is on a pay-as-you-go basis, the retiree health obligation increased by \$1.3 million.

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2016:

Table 7			
Outstanding Debt			
(in Thousands)			
	FY 2016	FY 2015	Change
Governmental Activity Debt			
Revenue Bonds Payable	\$ 17,320	\$ 17,983	\$ (663)
Notes and Capital Leases Payable	10,098	9,081	1,017
Retiree Health Obligation	7,245	5,918	1,327
Pension Obligation	11,741	11,478	263
Compensated Absences	1,130	1,089	41
Total	47,534	45,549	1,985
Business-Type Debt			
Revenue Bonds Payable	10,315	10,540	(225)
Notes and Capital Leases Payable	6,038	6,505	(467)
Installment Purchase & Loans Payable	932	1,214	(282)
Retiree Health Obligation	1,170	956	214
Pension Obligation	2,006	1,936	70
Compensated Absences	162	167	(5)
Total	20,623	21,318	(695)
Total Long-Term Obligations	68,158	66,867	1,291

BUDGETING

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found immediately following the Government-wide financial

statements in this Financial Section of the CAFR. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures for each fund, prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP, except that encumbrances are included in budgeted expenditures.

Appropriations lapse at fiscal year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval.

ECONOMIC OUTLOOK

Based upon sales tax revenues, it appears that the local business climate continues to improve. Excluding revenues from the Internet Sales Tax, sales tax from the top 10 sources increased by 1% from fiscal year 2015 to 2016; however, the local K-mart is scheduled to close in July 2016. The impact on the sales tax is not anticipated to be significant, as the sales will most likely be made at the local Wal-Mart and other local retail locations. Additionally online sales tax is anticipated to be significantly higher in 2017.

The local economy has slowly picked up traction over the course of the year. In June of 2015 the unemployment rate for Tulare County was 10.9%; in June of 2016 the rate was 10.7%. The rate is anticipated to be affected by the closing of K-mart and Odwalla, a juice manufacturer. K-mart employed 70 employees in 2015, while Odwalla employed 167, for a total job loss of 307.

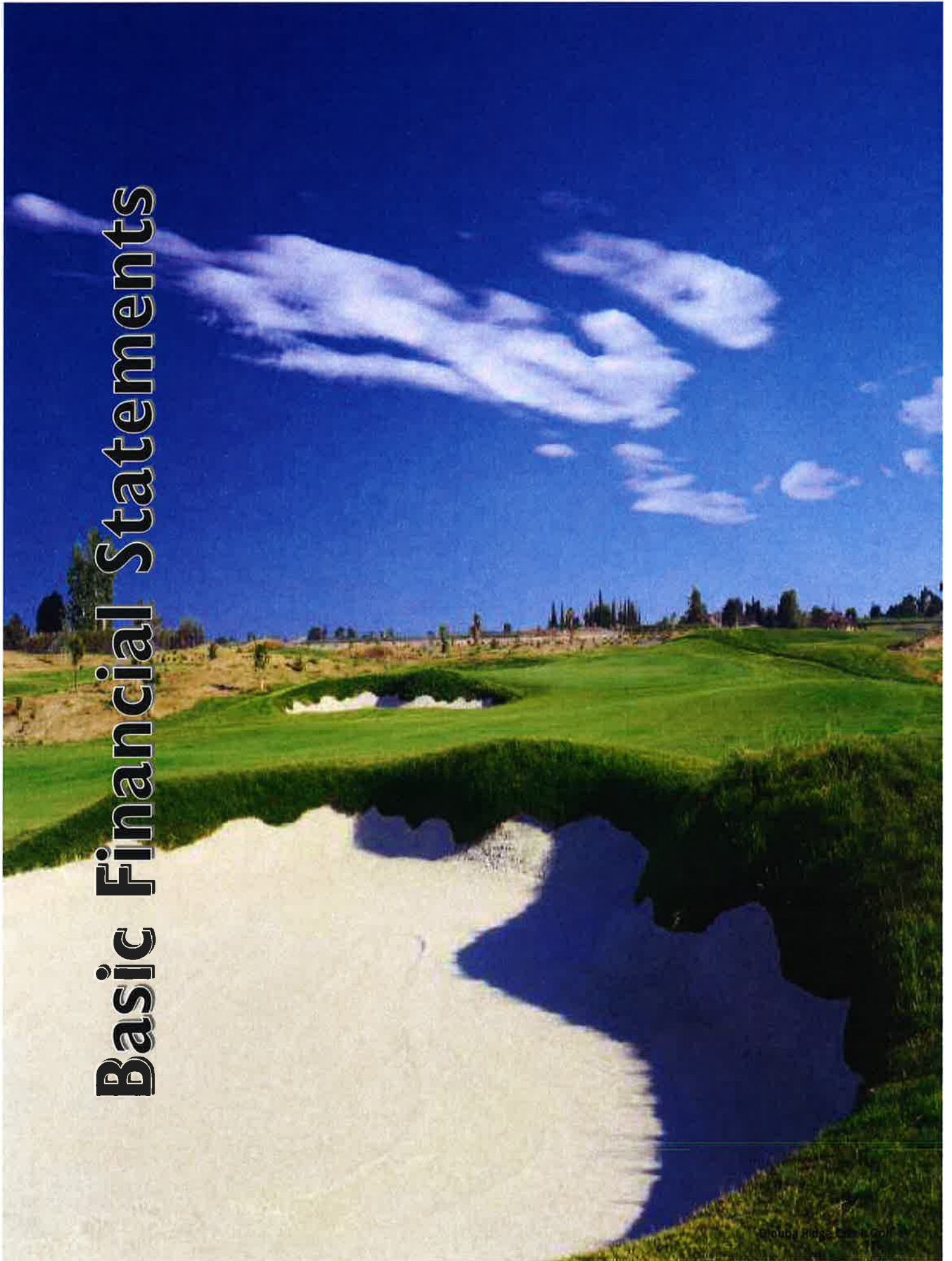
There was a slight decline in the construction of new homes. There were 78 permits issued in 2015 for single family residential homes. In 2016, 57 permits were issued for single family residential homes.

CONTACT THE CITY'S FINANCIAL MANAGEMENT

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this document, separate reports of the City's component unit, or wish any additional financial information, contact:

Finance Director
405 East El Monte Way
Dinuba, California 93618
Phone (559) 591-5900

Basic Financial Statements



CITY OF DINUBA
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 5,801,994	\$ 3,596,150	\$ 9,398,144
Restricted assets:			
Cash and investments with fiscal agents	1,244,579	858,253	2,102,832
Receivables:			
Accounts	584,845	2,491,626	3,076,471
Intergovernmental	4,233,269	725,176	4,958,445
Notes	21,485,153	302,617	21,787,770
Interest	2,502,486	3,007	2,505,493
Internal balances	664,367	(664,367)	
Land held for resale	187,251		187,251
Inventories		138,830	138,830
Prepaid items	96,791	64,489	161,280
Advances to Successor Agency	11,459,297	1,300,000	12,759,297
Capital assets not being depreciated	135,398,587	9,034,068	144,432,655
Capital assets, net of accumulated depreciation	53,181,642	53,988,865	107,170,507
Total Assets	236,840,261	71,838,714	308,678,975
Deferred Outflows of Resources:			
Pension	2,438,841	416,635	2,855,476
Deferred loss on debt refunding	440,571	1,401,729	1,842,300
Total Deferred Outflows of Resources:	2,879,412	1,818,364	4,697,776
Liabilities:			
Accounts payable	2,484,411	483,462	2,967,873
Accrued liabilities	667,808	51,222	719,030
Accrued interest payable	274,097	214,665	488,762
Unearned revenue		247,395	247,395
Deposits payable	16,073	227,024	243,097
Noncurrent liabilities:			
Due within one year	1,101,765	1,041,468	2,143,233
Due in more than one year	46,432,594	19,630,756	66,063,350
Total Liabilities	50,976,748	21,895,992	72,872,740
Deferred Inflows of Resources			
Pension	1,759,816	300,634	2,060,450
Total Deferred Inflows of Resources	1,759,816	300,634	2,060,450
Net position:			
Net investment in capital assets	162,419,353	46,474,326	208,893,679
Restricted for:			
Community development	22,673,586		22,673,586
Assessment districts	285,997		285,997
Parks	38,297		38,297
Public safety	69,137		69,137
Streets and roads	6,807,759		6,807,759
Housing	4,080,264		4,080,264
Unrestricted	(9,391,284)	4,986,126	(4,405,158)
Total Net Position	\$ 186,983,109	\$ 51,460,452	\$ 238,443,561

See Notes to Basic Financial Statements

CITY OF DINUBA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ (4,802,762)	\$ 5,470,676	\$ 100,861	\$ 2,251,104
Public safety	(13,746,235)	274,181	138,294	
Public works	(3,943,500)	1,808,508	738,081	9,824,526
Community development	(1,178,906)	22,282	2,398,394	
Parks and recreation	(1,824,431)	174,473		
Interest on long-term debt	(1,278,342)			
Unallocated depreciation	(3,029,796)			
Total Governmental Activities	<u>(29,803,972)</u>	<u>7,750,120</u>	<u>3,375,630</u>	<u>12,075,630</u>
Business-type Activities:				
Transit	(1,243,710)	85,333	1,115,244	
Engineering	(738,550)	710,226	106,461	
CNG	(159,572)	284,800		
Water	(3,204,634)	2,510,596	63,101	
Sewer	(3,247,602)	2,838,956	451	1,165,634
Disposal	(3,239,137)	3,175,398	305,012	
Ambulance	(1,368,670)	1,332,373	1,587,983	
Golf course	(3,560,260)	2,441,531		
Total Business-type Activities	<u>(16,762,135)</u>	<u>13,379,213</u>	<u>3,178,252</u>	<u>1,165,634</u>
Total Primary Government	<u>\$ (46,566,107)</u>	<u>\$ 21,129,333</u>	<u>\$ 6,553,882</u>	<u>\$ 13,241,264</u>
General Revenues:				
Taxes:				
Property taxes				
Transient occupancy taxes				
Sales taxes				
Franchise taxes				
Utility users tax				
Other taxes				
Motor vehicle tax, unrestricted				
Use of money and property				
Other				
Transfers				
Total General Revenues and Transfers				
Special item - RDA dissolution settlement				
Change in Net Position				
Net Position at Beginning of Fiscal Year				
Prior Period Adjustments				
Net Position at Beginning of Fiscal Year, restated				
Net Position at End of Fiscal Year				

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 3,019,879	\$ -	\$ 3,019,879
(13,333,760)		(13,333,760)
8,427,615		8,427,615
1,241,770		1,241,770
(1,649,958)		(1,649,958)
(1,278,342)		(1,278,342)
(3,029,796)		(3,029,796)
<u>(6,602,592)</u>		<u>(6,602,592)</u>
	(43,133)	(43,133)
	78,137	78,137
	125,228	125,228
	(630,937)	(630,937)
	757,439	757,439
	241,273	241,273
	1,551,686	1,551,686
	<u>(1,118,729)</u>	<u>(1,118,729)</u>
	960,964	960,964
<u>(6,602,592)</u>	<u>960,964</u>	<u>(5,641,628)</u>
1,260,845		1,260,845
248,579		248,579
9,729,414		9,729,414
252,761		252,761
1,683,265		1,683,265
487,363		487,363
1,754,885		1,754,885
262,770	37,175	299,945
552,748		552,748
(269,724)	269,724	
<u>15,962,906</u>	<u>306,899</u>	<u>16,269,805</u>
<u>(1,031,663)</u>		<u>(1,031,663)</u>
<u>8,328,651</u>	<u>1,267,863</u>	<u>9,596,514</u>
178,585,088	50,050,804	228,635,892
69,370	141,785	211,155
<u>178,654,458</u>	<u>50,192,589</u>	<u>228,847,047</u>
<u>\$ 186,983,109</u>	<u>\$ 51,460,452</u>	<u>\$ 238,443,561</u>

**CITY OF DINUBA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	Special Revenue Funds			Capital Projects Funds	
	General	HUD Grants	Public Safety Sales Tax	General Construction	Transportation Construction
Assets:					
Cash and investments	\$ 92,078	\$ -	\$ -	\$ 204,091	\$ 648,816
Restricted assets:					
Cash and investments with fiscal agents					
Receivables:					
Accounts	396,696				147,976
Intergovernmental	1,400,125	257,545	477,100		1,669,449
Notes		20,265,586			24,954
Interest	1,676	2,406,321	(287)	313	1,456
Due from other funds	1,375,683				568,646
Advances to Successor Agency	2,689,954				530,576
Interfund advances receivable	368,000				
Prepaid items	24,158				
Land held for resale					
Total Assets	\$ 6,348,370	\$22,929,452	\$ 476,813	\$ 204,404	\$ 3,591,873
Liabilities:					
Accounts payable	\$ 480,648	\$ 190,861	\$ 20,603	\$ 94,267	\$ 1,518,728
Accrued liabilities	440,390		138,997		
Due to other funds		54,249	377,229		
Interfund advances payable	1,031,663			161,616	
Total Liabilities	1,952,701	245,110	536,829	255,883	1,518,728
Deferred Inflows of Resources:					
Deferred revenue - Notes and Loans		22,265,586			
Deferred revenue - unavailable revenue	94,029	408,000			
Total Deferred Inflows of Revenues	94,029	22,673,586			
Fund Balances:					
Nonspendable	3,082,112				530,576
Restricted		10,756			1,542,569
Assigned					
Unassigned	1,219,528		(60,016)	(51,479)	
Total Fund Balances (Deficits)	4,301,640	10,756	(60,016)	(51,479)	2,073,145
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,348,370	\$22,929,452	\$ 476,813	\$ 204,404	\$ 3,591,873

<u>Debt Service</u>		
<u>Financing</u>	<u>Other</u>	<u>Total</u>
<u>Authority</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
\$ -	\$ 4,724,316	\$ 5,669,301
1,244,579		1,244,579
	40,173	584,845
	424,349	4,228,568
	1,194,613	21,485,153
(162)	93,862	2,503,179
		1,944,329
500,000	7,738,767	11,459,297
	1,376,904	1,744,904
	785	24,943
	187,251	187,251
<u>\$ 1,744,417</u>	<u>\$ 15,781,020</u>	<u>\$ 51,076,349</u>
\$ -	\$ 119,316	\$ 2,424,423
	24,381	603,768
15,233	499,326	946,037
200,000	116,904	1,510,183
<u>215,233</u>	<u>759,927</u>	<u>5,484,411</u>
	1,192,652	23,458,238
		502,029
	1,192,652	23,960,267
500,000	9,303,707	13,416,395
1,029,184	5,053,944	7,636,453
	55,075	55,075
	(584,285)	523,748
<u>1,529,184</u>	<u>13,828,441</u>	<u>21,631,671</u>
<u>\$ 1,744,417</u>	<u>\$ 15,781,020</u>	<u>\$ 51,076,349</u>

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CITY OF DINUBA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

Fund balances of governmental funds	\$ 21,631,671
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.	188,580,229
Certain notes receivable and accrued interest on these notes are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.	23,875,317
Certain accounts receivable and due from other governments are deferred inflows in the governmental funds due to their lack of collectability within 60 days after fiscal year end. These are considered revenue in the government-wide statements and are not deferred.	84,950
Long-term debt has not been included in the governmental funds.	
Long-term debt	(47,534,359)
Deferred loss on refunding, net of accumulated amortization on long-term debt have not been reported in the governmental funds.	440,571
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(274,097)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.	
City's pension contributions subsequent to the measurement date	1,804,207
Deferred outflow	634,634
Deferred inflow	(1,759,816)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position. (Net of capital assets \$19,479, long-term debt (\$70,918), deferred outflow \$126,944, deferred inflow (\$216,693), and net pension liability (\$824,700) included above).	(500,198)
Net position of governmental activities	<u>\$ 186,983,109</u>

See Notes to Basic Financial Statements

CITY OF DINUBA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

		Special Revenue Funds		Capital Projects Funds	
			Public Safety		
	General	HUD Grants	Sales Tax	General Construction	Transportation Construction
Revenues:					
Taxes and assessments	\$ 11,285,671	\$ -	\$ 3,249,600	\$ -	\$ -
Licenses and permits	410,496				
Intergovernmental	180,405	502,850		1,073,704	6,635,357
Charges for services	568,499				
Use of money and property	34,372	96,379	(696)	620	8,467
Fines and forfeitures	13,562				
Reimbursements	2,048,391				
Miscellaneous	20,345				
Total Revenues	<u>14,561,741</u>	<u>599,229</u>	<u>3,248,904</u>	<u>1,074,324</u>	<u>6,643,824</u>
Expenditures:					
Current:					
General government	3,504,184				
Public safety	7,133,653		3,196,976		
Public works	683,087				
Community development		584,694			
Parks and recreation	1,458,541				
Capital outlay	187,805		503,006	1,293,096	9,319,306
Debt service:					
Principal retirement			74,635		
Interest and fiscal charges			4,971		
Total Expenditures	<u>12,967,270</u>	<u>584,694</u>	<u>3,779,588</u>	<u>1,293,096</u>	<u>9,319,306</u>
Excess of Revenues Over (Under) Expenditures	<u>1,594,471</u>	<u>14,535</u>	<u>(530,684)</u>	<u>(218,772)</u>	<u>(2,675,482)</u>
Other Financing Sources (Uses):					
Proceeds from issuance of debt					
Transfers in	173,858	5,150		102,188	251,876
Transfers out	(1,389,790)	(33,670)	(3,071)		(50,000)
Sales of property					148,146
Total Other Financing Sources (Uses)	<u>(1,215,932)</u>	<u>(28,520)</u>	<u>(3,071)</u>	<u>102,188</u>	<u>350,022</u>
Net Change in Fund Balances Before Special Item	<u>378,539</u>	<u>(13,985)</u>	<u>(533,755)</u>	<u>(116,584)</u>	<u>(2,325,460)</u>
Special item - RDA dissolution settlement	<u>(1,031,663)</u>				
Net Change in Fund Balances	<u>(653,124)</u>	<u>(13,985)</u>	<u>(533,755)</u>	<u>(116,584)</u>	<u>(2,325,460)</u>
Fund Balances (Deficits), Beginning of Fiscal Year	4,954,764	24,741	473,739	(4,265)	4,398,605
Prior Period Adjustments				69,370	
Fund Balance (Deficits), Beginning of Fiscal Year (Restated)	<u>4,954,764</u>	<u>24,741</u>	<u>473,739</u>	<u>65,105</u>	<u>4,398,605</u>
Fund Balances (Deficits), End of Fiscal Year	<u>\$ 4,301,640</u>	<u>\$ 10,756</u>	<u>\$ (60,016)</u>	<u>\$ (51,479)</u>	<u>\$ 2,073,145</u>

<u>Debt Service Fund</u>		
<u>Financing Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 881,839	\$ 15,417,110
		410,496
	1,425,045	9,817,361
	818,323	1,386,822
16,379	109,682	265,203
	82,634	96,196
	512,566	2,560,957
	25,711	46,056
<u>16,379</u>	<u>3,855,800</u>	<u>30,000,201</u>
		3,504,184
	124,228	10,454,857
	2,197,013	2,880,100
	228,319	813,013
	-	1,458,541
	209,608	11,512,821
573,665	332,565	980,865
1,039,121	172,155	1,216,247
<u>1,612,786</u>	<u>3,263,888</u>	<u>32,820,628</u>
<u>(1,596,407)</u>	<u>591,912</u>	<u>(2,820,427)</u>
	1,300,000	1,300,000
1,755,432	827,094	3,115,598
	(1,908,791)	(3,385,322)
		148,146
<u>1,755,432</u>	<u>218,303</u>	<u>1,178,422</u>
159,025	810,215	(1,642,005)
		(1,031,663)
<u>159,025</u>	<u>810,215</u>	<u>(2,673,668)</u>
1,370,159	13,018,226	24,235,969
		69,370
<u>1,370,159</u>	<u>13,018,226</u>	<u>24,305,339</u>
<u>\$ 1,529,184</u>	<u>\$ 13,828,441</u>	<u>\$ 21,631,671</u>

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CITY OF DINUBA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$ (2,673,668)
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,759,804
Basis of the disposition of capital assets not included in governmental funds.	(497,315)
Certain receivables are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the receivable is collected it is reflected in revenue. This is the net change between receivables collected and issued.	821,840
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.	(354,805)
Debt/loss on refunding are expenditures in the governmental funds, but these costs are capitalized on the statement of net position. This is the amount of costs paid less amortization in the current period.	(36,461)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.	10,036
Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	(39,782)
In governmental funds, pension costs and OPEB costs are recognized when employer contributions are made. In the statement of activities, pension costs and OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension and OPEB costs and actual employer contributions was:	(305,034)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal internal service funds is reported with governmental activities.	644,036
Change in net position of governmental activities	<u>\$ 8,328,651</u>

CITY OF DINUBA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Golf Course
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets:			
Cash and cash investments	\$ 637,016	\$ 367,305	\$ -
Restricted cash and investments with fiscal agents	48,124	810,129	
Accounts receivable, net	525,933	496,648	512,231
Interest receivable	535	439	(28)
Inventories			138,830
Due from other agencies			
Prepaid expenses			4,294
Total Current Assets	1,211,608	1,674,521	655,327
Noncurrent Assets:			
Note receivable			160,831
Interfund advances receivable	52,000	52,000	
Advances to successor agency	1,300,000		
Capital assets:			
Land	261,806	4,388,142	3,960,467
Depreciable infrastructure, net	11,761,165	13,182,263	4,751,683
Depreciable buildings and improvements, net	3,536,227	2,513,242	14,992,203
Depreciable equipment, net	284,983	67,543	3,844
Construction in progress			423,653
Total Noncurrent Assets	17,196,181	20,203,190	24,292,681
Deferred Outflows of Resources:			
Pension	71,328	59,215	
Deferred loss on debt refunding		1,401,729	
Total Deferred Outflows of Resources	71,328	1,460,944	
Total Assets and Deferred Outflows of Resources	18,479,117	23,338,655	24,948,008
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities:			
Accounts payable	49,738	54,348	185,421
Accrued liabilities	5,339	13,186	11,100
Accrued interest payable	73,076	141,589	
Claims payable			
Unearned revenue			247,395
Deposits payable	227,024		
Due to other funds			26,280
Current portion of long-term obligations	485,978	517,472	
Total Current Liabilities	841,155	726,595	470,196
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Interfund advances payable			596,337
Advances from successor agency			
Compensated absences	28,165	23,065	
Net OPEB liability	269,328	375,287	
Net pension liability	343,376	285,063	
Loan payable		209,814	
Notes payable	5,559,494	435,000	
Revenue bonds		10,085,000	
Original Issue Premium		47,973	
Total Noncurrent Liabilities	6,200,363	11,461,202	596,337
Deferred Inflows of Resources:			
Pension	51,469	42,728	
Total Deferred Inflows of Resources	51,469	42,728	
Total Liabilities and Deferred Inflows of Resources	7,092,987	12,230,525	1,066,533
NET POSITION			
Net investment in capital assets	9,804,227	10,066,190	23,708,197
Unrestricted	1,581,903	1,041,940	173,278
Total Net Position (Deficits)	\$ 11,386,130	\$ 11,108,130	\$ 23,881,475

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
Disposal	Ambulance	Other Nonmajor Enterprise	Totals		
\$ 505,213	\$ 1,590,760	\$ 495,856	\$ 3,596,150	\$ 132,693	
			858,253		
294,852	634,026	27,936	2,491,626		
447	1,349	265	3,007	(693)	
			138,830		
		725,176	725,176	4,701	
60,096		99	64,489	71,848	
860,608	2,226,135	1,249,332	7,877,531	208,549	
141,786			302,617		
257,616			361,616		
			1,300,000		
			8,610,415		
			29,695,111		
		1,663,618	22,705,290		
500,199	436,975	294,920	1,588,464	19,479	
			423,653		
899,601	436,975	1,958,538	64,987,166	19,479	
32,315	154,534	99,243	416,635	171,312	
			1,401,729		
32,315	154,534	99,243	1,818,364	171,312	
1,792,524	2,817,644	3,307,113	74,683,061	399,340	
98,461	25,988	69,506	483,462	59,988	
2,328	12,199	7,070	51,222	14,040	
			214,665		
				50,000	
			247,395		
			227,024		
		403,366	429,646	568,646	
5,080	24,329	8,609	1,041,468	16,073	
105,869	62,516	488,551	2,694,882	708,747	
			596,337		
29,554	36,846		117,630	70,918	
70,819	445,218	9,503	1,170,155		
155,567	743,928	477,756	2,005,690	824,700	
			209,814		
			5,994,494		
			10,085,000		
			47,973		
255,940	1,225,992	487,259	20,227,093	895,618	
23,318	111,508	71,611	300,634	123,615	
23,318	111,508	71,611	300,634	123,615	
385,127	1,400,016	1,047,421	23,222,609	1,727,980	
500,199	436,975	1,958,538	46,474,326	19,479	
907,198	980,653	301,154	4,986,126	(1,348,119)	
\$ 1,407,397	\$ 1,417,628	\$ 2,259,692	\$ 51,460,452	\$ (1,328,640)	

CITY OF DINUBA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Golf Course
Operating Revenues:			
Sales and service charges	\$ 2,510,596	\$ 2,838,956	\$ 2,213,194
Interdepartmental charges			
Other	63,101	451	228,337
Total Operating Revenues	2,573,697	2,839,407	2,441,531
Operating Expenses:			
Rents and leases			98,692
Cost of goods sold			246,026
Salaries and benefits	625,449	514,484	1,391,198
Contractual services	279,296	318,748	267,874
Materials and supplies	198,402	71,144	339,335
Repairs and maintenance	14,249	77,308	63,401
Dump fees			
Utilities	336,164	538,929	157,174
Insurance			
Allocated overhead	1,053,821	707,238	
Depreciation	529,262	479,921	903,904
Total Operating Expenses	3,036,643	2,707,772	3,467,604
Operating Income (Loss)	(462,946)	131,635	(1,026,073)
Nonoperating Revenues (Expenses):			
Intergovernmental		1,165,634	
Interest revenue	3,332	23,898	6,428
Interest expense	(167,991)	(539,830)	(92,656)
Total Nonoperating Revenues (Expenses)	(164,659)	649,702	(86,228)
Income (Loss) Before Transfers	(627,605)	781,337	(1,112,301)
Transfers in	860,810	1,188,535	1,397,039
Transfers out	(856,795)	(2,301,066)	
Net Transfers	4,015	(1,112,531)	1,397,039
Changes in Net Position	(623,590)	(331,194)	284,738
Net Position (Deficit)			
Beginning of fiscal year	12,009,720	11,439,324	23,596,737
Prior year adjustments			
Beginning of fiscal year, restated	12,009,720	11,439,324	23,596,737
End of fiscal year	\$ 11,386,130	\$ 11,108,130	\$ 23,881,475

See Notes to Basic Financial Statements

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Disposal	Ambulance	Other Nonmajor Enterprise	Totals	
\$ 3,175,398	\$ 1,332,373	\$ 1,080,359	\$ 13,150,876	\$ -
			291,889	6,363,298
3,175,398	1,332,373	1,080,359	13,442,765	6,363,298
			98,692	
			246,026	
237,985	644,863	623,941	4,037,920	1,339,969
1,325,794	75,197	605,439	2,872,348	133,443
30,804	124,096	215,270	979,051	456,811
1,639	15,108	85,701	257,406	
642,358			642,358	
5,828		74,301	1,112,396	
				3,721,003
941,158	423,774	329,493	3,455,484	56,281
53,571	85,632	207,687	2,259,977	9,322
3,239,137	1,368,670	2,141,832	15,961,658	5,716,829
(63,739)	(36,297)	(1,061,473)	(2,518,893)	646,469
305,012	1,587,983	1,221,705	4,280,334	
1,182	1,714	621	37,175	(2,433)
			(800,477)	
306,194	1,589,697	1,222,326	3,517,032	(2,433)
242,455	1,553,400	160,853	998,139	644,036
		33,959	3,480,343	
(20,687)		(32,071)	(3,210,619)	
(20,687)		1,888	269,724	
221,768	1,553,400	162,741	1,267,863	644,036
1,043,844	(135,772)	2,096,951	50,050,804	(1,972,676)
141,785			141,785	
1,185,629	(135,772)	2,096,951	50,192,589	(1,972,676)
\$ 1,407,397	\$ 1,417,628	\$ 2,259,692	\$ 51,460,452	\$ (1,328,640)

CITY OF DINUBA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,539,474	\$ 2,786,251	\$ 2,244,908
Cash paid to suppliers for goods and services	(866,863)	(1,008,814)	(1,139,435)
Cash paid to employees for services	(582,644)	(437,977)	(1,391,198)
Cash paid for allocated overhead	(1,053,821)	(707,238)	
Net Cash Provided (Used) by Operating Activities	36,146	632,222	(285,725)
Cash Flows from Non-Capital Financing Activities:			
Cash received from notes			3,687
Intergovernmental revenue		1,165,634	
Cash transfers to other funds	(856,795)	(2,301,066)	
Cash transfers from other funds	860,810	1,188,535	1,397,039
Due to other funds			(35,840)
Advances/due from other funds repayments	162,000	12,000	(569,297)
Net Cash Provided (Used) by Non-Capital Financing Activities	166,015	65,103	795,589
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(11,828)		(423,653)
Principal paid on long-term debt	(466,302)	(506,644)	
Interest paid on long-term debt	(151,914)	(377,280)	(92,656)
Net Cash Provided (Used) by Capital and Related Financing Activities	(630,044)	(883,924)	(516,309)
Cash Flows from Investing Activities:			
Interest received	3,164	23,593	6,445
Net Cash Provided (Used) by Investing Activities	3,164	23,593	6,445
Net Increase (Decrease) in Cash and Cash Equivalents	(424,719)	(163,006)	
Cash and Cash Equivalents at Beginning of Fiscal Year	1,109,859	1,340,440	
Cash and Cash Equivalents at End of Fiscal Year	\$ 685,140	\$ 1,177,434	\$ -
Reconciliation to Statement of Net Position:			
Cash and investments	\$ 637,016	\$ 367,305	\$ -
Restricted cash and investments with fiscal agents	48,124	810,129	
	\$ 685,140	\$ 1,177,434	\$ -

See Notes to Basic Financial Statements

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Disposal	Ambulance	Other Nonmajor Enterprise	Totals	
\$ 3,178,636	\$ 1,333,755	\$ 1,087,569	\$ 13,170,593	\$ 6,457,831
(2,007,528)	(202,210)	(993,488)	(6,218,338)	(4,356,996)
(218,776)	(743,997)	(619,056)	(3,993,648)	(1,389,775)
(941,158)	(423,774)	(329,493)	(3,455,484)	(56,281)
11,174	(36,226)	(854,468)	(496,877)	654,779
			3,687	
305,012	1,587,983	889,339	3,947,968	
(20,687)		155,327	(3,023,221)	
			3,446,384	
			(35,840)	
12,000			(383,297)	(567,228)
296,325	1,587,983	1,044,666	3,955,681	(567,228)
(294,686)	(259,844)		(990,011)	
			(972,946)	
			(621,850)	
(294,686)	(259,844)		(2,584,807)	
889	366	389	34,846	(2,215)
889	366	389	34,846	(2,215)
13,702	1,292,279	190,587	908,843	85,336
491,511	298,481	305,269	3,545,560	47,357
\$ 505,213	\$ 1,590,760	\$ 495,856	\$ 4,454,403	\$ 132,693
\$ 505,213	\$ 1,590,760	\$ 495,856	\$ 3,596,150	\$ 132,693
			858,253	
\$ 505,213	\$ 1,590,760	\$ 495,856	\$ 4,454,403	\$ 132,693

(Continued)

CITY OF DINUBA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016
(Continued)

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Golf Course
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (462,946)	\$ 131,635	\$ (1,026,073)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	529,262	479,921	903,904
Adjustments:			
Increase (decrease) in unearned revenue			5,585
(Increase) decrease in inventory			11,314
(Increase) decrease in prepaid expenses	123	14	(3,029)
(Increase) decrease in accounts receivable	(61,890)	(53,156)	(196,623)
Increase (decrease) in accounts payable	(20,314)	(2,577)	13,781
Increase (decrease) in accrued liabilities	(18,561)	(108)	5,416
Increase (decrease) in compensated absences	5,929	3,223	
Increase (decrease) in deposits payable	27,667		
Increase (decrease) in net pension liability	2,469	4,559	
Increase (decrease) in OPEB	34,407	68,711	
Total Adjustments	499,092	500,587	740,348
Net Cash Provided (Used) by Operating Activities	\$ 36,146	\$ 632,222	\$ (285,725)
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of deferred loss	\$ -	\$ 113,233	\$ -

See Notes to Basic Financial Statements

Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Disposal	Ambulance	Other Nonmajor Enterprise	Totals	
\$ (63,739)	\$ (36,297)	\$ (1,061,473)	\$ (2,518,893)	\$ 646,469
53,571	85,632	207,687	2,259,977	9,322
	(225)		5,360	
			11,314	
(68)		229	(2,731)	(45,470)
3,238	1,382	7,210	(299,839)	94,533
3,535	17,868	60	12,353	25,901
(4,572)	(5,452)	(13,264)	(36,541)	(26,167)
2,257	(11,650)	2,091	1,850	2,633
			27,667	
3,985	(168,999)	1,253	(156,733)	(52,442)
12,967	81,515	1,739	199,339	
74,913	71	207,005	2,022,016	8,310
\$ 11,174	\$ (36,226)	\$ (854,468)	\$ (496,877)	\$ 654,779
\$ -	\$ -	\$ -	\$ 113,233	\$ -

CITY OF DINUBA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Redevelopment Successor Agency Private-Purpose Trust Fund	Agency Funds
Assets:		
Cash and investments	\$ 1,986,672	\$ 663,885
Restricted cash and investments with fiscal agents	1,525,185	
Accounts receivable	5,301	2,366
Interest receivable	1,113	
Land held for resale	1,888,463	
Notes receivable	339,869	
Capital assets (net of accumulated depreciation)	<u>2,868,570</u>	
Total Assets	<u>8,615,173</u>	<u>\$ 666,251</u>
Deferred Outflows of Resources:		
Deferred loss on bond refunding	<u>1,322,768</u>	
Total Deferred Outflows of Resources	<u>1,322,768</u>	
Total Assets and Deferred Outflows of Resources	<u>9,937,941</u>	
Liabilities:		
Accounts payable	2,338	\$ 62,122
Interest payable	712,796	
Other liabilities	2,541	604,129
Advances from City of Dinuba	12,759,297	
Long-term debt-due within 1 year	1,402,714	
Long-term debt-due in more than 1 year	<u>48,329,475</u>	
Total Liabilities	<u>63,209,161</u>	<u>\$ 666,251</u>
Net Position (Deficit)		
Held in trust for the retirement of obligations of the former Dinuba Redevelopment Agency	<u>(53,271,220)</u>	
Total Net Position (Deficit)	<u>\$ (53,271,220)</u>	

See Notes to Basic Financial Statements

CITY OF DINUBA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2016

	Redevelopment Successor Agency Private-Purpose Trust Fund
Additions:	
Taxes	\$ 3,801,978
Investment earnings	122,197
Total Additions	<u>3,924,175</u>
Deductions	
Community development	229,709
Contribution to the City	3,253,097
Depreciation	5,559
Debt service:	
Interest and fiscal charges	<u>3,087,252</u>
Total Deductions	<u>6,575,617</u>
Change in net position	(2,651,442)
Net Position (Deficit), Beginning of Fiscal Year	<u>(50,619,778)</u>
Net Position (Deficit), End of Fiscal Year	<u><u>\$ (53,271,220)</u></u>

See Notes to Basic Financial Statements

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Notes to Basic Financial Statements

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies

The financial statements of the City of Dinuba (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

a. Reporting Entity

The City of Dinuba is a political subdivision provided for by the General Law of the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The City was incorporated in 1906 as a general law city. On June 4, 1994, the voters of the City approved a Charter which gives the City Council greater self-rule, and the Charter was accepted by the Secretary of State on July 7, 1994. The City operates under a council-manager form of government.

The City of Dinuba is a municipal corporation governed by an elected five-member City Council who, in turn, elects one of its members to serve as the Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the City. The blended component units have a June 30 fiscal year end to coincide with the City's.

Blended Component Unit. In addition, in May 1994, the Dinuba Financing Authority (Authority) was formed in order to provide a funding vehicle for necessary street improvements within the City. The governing board of the Dinuba Financing Authority is the City Council, and the City Manager acts as Executive Director. A separate financial report is not being issued for the Dinuba Financing Authority. The activity of the Authority is reported in the Financing Authority Debt Service Fund of the City.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

b. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the Fund Financial Statements, fiduciary funds are presented using the accrual basis of accounting. The private-purpose trust funds use the economic resources measurement focus. The agency funds do not have a measurement focus.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The HUD Grant Special Revenue Fund – This fund accounts for certain designated projects paid for the HUD Grant Federal program monies received from the State, along with repayments of loans.

Public Safety Sales Tax Special Revenue Fund – This fund accounts for ¾% add-on sales tax approved by voters in November 2005 for enhanced public safety services.

General Construction Fund – This fund accounts for other major construction projects.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Transportation Construction Fund – This fund accounts for other major street construction projects.

The Dinuba Financing Authority Debt Service Fund – This fund accounts for the accumulation of resources for, and the retirement of, the Authority's long-term debt issue for capital investments.

The City reports the following major proprietary funds:

The Water Enterprise Fund – This fund accounts for the operation and maintenance of the City's water distribution system.

The Sewer Enterprise Fund – This fund accounts for the operation and maintenance of the City's wastewater collection system including operating costs of the wastewater treatment facility.

The Disposal Enterprise Fund – This fund accounts for the collection and disposal of solid waste from industrial, commercial, and residential users throughout the Dinuba area.

The Ambulance Enterprise Fund – This fund accounts for ambulance service fees and all costs associated with providing ambulance service throughout the City.

The Golf Course Fund – This fund accounts for the operation and maintenance of the City's golf course.

Additionally, the City reports the following fund types:

The Internal Service Funds account for financial transactions related to the City's billing and collections, maintenance and repairs, and self-insurance programs. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Fiduciary Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are not included in the government-wide financial statements. These assets include refundable and expendable cash deposits, and retentions withheld pending satisfactory project completion. Please see page 141 for description of activities for each Agency Fund. The Private-Purpose Trust Funds are used to account for the assets of the former City of Dinuba Redevelopment Agency during the wind down period.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 Enterprise Funds and of the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprises Funds and the 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Equity

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Equity (Continued)

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

Property Taxes

Assessed values for purposes of property taxes are determined on an annual basis for the period July 1 to June 30 by the Tulare County Assessor as of January 1. Taxes are levied annually on July 1 and become a lien on real property at January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively, at which time applicable penalties and interest are assessed. Unsecured taxes became delinquent if not paid by August 31.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Equity (Continued)

Restricted Assets (Continued)

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance; resolutions and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

Capital Assets

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2016.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Improvements other than buildings	30
Infrastructure	20 to 40
Utility systems	40 to 75
Vehicles	5 to 15
Computer equipment	7
Other equipment and furnishings	7

The City's art collection is not depreciated. Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 68 and 71, the City recognizes deferred outflows and inflows of resources. Deferred outflow and inflow of resources are defined as a consumption or resource of net position by the government that is applicable to a future reporting period.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Equity (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave benefits are accrued as earned by employees. A portion of unused sick leave benefits, varying by employee bargaining unit, vests and is payable upon retirement. For proprietary funds, a current liability is reported for that portion of the estimated value of vacation and sick leave benefits to be used during the subsequent fiscal year, and the estimated value of vested sick leave benefits of employees approaching or at their respective retirement ages.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (which approximates the effective interest method). The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or remaining life of the refunded debt. Amortization of bond premiums or discounts, and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Equity (Continued)

Net Position and Fund Equity (Continued)

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

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the City Council which includes the City Charter, ordinances and resolutions and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions.
- *Unassigned fund balance* – the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution or other formal action. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by unrestricted committed, assigned and unassigned resources as they are needed.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

e. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 72

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72, Fair Value Measurement and Application, addresses accounting and reporting issues related to fair value measurements. Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The pronouncement provides for three valuation techniques: the market approach, the cost approach and the income approach. The valuation technique should be consistently applied, maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The hierarchy of inputs used to measure fair value falls into three categories: Level 1 is quoted market prices for identical assets or liabilities; Level 2 is for observable inputs either directly or indirectly; Level 3 is unobservable inputs. The pronouncement will be effective for the years ending June 30, 2016, and will require restatement of prior periods.

Governmental Accounting Standards Board Statement No. 73

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Reporting for Pensions and Related Assets not within the Scope of GASB 68 and Amendments to GASB 67 and 68*. This pronouncement applies the approach to accounting and financial reporting established in GASB 68 to all pension plans that are not within the scope of GASB 68, with certain modifications.

Amendments to GASB 67 and 68 relate to information about investment-related factors and clarify that only information about trends that the plan has influence over should be presented. It also clarifies that payables to a pension plan for any unpaid financing obligations are not separately financed specific liabilities as defined by GASB 67. The last amendment relates to recognizing revenue for support of nonemployer contributions to a pension plan and requires that the contribution be recognized in the same period as the change in the net pension liability is recognized. The amendments will be effective for years ending June 30, 2016.

f. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

g. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes a reconciliation between fund balances – governmental funds and net positions of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term debt and compensated absences have not been included in the governmental fund activity”. The detail of the \$47,534,359 long-term debt difference is as follows:

Long-term debt	
Compensated absences	\$ 1,130,435
Net OPEB obligation	7,244,869
Net pension liability	11,740,635
Revenue bonds payable, net	17,320,260
Notes payable	12,965
Capitalized leases payable	<u>10,085,195</u>
Net adjustment to reduce fund balances of total governmental funds to arrive at net position of governmental activities	 <u><u>\$ 47,534,359</u></u>

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$10,759,804 difference are as follows:

Capital outlay and contribution	\$ 13,789,600
Depreciation expense	<u>(3,029,796)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ 10,759,804</u></u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 Summary of Significant Accounting Policies (Continued)

g. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(1,681,262) difference are as follows:

Debt issued or incurred:	
Net OPEB obligation	\$ (1,326,457)
Site and Facility Capital Lease	(1,300,000)
Principal repayments:	
Revenue bonds - principal	675,000
Amortization of discount	(12,169)
Contracts, notes, and loans payable	54,646
Capital leases payable	<u>227,718</u>
Net adjustment to decrease net changes	
in fund balance of total governmental	
funds to arrive at changes in net	
position of governmental activities	<u><u>\$ (1,681,262)</u></u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 Stewardship, Compliance, and Accountability

a. General Budget Policies

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior fiscal years, which expenditures constitute legally authorized "non-appropriated budget". Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of control.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year's budgeted appropriations.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these type funds.

5. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized but not constructed or completed during the fiscal year are carried forward as continuing appropriations into the following fiscal year's budget.
6. Under Article XIII-B of the California constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2016, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 Stewardship, Compliance, and Accountability (Continued)

b. Deficit Fund Balances and Net Position

The General Construction Capital Projects Fund has a deficit fund balance of \$51,479 which should be alleviated when the fund receives additional funding. The Public Safety Sales Tax Fund has a deficit fund balance of \$60,016 which should be alleviated when the fund receives additional funding. The Vocational Center Capital Projects Fund has deficit fund balance of \$460,646 which should be alleviated as additional revenues or transfers are received. The Engineering fund has a deficit fund balance of \$255,561 which will be alleviated with interfund transfers or additional revenue.

The Insurance, Billing and Collection, and Property and Equipment Internal Service Funds have deficit net positions of \$762,751, \$384,128, and \$181,761, respectively. These deficits should be alleviated as additional revenues are received by City departments.

c. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2016.

Fund/Function	Final Appropriation	Expenditures	Excess
Nonmajor Funds:			
Transportation Special Revenue	\$ 405,803	\$ 511,268	\$ 105,465
Community Enhancement Special Revenue	114,310	137,803	23,493
Assessment Districts Special Revenue	380,372	588,383	208,011
General Debt Service	396,950	499,750	102,800
Major Funds:			
General Construction	1,117,780	1,293,096	175,316
Public Safety Sales Tax	2,638,381	3,422,876	784,495

Note 3 Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 9,398,144
Restricted cash and investments with Fiscal Agents	2,102,832
Fiduciary funds:	
Cash and investments	2,650,557
Restricted cash and investments with Fiscal Agents	1,525,185
Total cash and investments	<u>\$ 15,676,718</u>

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

Cash on hand	\$ 7,135
Deposits with financial institutions	1,500,351
Investments	14,169,232
Total cash and investments	<u>\$ 15,676,718</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 Cash and Investments (Continued)

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
U.S. Treasury Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	100,000
Certificates of Deposit	5 years	None	100,000
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Repurchase agreements	1 year	None	None

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

B. Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (State Pool)	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	None
Certificates of Deposit	N/A	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	N/A	None	None
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Municipal Bonds (rated highest 2 categories)	N/A	None	None
Investment Agreements	N/A	None	None
Repurchase Agreements	N/A	None	None

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 Cash and Investments (Continued)

B. Investments Authorized by Debt Agreements (Continued)

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

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 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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool	\$ 9,389,350	\$ 9,389,350	\$ -	\$ -	\$ -
Money Market	1,109,904	1,109,904			
Held by Bond Trustees:					
Federal Agency Securities	2,018,526			2,018,526	
Municipal Bonds	195,412		195,412		
Certificates of Deposit	1,456,040	1,456,040			
Totals	<u>\$ 14,169,232</u>	<u>\$ 11,955,294</u>	<u>\$ 195,412</u>	<u>\$ 2,018,526</u>	<u>\$ -</u>

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

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

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's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 Cash and Investments (Continued)

E. Disclosures Relating to Credit Risk (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>				<u>Not Rated</u>
				<u>AAA</u>	<u>AA</u>	<u>A</u>		
State Investment Pool	\$ 9,389,350	N/A	\$ -	\$ -	\$ -	\$ -		\$ 9,389,350
Money Market	1,109,904	N/A						1,109,904
Held by Bond Trustee:								
Federal Agencies	2,018,526	AAA		2,018,526				
Municipal Bonds	195,412	A			195,412			
Certificates of Deposit	1,456,040	N/A						1,456,040 *
Total	\$ 14,169,232		\$ -	\$ 2,018,526	\$ 195,412	\$ -		\$ 11,955,294

* These certificates of deposit have no rating but are covered under FDIC insurance.

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

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's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. 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 government unit). The fair 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.

As of June 30, 2016, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2016, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Certificates of deposit	\$ 1,456,040
Money market funds	1,109,904
Federal Agency Securities	2,018,526

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 Cash and Investments (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

H. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy establish by generally accepted accounting principles. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City has marketable securities that are measured with recurring fair value measurements as of June 30, 2016 and are valued using quoted market prices (level 1 inputs).

Note 4 Notes Receivable

Notes receivable as of June 30, 2016, totaled \$21,787,770 and were recorded as follows:

Capital Projects Funds	\$ 110,760
Special Revenue Funds	21,374,393
Enterprise Funds	<u>302,617</u>
Total Notes Receivable	<u>\$ 21,787,770</u>

Notes receivable by type are:

Home Loan Rehabilitation Program loans to assist low income residents to afford safe and sanitary housing, including improvements to the housing; non-interest bearing to 10 percent interest; principal and interest generally due at maturity or change of home ownership; secured by deeds of trust; proceeds are paid directly to the builder and a receivable is recorded from the home purchaser. \$ 11,907,469

Note for the purchase of residential property related to the golf course at 4% interest, secured by a deed of trust. Note is payable in monthly installments of \$835.48 until May 4, 2017 at which time the entire unpaid balance will become due and payable 160,831

Note to Pena's (disposal contractor) for purchase of green carts. 141,786

HOME program funds were used to loan to a developer for the construction of an affordable Senior housing complex. 3,100,000

Promissory notes from developers for the acquisition and development of property for housing projects within the City; interest rates from 3% to 4.81%; terms of the notes are thirty to forty years; notes secured by deeds of trust. 6,477,684

Totals \$ 21,787,770

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 Accounts Receivable

The following is a list of accounts receivable at June 30, 2016:

	Receivable	Allowance	Net
Governmental Activities -			
Due from other governments	\$ 4,233,269	\$ -	\$ 4,233,269
Accounts	584,845		584,845
	<u>\$ 4,818,114</u>	<u>\$ -</u>	<u>\$ 4,818,114</u>
Business-type Activities -			
Due from other governments	\$ 725,176	\$ -	\$ 725,176
Accounts	3,598,664	1,107,038	2,491,626
	<u>\$ 4,323,840</u>	<u>\$ 1,107,038</u>	<u>\$ 3,216,802</u>
Fiduciary Funds			
Accounts	\$ 5,301	\$ -	\$ 5,301

Note 6 Interfund Transactions

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. These balances normally represent loans to cover temporary shortages of cash in individual funds. The following presents a summary of current interfund balances at June 30, 2016.

Receivable Fund	Amount	Payable Fund	Amount
Major Funds:		Non-Major Governmental Funds	\$ 499,326
General	\$ 1,375,683	Internal Service Fund - Insurance	535,982
Transportation Construction	568,646	Internal Service Fund - Billing	32,664
		HUD Grant Major Special Revenue	54,249
Totals	<u>\$ 1,944,329</u>	Financing Authority Major Debt Service	15,233
		Public Safety Sales Tax Major Special Revenue	377,229
		Golf Major Enterprise	26,280
		Non-Major Enterprise Funds	403,366
			<u>\$ 1,944,329</u>

Long-term Interfund Advances

At June 30, 2016, the funds below have made/received advances that were not expected to be repaid within one year.

Receivable Fund	Amount	Payable Fund	Amount
Major Proprietary Funds:		Major Funds:	
Disposal	\$ 257,616	General Construction	\$ 161,616
Water	52,000	General	1,031,663
Sewer	52,000	Financing Authority	200,000
Major Funds:		Major Proprietary Fund:	
General	368,000	Golf Course	596,337
Non-major Governmental Funds	1,376,904	Non-major Governmental Funds	116,904
Totals	<u>\$ 2,106,520</u>		<u>\$ 2,106,520</u>

Advances will be repaid to the advancing fund when revenue in the receiving fund is adequate. These usually occur as impact fees, operating, fees, tax revenues, or sales of property occur.

The City has loaned funds to the Successor Agency to the Redevelopment Agency in the amount of \$12,759,297. These are scheduled to be repaid with future tax increment dollars received by SADRA.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 Interfund Transactions (Continued)

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund, less often, an equity transfers may be made to open or close a fund.

Transfer in	Amount	Transfer out	Amount
Major Governmental:		Major Governmental:	
General	\$ 173,858	General	\$ 1,389,790
HUD Grants	5,150	HUD Grants	33,670
General Construction	102,188	Transportation Construction	50,000
Transportation Construction	251,876	Public Safety Sales Tax	3,071
Financing Authority	1,755,432		
Major Proprietary:		Major Proprietary:	
Water	860,810	Water	856,795
Sewer	1,188,535	Sewer	2,301,066
Golf	1,397,039	Disposal	20,687
Non-major Governmental	827,094	Non-major Governmental	1,908,791
Non-major Enterprise Funds	33,959	Non-major Enterprise Funds	32,071
Totals	<u>\$ 6,595,941</u>		<u>\$ 6,595,941</u>

Note 7 Capital Assets

a. Governmental Activities

Capital asset governmental activity for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Capital Assets, not being depreciated:					
Land	\$ 103,709,538	\$ 2,359,099	\$ (242,082)	\$ -	\$ 105,826,555
Artwork	68,641				68,641
Right of ways/easements	5,794,425				5,794,425
Construction in progress	13,336,425	10,372,541			23,708,966
Total	<u>122,909,029</u>	<u>12,731,640</u>	<u>(242,082)</u>		<u>135,398,587</u>
Capital Assets, being depreciated:					
Buildings	10,992,520	178,360	(26,358)		11,144,522
Improvements other than buildings	11,415,280				11,415,280
Equipment and machinery	7,970,232	879,600	(411,152)		8,438,680
Infrastructure	57,218,333				57,218,333
Total	<u>87,596,365</u>	<u>1,057,960</u>	<u>(437,510)</u>		<u>88,216,815</u>
Less accumulated depreciation for:					
Buildings	(3,820,434)	(439,736)			(4,260,170)
Improvements other than buildings	(933,394)	(350,130)			(1,283,524)
Equipment and machinery	(6,011,952)	(790,346)	182,277		(6,620,021)
Infrastructure	(21,412,552)	(1,458,906)			(22,871,458)
Total	<u>(32,178,332)</u>	<u>(3,039,118)</u>	<u>182,277</u>		<u>(35,035,173)</u>
Total, net of accumulated depreciation	<u>55,418,033</u>	<u>(1,981,158)</u>	<u>(255,233)</u>		<u>53,181,642</u>
Total Capital Assets, Net	<u>\$ 178,327,062</u>	<u>\$ 10,750,482</u>	<u>\$ (497,315)</u>	<u>\$ -</u>	<u>\$ 188,580,229</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 Capital Assets (Continued)

a. Governmental Activities (Continued)

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

Unallocated	\$ 3,039,118
Total	<u>\$ 3,039,118</u>

b. Business-type activities

Capital asset business-type activity for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Transfer	Balance at June 30, 2016
Water Fund:					
Capital assets, not being depreciated:					
Land	\$ 261,806	\$ -	\$ -	\$ -	\$ 261,806
Total capital assets not being depreciated	<u>261,806</u>				<u>261,806</u>
Capital assets, being depreciated:					
Infrastructure	17,404,586				17,404,586
Buildings and improvements	5,750,352	11,828			5,762,180
Equipment and machinery	650,530				650,530
Total capital assets being depreciated	<u>23,805,468</u>	<u>11,828</u>			<u>23,817,296</u>
Less accumulated depreciation for:					
Infrastructure	(5,339,255)	(304,166)			(5,643,421)
Buildings and improvements	(2,021,293)	(192,831)			(2,214,124)
Equipment and machinery	(345,111)	(32,265)			(377,376)
Total accumulated depreciation	<u>(7,705,659)</u>	<u>(529,262)</u>			<u>(8,234,921)</u>
Total capital assets being depreciated, net	<u>16,099,809</u>	<u>(517,434)</u>			<u>15,582,375</u>
Water Fund Capital Assets, net	<u>\$ 16,361,615</u>	<u>\$ (517,434)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,844,181</u>
Sewer Fund:					
Capital assets, not being depreciated:					
Land	\$ 4,388,142	\$ -	\$ -	\$ -	\$ 4,388,142
Construction in progress	2,079,693			(2,079,693)	
Total capital assets not being depreciated	<u>6,467,835</u>			<u>(2,079,693)</u>	<u>4,388,142</u>
Capital assets, being depreciated:					
Infrastructure	16,648,312				16,648,312
Buildings and improvements	2,344,026			2,079,693	4,423,719
Equipment and machinery	602,114				602,114
Total capital assets being depreciated	<u>19,594,452</u>			<u>2,079,693</u>	<u>21,674,145</u>
Less accumulated depreciation for:					
Infrastructure	(3,169,625)	(315,615)			(3,485,240)
Buildings and improvements	(1,773,497)	(125,442)			(1,898,939)
Equipment and machinery	(488,054)	(38,864)			(526,918)
Total accumulated depreciation	<u>(5,431,176)</u>	<u>(479,921)</u>			<u>(5,911,097)</u>
Total capital assets being depreciated, net	<u>14,163,276</u>	<u>(479,921)</u>		<u>2,079,693</u>	<u>15,763,048</u>
Sewer Fund Capital Assets, net	<u>\$ 20,631,111</u>	<u>\$ (479,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,151,190</u>
Disposal Fund:					
Capital assets, being depreciated:					
Equipment and machinery	\$ 325,742	\$ 294,686	\$ -	\$ -	\$ 620,428
Less accumulated depreciation for:					
Equipment and machinery	(66,658)	(53,571)			(120,229)
Disposal Fund Capital Assets, net	<u>\$ 259,084</u>	<u>\$ 241,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,199</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 Capital Assets (Continued)

b. Business-type Activities (Continued)

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Transit Fund:					
Capital assets, being depreciated:					
Buildings and improvements	\$ 1,721,578	\$ -	\$ -	\$ -	\$ 1,721,578
Equipment and machinery	1,321,852				1,321,852
Total capital assets being depreciated	3,043,430				3,043,430
Less accumulated depreciation for:					
Buildings and improvements	(40,500)	(57,959)			(98,459)
Equipment and machinery	(836,705)	(149,728)			(986,433)
Total accumulated depreciation	(877,205)	(207,687)			(1,084,892)
Total capital assets being depreciated, net	2,166,225	(207,687)			1,958,538
Transit Fund Capital Assets, net	\$ 2,166,225	\$ (207,687)	\$ -	\$ -	\$ 1,958,538
Ambulance Fund:					
Capital assets, being depreciated:					
Equipment and machinery	\$ 715,628	\$ 260,839	\$ (87,871)	\$ -	\$ 888,596
Less accumulated depreciation for:					
Equipment and machinery	(452,864)	(85,632)	86,875		(451,621)
Ambulance Fund Capital Assets, net	\$ 262,764	\$ 175,207	\$ (996)	\$ -	\$ 436,975
Golf Course Fund:					
Capital assets not being depreciated:					
Land	\$ 3,960,467	\$ -	\$ -	\$ -	\$ 3,960,467
Construction in progress		423,653			423,653
Total capital assets not being depreciated	3,960,467	423,653			4,384,120
Capital assets, being depreciated:					
Infrastructure	6,530,587				6,530,587
Buildings and improvements	20,437,486				20,437,486
Equipment and machinery	731,584				731,584
Total capital assets being depreciated	27,699,657				27,699,657
Less accumulated depreciation for:					
Infrastructure	(1,563,734)	(215,170)			(1,778,904)
Buildings and improvements	(4,766,391)	(678,893)			(5,445,284)
Equipment and machinery	(717,898)	(9,841)			(727,739)
Total accumulated depreciation	(7,048,023)	(903,904)			(7,951,927)
Total capital assets being depreciated, net	20,651,634	(903,904)			19,747,730
Golf Course Fund Capital Assets, net	\$ 24,612,101	\$ (480,251)	\$ -	\$ -	\$ 24,131,850

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-Type Activities:	
Water	\$ 529,262
Sewer	479,921
Disposal	53,571
Transit	207,687
Ambulance	85,632
Golf	903,904
Total	<u>\$ 2,259,977</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities

- a. The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Repayments	Balance at June 30, 2016	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 9,012,913	\$ 1,300,000	\$ (227,719)	\$ 10,085,194	\$ 187,384
Compensated absences	1,089,194	861,938	(820,696)	1,130,436	237,517
Net OPEB obligation	5,918,412	1,651,472	(325,015)	7,244,869	
Net pension liability	11,478,145	2,254,856	(1,992,366)	11,740,635	
Notes payable	16,734		(3,769)	12,965	4,033
Contracts payable	50,877		(50,877)		
Lease revenue bonds payable	18,265,000		(675,000)	17,590,000	685,000
Original issue discount	(281,909)		12,169	(269,740)	(12,169)
Total	<u>\$ 45,549,366</u>	<u>\$ 6,068,266</u>	<u>\$ (4,083,273)</u>	<u>\$ 47,534,359</u>	<u>\$ 1,101,765</u>
Business-type Activities:					
Water Fund:					
Compensated absences	\$ 27,754	\$ 37,084	\$ (29,983)	\$ 34,855	\$ 6,690
Net OPEB obligation	220,017	60,243	(10,932)	269,328	
Water notes payable	6,354,326		(392,132)	5,962,194	402,700
Capital lease	150,758		(74,170)	76,588	76,588
Net pension liability	303,735	153,341	(113,700)	343,376	
Sewer Fund:					
Compensated absences	27,408	10,564	(14,907)	23,065	
Net OPEB obligation	306,576	117,331	(48,620)	375,287	
Revenue bonds and notes	10,540,000		(225,000)	10,315,000	230,000
Installment purchase	840,000		(200,000)	640,000	205,000
Loan payable	373,930		(81,644)	292,286	82,472
Net pension liability	249,779	43,670	(8,386)	285,063	
Disposal Fund:					
Compensated absences	32,377	12,454	(10,197)	34,634	5,080
Net OPEB obligation	57,852	15,842	(2,875)	70,819	
Net pension liability	134,895	71,170	(50,498)	155,567	
Ambulance Fund:					
Compensated absences	72,825	57,004	(68,654)	61,175	24,329
Net OPEB obligation	363,703	99,587	(18,072)	445,218	
Net pension liability	822,989	229,020	(308,081)	743,928	
Compressed Natural Gas Fund:					
Net OPEB obligation	7,764	2,125	(386)	9,503	
Net pension liability	7,074	3,566	(2,649)	7,991	
Engineering Fund:					
Compensated absences	6,518	3,294	(1,203)	8,609	8,609
Net pension liability	374,933	183,806	(140,354)	418,385	
Transit Fund:					
Net pension liability	43,011	24,470	(16,101)	51,380	
Totals	<u>\$ 21,318,224</u>	<u>\$ 1,124,571</u>	<u>\$ (1,818,544)</u>	<u>\$ 20,624,251</u>	<u>\$ 1,041,468</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

b. Governmental Activities – Lease Revenue Bonds

2007 DFA Lease Revenue Bonds Payable. On September 12, 2007, the Dinuba Financing Authority issued \$7,450,000 of Lease Revenue Bonds. The proceeds of the bonds are being used to finance road improvements in the City, to fund the Reserve Account with respect to the Bonds, and to pay certain costs of issuance. The lease revenues provided for by an installment agreement with the City is to be used for the payment of the bonds. Interest rates vary between 4.0% and 5.375% and are payable semi-annually on September 1 and March 1. Principal is paid annually on September 1 through 2038. Bonds maturing after 2017 are subject to optional redemption. The principal balance outstanding at June 30, 2016 is \$6,405,000.

2012 DFA Lease Revenue Bonds Payable. On November 7, 2012, the Dinuba Financing Authority issued \$11,270,000 of 2012 Lease Revenue Refunding Bonds. The proceeds of the bonds were used to refund the 2002 Lease Revenue Bonds in the amount of \$6,430,000, refund the \$3,825,000 remaining balance of the 2010 Lease Revenue Notes issued by the Redevelopment Agency, fund a reserve account, and pay costs of issuance.

The bonds consist of \$5,285,000 of serial bonds with maturity dates from September 1, 2014 through 2024. Interest rates vary between 2.0%-3.0% with semi-annual payments due each March 1 and September 1. There are also \$4,650,000 of term bonds due September 1, 2032 and \$1,335,000 term bonds due September 1, 2038, which carry interest rates of 3.75% and 4.00%, respectively.

The principal balance outstanding on the 2012 bonds as of June 30, 2016 was \$10,010,000.

The refunding of the 2002 bonds resulted in a cash savings over the repayment period of \$690,097 and an economic gain of \$481,729. The refunding of the 2010 bonds resulted in a cash deficit of \$2,361,946 as the 2010 bonds were due in 2016 whereas the 2012 bonds are due through 2038.

On September 20, 2012, the Dinuba Financing Authority issued \$1,500,000 of Lease Revenue Bonds. The proceeds of these bonds are to be used for financing and refinancing the purchase of certain land parcels within the City and pay costs of issuance. The bonds carry interest at 3.0%, interest is paid semi-annually each March 1 and September 1. Principal is due each September 1 through 2022. The outstanding balance of the 2012 Lease Revenue Bonds as of June 30, 2016 was \$1,175,000.

c. Governmental Activities – Note Payable

On August 27, 2003, the City purchased a parcel of real estate. The City issued a note to the seller in the amount of \$45,000. The note is secured by a deed of trust, carries an interest rate of 7%, and is due in annual installments of \$4,941 through 2018. The outstanding principal balance of the note at June 30, 2016 was \$12,965.

d. Governmental Activities – Leases Payable

In fiscal year 2001-02, the City entered into a 15 year lease with the County of Tulare for the Justice Facility, which also qualifies as a capital lease. Terms of the lease call for semi-annual payments of \$104,777 at 6.07%. This lease has ended as of June 30, 2016.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

d. Governmental Activities – Leases Payable (Continued)

On October 15, 2013 the City entered into a Master Equipment Lease Purchase Agreement with Pinnacle Public Finance Inc. (Lessor) for the purpose of financing the purchase of Logos, net Software in the amount of \$548,623. The annual payments begin October 15, 2014 with a final maturity date of October 15, 2020. The interest rate is 3.38% and the annual payments are \$89,323. The outstanding balance of the lease obligation as of June 30, 2016 was \$404,672.

On December 1, 2013 the City entered into a lease purchase agreement with the Dinuba Financing Authority and Western Alliance Bank in the amount of \$8,433,377. The lease was executed to finance the costs associated with the acquisition, construction, and installation of solar energy improvements to City facilities. The funds are to be deposited into a project fund (\$8,146,742), a capitalized interest fund (\$176,785) and a delivery costs fund (\$109,850). Lease payments are made semi-annually on June 12 and December 12. Interest is 4.1925%. The lease term matures on December 12, 2033. The City has the right to prepay the lease at any time.

As of June 30, 2014, the City paid costs of delivery in the amount of (\$106,924), paid first installment of interest on June 12, 2014 (\$176,785), and paid project costs of \$2,462,682. Amount remaining in the project fund is \$5,684,060. The outstanding balance as of June 30, 2016 is \$8,409,712.

e. Governmental Activities – Contract Payable

On September 13, 2011, the City entered into an agreement with a bank to purchase 5 police vehicles for \$243,649. The City will make five payments of \$53,217 with accrued interest of 4.40% per annum. This contract has been paid off as of June 30, 2016.

f. Governmental Activities – Site and Facility Lease

On July 1, 2015 the City entered into a Site and Facility Lease with Compass Bank. The City determined it was necessary and desirable to repay a loan to the Successor Agency to the Dinuba Redevelopment Agency. The City will lease real property and improvements consisting of the Dinuba Transit Center to Compass in consideration for Compass's paying the City the sum of not to exceed \$1,300,000 in advance rental. Compass bank will then lease the site and facility back to the City at an interest rate not to exceed 5.25%. The site and facility lease will commence on July 1, 2015 and shall end on May 25, 2030. The outstanding principal balance of this lease at June 30, 2016 is \$1,270,811.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

g. Long-Term Debt Amortization Governmental Activities

The annual requirements to amortize long-term debt outstanding at June 30, 2016 (other than compensated absences) are as follows:

Fiscal Year Ended June 30,	2012 DFA Lease Revenue Refunding Bonds		
	Principal	Interest	Total
2017	\$ 410,000	\$ 326,436	\$ 736,436
2018	420,000	318,136	738,136
2019	420,000	309,737	729,737
2020	435,000	300,644	735,644
2021	445,000	290,187	735,187
2022-2026	2,405,000	1,244,890	3,649,890
2027-2031	2,845,000	784,970	3,629,970
2032-2036	1,925,000	279,031	2,204,031
2037-2039	705,000	43,100	748,100
	<u>\$ 10,010,000</u>	<u>\$ 3,897,131</u>	<u>\$ 13,907,131</u>

Fiscal Year Ended June 30,	2007 Lease Revenue Bonds		
	Principal	Interest	Total
2017	\$ 150,000	\$ 334,038	\$ 484,038
2018	160,000	326,888	486,888
2019	165,000	319,269	484,269
2020	175,000	311,084	486,084
2021	185,000	302,193	487,193
2022-2026	1,070,000	1,356,264	2,426,264
2027-2031	1,380,000	1,031,464	2,411,464
2032-2036	1,795,000	607,776	2,402,776
2037-2039	1,325,000	109,247	1,434,247
	<u>\$ 6,405,000</u>	<u>\$ 4,698,223</u>	<u>\$ 11,103,223</u>

Fiscal Year Ended June 30,	Site and Facility Lease		
	Principal	Interest	Total
2017	\$ 60,665	\$ 65,052	\$ 125,717
2018	63,848	61,870	125,718
2019	67,198	58,519	125,717
2020	70,724	54,994	125,718
2021	74,435	51,282	125,717
2022-2026	435,023	193,564	628,587
2027-2031	498,918	66,812	565,730
	<u>\$ 1,270,811</u>	<u>\$ 552,093</u>	<u>\$ 1,822,904</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

g. Long-Term Debt Amortization Governmental Activities (Continued)

Fiscal Year Ended June 30,	Lease Purchase - Software		
	Principal	Interest	Total
2017	\$ 75,645	\$ 13,678	\$ 89,323
2018	78,202	11,121	89,323
2019	80,845	8,478	89,323
2020	83,578	5,745	89,323
2021	86,402	2,921	89,323
	<u>\$ 404,672</u>	<u>\$ 41,943</u>	<u>\$ 446,615</u>

Fiscal Year Ended June 30,	Lease Purchase - Solar		
	Principal	Interest	Total
2017	\$ 51,074	\$ 352,048	\$ 403,122
2018	80,984	349,596	430,580
2019	113,567	345,862	459,429
2020	173,126	340,484	513,610
2021	213,609	332,806	546,415
2022-2026	1,801,982	1,482,964	3,284,946
2027-2031	3,429,292	962,048	4,391,340
2032-2034	2,546,078	165,450	2,711,528
	<u>\$ 8,409,712</u>	<u>\$ 4,331,258</u>	<u>\$ 12,740,970</u>

Fiscal Year Ended June 30,	Land Purchases - Notes Payable		
	Principal	Interest	Total
2017	\$ 4,033	\$ 908	\$ 4,941
2018	4,315	625	4,940
2019	4,617	323	4,940
	<u>\$ 12,965</u>	<u>\$ 1,856</u>	<u>\$ 14,821</u>

Fiscal Year Ended June 30,	2012 Lease Revenue Bonds		
	Principal	Interest	Total
2017	\$ 125,000	\$ 66,750	\$ 191,750
2018	150,000	58,500	208,500
2019	150,000	49,500	199,500
2020	175,000	39,750	214,750
2021	175,000	29,250	204,250
2022-2023	400,000	24,000	424,000
	<u>\$ 1,175,000</u>	<u>\$ 267,750</u>	<u>\$ 1,442,750</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

g. Long-Term Debt Amortization Governmental Activities (Continued)

Fiscal Year Ended June 30,	Total Governmental Activities		
	Principal	Interest	Total
2017	\$ 876,417	\$ 1,158,910	\$ 2,035,327
2018	957,349	1,126,736	2,084,085
2019	1,001,227	1,091,688	2,092,915
2020	1,112,428	1,052,701	2,165,129
2021	1,179,446	1,008,639	2,188,085
2022-2026	6,112,005	4,301,682	10,413,687
2027-2031	8,153,210	2,845,294	10,998,504
2032-2036	6,266,078	1,052,257	7,318,335
2037-2039	2,030,000	152,347	2,182,347
	<u>\$ 27,688,160</u>	<u>\$ 13,790,254</u>	<u>\$ 41,478,414</u>

h. Business-Type Activities

Enterprise Funds – Notes Payable.

The State of California Department of Water Resources granted a loan to the Water Fund of the City for construction of water facilities in the amount of \$2,700,000. Of this amount, \$1,924,399 was drawn down from the State. The note calls for semiannual payments of \$54,710 including interest at 2.955% until January 2024. The balance at June 30, 2016 is \$730,134.

The State of California Department of Water Resources granted a loan to the Water Fund of the City for construction of water facilities in the amount of \$7,462,450. Of this amount, \$6,956,217 was drawn down from the State. The note calls for semiannual payments of \$224,125 including interest at 2.60% until January 2029. The balance at June 30, 2016 is \$5,232,060.

Installment Purchase Agreement

On December 1, 2010, the City of Dinuba entered into a \$1,615,000 Installment Purchase Agreement with the Dinuba Financing Authority, for the purpose of currently refunding a portion of the City's Refunding Certificates of Participation, Series 109A maturing on August 1, 2018, and to pay for the costs of issuance. The Installment Purchase Payments bear interest at a rate of 3% and is payable semi-annually. Principal is repaid at a graduated rate beginning August 1, 2011 and maturing August 1, 2018. The principal amount due at June 30, 2016 is \$640,000.

The obligations are being issued in part for purpose of providing present value debt service savings to the City. The refunding of the currently refunded obligation does not involve a device employed to obtain a material financial advantage.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

h. Business-Type Activities (Continued)

2007 DFA Wastewater System Revenue Bonds

On September 12, 2007, the Dinuba Financing Authority issued \$3,150,000 of Revenue bonds. The proceeds of the bonds were issued by the purpose of financing wastewater system improvements within the City. The installment purchase payments are secured by a separate pledge, charge and lien upon the net revenues of the wastewater system.

Interest rates vary between 4.0% and 5.375% and are payable semi-annually on September 1 and March 1. Principal is paid annually on September 1 through 2038. Bonds maturing after 2017 are subject to optional redemption. The principal balance outstanding at June 30, 2016 is \$2,710,000.

2012 Wastewater Revenue Refunding Bonds

On November 7, 2012, the City issued \$8,145,000 of Series 2012 Wastewater Revenue Refunding Bonds. The bonds were issued to refund \$3,005,000 of outstanding 1998A Refunding Certificates of Participation, \$3,845,000 of outstanding 2008 Lease Revenue Bonds, fund a reserve fund, and pay the costs of issuance.

These bonds will be payable from and secured by net revenues and certain funds and accounts of the City's wastewater system.

The bonds consist of \$1,880,000 of service bonds at an interest rate of 2% and maturing between 2014 and 2020. The issue also includes \$6,265,000 of term bonds with interest rates ranging from 2.50% to 5.00% and maturing between 2022 and 2038. Interest is payable semi-annually each March 1 and September 1. Principal is due annually each September 1.

The outstanding principal balance of the bonds as of June 30, 2016 was \$7,605,000.

The City advance refunded the 1998A Refunding Certificates of Participation of the 2008 Lease Revenue Bonds to reduce its total debt service over the next 25 years by \$416,788 and \$869,754 respectively. These refundings also provided an economic gain of \$311,941 and \$561,370 respectively.

Loan Payable

In September, 2011, the City received a loan of \$611,334 from the California Energy Commission for various energy conservation measures to their Wastewater System. The loan calls for semiannual payments of \$42,595 including interest at 1.00% until December, 2019. The balance at June 30, 2016 is \$292,286.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

h. Business-Type Activities (Continued)

Capital Leases

On September 12, 2012, the City entered into a lease which qualifies as a capital lease for the purchase of a Vac-Con truck. The original value of the equipment was \$365,242. The lease calls for annual payments of \$79,085 with interest at a rate of 3.26%. The maturity date of the lease is March 12, 2017. The present value of minimum lease payments as of June 30, 2016 was \$76,588.

i. Enterprise Long-Term Debt Amortization

The annual requirements to amortize enterprise long-term debt outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	1998 Water Note Payable		
	Principal	Interest	Total
2017	\$ 88,454	\$ 20,960	\$ 109,414
2018	91,088	18,326	109,414
2019	93,800	15,604	109,404
2020	96,592	12,822	109,414
2021	99,468	9,946	109,414
2022-2024	260,732	12,134	272,866
	<u>\$ 730,134</u>	<u>\$ 89,792</u>	<u>\$ 819,926</u>

Fiscal Year Ending June 30,	2005 Water Note Payable		
	Principal	Interest	Total
2017	\$ 314,246	\$ 134,004	\$ 448,250
2018	322,469	125,781	448,250
2019	330,909	117,341	448,250
2020	339,568	108,683	448,251
2021	348,454	99,796	448,250
2022-2026	1,883,916	357,333	2,241,249
2027-2029	1,692,498	100,502	1,793,000
	<u>\$ 5,232,060</u>	<u>\$ 1,043,440</u>	<u>\$ 6,275,500</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

i. Enterprise Long-Term Debt Amortization (Continued)

The annual requirements to amortize enterprise long-term debt outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	California Energy Commission Loan Payable		
	Principal	Interest	Total
2017	\$ 82,472	\$ 2,718	\$ 85,190
2018	83,298	1,891	85,189
2019	84,134	1,057	85,191
2020	42,382	212	42,594
	<u>\$ 292,286</u>	<u>\$ 5,878</u>	<u>\$ 298,164</u>

Fiscal Year Ending June 30,	Installment Purchase		
	Principal	Interest	Total
2017	\$ 205,000	\$ 16,125	\$ 221,125
2018	215,000	9,825	224,825
2019	220,000	3,300	223,300
	<u>\$ 640,000</u>	<u>\$ 29,250</u>	<u>\$ 669,250</u>

Fiscal Year Ending June 30,	Capital Leases		
	Principal	Interest	Total
2017	\$ 76,588	\$ 2,498	\$ 79,086
	<u>\$ 76,588</u>	<u>\$ 2,498</u>	<u>\$ 79,086</u>

Fiscal Year Ending June 30,	2007 Revenue Bonds		
	Principal	Interest	Total
2017	\$ 65,000	\$ 141,268	\$ 206,268
2018	70,000	138,153	208,153
2019	70,000	134,873	204,873
2020	75,000	131,382	206,382
2021	80,000	127,554	207,554
2022-2026	450,000	572,718	1,022,718
2027-2031	585,000	435,510	1,020,510
2032-2036	760,000	255,850	1,015,850
2037-2039	555,000	45,822	600,822
	<u>\$ 2,710,000</u>	<u>\$ 1,983,130</u>	<u>\$ 4,693,130</u>

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 Long-Term Liabilities (Continued)

i. Enterprise Long-Term Debt Amortization (Continued)

The annual requirements to amortize enterprise long-term debt outstanding at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	2012 Lease Revenue Bonds		
	Principal	Interest	Total
2017	\$ 165,000	\$ 262,088	\$ 427,088
2018	170,000	258,738	428,738
2019	170,000	255,338	425,338
2020	415,000	249,488	664,488
2021	420,000	241,138	661,138
2022-2026	2,270,000	1,033,633	3,303,633
2027-2031	1,970,000	629,871	2,599,871
2032-2036	1,180,000	358,437	1,538,437
2037-2039	845,000	64,625	909,625
	<u>\$ 7,605,000</u>	<u>\$ 3,353,356</u>	<u>\$ 10,958,356</u>

Fiscal Year Ending June 30,	Total Business-type Activities		
	Principal	Interest	Total
2017	\$ 996,760	\$ 579,661	\$ 1,576,421
2018	951,855	552,714	1,504,569
2019	968,843	527,513	1,496,356
2020	968,542	502,587	1,471,129
2021	947,922	478,434	1,426,356
2022-2026	4,864,649	1,975,818	6,840,467
2027-2031	4,247,498	1,165,883	5,413,381
2032-2036	1,940,000	614,287	2,554,287
2037-2039	1,400,000	110,447	1,510,447
	<u>\$ 17,286,069</u>	<u>\$ 6,507,344</u>	<u>\$ 23,793,413</u>

k. Compensated Absences

Compensated absences in governmental activities have been liquidated in the past fiscal year in the general fund, the gas tax, transportation, public safety sales tax and community enhancement grant, (Special Revenue Funds) and general construction, vocational center, and public works management (Capital Projects funds).

Note 9 Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Pension Plan (Continued)

A. General Information about the Pension Plan

Plan Descriptions – All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost sharing 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 Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

City Miscellaneous Plan

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	4%	6.25%
Required employer contribution rates	14.514%	6.25%

City Safety Plan

	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	4.5%	11.50%
Required employer contribution rates	27.541%	11.50%

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

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 is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Proportionate Share of Net Pension Liability		
Misc. Plan	Safety Plan	Total
\$ 5,799,429	\$ 7,946,896	\$ 13,746,325

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

City Miscellaneous Plan

Proportion - June 30, 2014	0.22722%
Proportion - June 30, 2015	0.21139%
Change - Increase (Decrease)	-0.01583%

City Safety Plan

Proportion - June 30, 2014	0.20792%
Proportion - June 30, 2015	0.19287%
Change - Increase (Decrease)	-0.01506%

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Pension Plan (Continued)

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

For the fiscal year ended June 30, 2016, the Local Government recognized pension expense of \$2,349,470. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,115,938	\$ -
Differences between expected and actual experience	37,747	(158,028)
Changes in assumptions		(1,083,952)
Differences in actual vs proportionate contribution	362,806	(43,360)
Net differences between projected and actual earnings on pension plan investments		(547,392)
Adjustment due to differences in proportions	338,985	(227,718)
Total	<u>\$ 2,855,476</u>	<u>\$ (2,060,450)</u>

\$2,115,938 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2017	\$ (413,107)
2018	(413,107)
2019	(357,853)
2020	(136,845)
Total	<u>\$ (1,320,912)</u>

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Pension Plan (Continued)

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

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

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9 Pension Plan (Continued)

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

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

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

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$9,726,070	\$12,741,602
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$5,799,429	\$7,946,896
1% Increase	8.65%	8.65%
Net Pension Liability	\$2,557,556	\$4,015,324

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

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 10 Post Employment Health Care Benefits

Plan Description

The City provides health insurance benefit plans to eligible retirees and dependents in accordance with various labor agreements and is a single-employer plan. Employees retiring from the City with at least 15 years of continuous full-time service to the City of Dinuba are eligible for retiree health and dental benefits.

Funding Policy

The City's policy is to fund these benefits on a pay-as-you-go basis, and paid approximately \$290,489 for the fiscal year ended June 30, 2016 to the plan. Typically, the general fund and major enterprise funds have liquidated the OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount which was determined as part of the July 1, 2014 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years.

The City's OPEB unfunded actuarial accrued liability as of July 1, 2014, the date of the most recent actuarial valuation, was a total of \$16,582,381. The OPEB obligation has been adjusted by an annual inflation percentage of 3.25 percent based on the assumptions of the actuarial valuation and a general salary increase of 3.25 percent.

The City has calculated and recorded the net OPEB obligation, representing the difference between the ARC, amortization and contributions, as follows:

Actuarial required contribution (ARC) and annual OPEB cost	\$ 1,998,789
Interest on net OPEB obligation	309,345
Adjustment to annual required contribution	<u>(364,495)</u>
Annual OPEB cost (expense)	1,943,639
Less: Employer contribution	(290,489)
Implicit subsidy credit	<u>(112,450)</u>
Increase in net OPEB obligation	1,540,700
 Net OPEB obligation, beginning of fiscal year	 <u>6,874,324</u>
 Net OPEB obligations, end of fiscal year	 <u><u>\$ 8,415,024</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 10 Post Employment Health Care Benefits (Continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 1,330,538	24.30%	\$ 5,432,371
6/30/2015	1,828,689	21.14%	6,874,324
6/30/2016	1,943,639	20.73%	8,415,024

Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
07/1/2014	\$ 16,582,381	\$ -	\$ 16,582,381	0%	\$ 8,140,364	203.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members, and include the types of plan benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumption used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 4.5 percent investment rate of return, covered payroll increases of 3.25 percent per year, an inflation rate of 3.25 percent per year, and a medical increase trend rate starting at 10 percent per year, and decreasing gradually over a 10 year period to an ultimate rate of 4.50 percent per year. The unfunded actuarial accrued liability (UAAL) is being amortized (on a closed basis) as a level percentage of projected payroll over 26 years.

Note 11 Deferred Compensation

The City has established a Deferred Compensation Plan and Trust as provided in Section 457 of the Internal Revenue Code of 1986, as amended. The City, acting as trustee of this plan, has agreed to perform its services as trustee in accordance with, and, as necessary, limited to comply with, applicable law. All amounts of compensation deferred pursuant to the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall be held in trust for the exclusive benefit of participants and beneficiaries under the plan.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 Risk Management/Joint Venture

The City's risk management activities are recorded in the internal service fund. The purpose of the fund is to administer the employee life, health, property and liability, and workers' compensation insurance programs of the City.

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker's compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which among other expenses, charges the City's account for liability losses under \$50,000 and workers' compensation losses under \$50,000. The CSJVRMA purchases excess reinsurance from \$1,000,000 to \$29,000,000. The CSJVRMA participates in an excess pool which provides Workers' Compensation coverage from \$500,000 to \$1,500,000 and purchases excess reinsurance above \$5,000,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-five (55) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets three times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRM. The financial statements of CSJVRM can be obtained at 1831 K Street, Sacramento, CA 95814.

The financial position and results of operations for the CSJVRMA as of June 30, 2015 (most recent available) are presented below:

Total Assets	<u>\$ 80,694,798</u>
Total Liabilities	<u>\$ 65,440,947</u>
Total Net Position	<u>15,253,851</u>
Total Liabilities and Net Position	<u>\$ 80,694,798</u>
Revenues for Fiscal Year	<u>\$ 32,108,146</u>
Expenses for Fiscal Year	<u>32,739,704</u>
Change in Net Position	<u>\$ (631,558)</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

The City is self-insured for health insurance for its employees. Each department and division is charged an actuarially determined amount for health insurance expenses based on its employees. All claims are administered by an independent insurance processor; the City is responsible for reimbursing the company for all claims up to \$15,000 per covered individual, with any expenses greater than that being covered by the insurance provider.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 Risk Management/Joint Venture (Continued)

The claims liability of \$50,000 for health insurance at June 30, 2016 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was estimated from the average amount of claims paid per lag reports provided by the administrator. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in health claim liabilities at June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Liability - beginning of fiscal year	\$ 50,000	\$ 50,000
Current year claims and changes in estimates	2,568,544	2,458,755
Claim payments	<u>(2,568,544)</u>	<u>(2,458,755)</u>
Liability - end of fiscal year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Note 13 Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution and ordinance). Ordinance is the highest level of the City Council’s approval.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated through its fund balance policy the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted or committed.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 13 Fund Balances (Continued)

- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

	General Construction	General	HUD Grants	Public Safety Sales Tax	Transporation Construction	Financing Authority	Non-major Governmental	Totals
Nonspendable								
Advances/Notes	\$ -	\$ 3,057,954	\$ -	\$ -	\$ 530,576	\$ 500,000	\$ 9,115,671	\$ 13,204,201
Prepaid items		24,158					785	24,943
Land held for resale							187,251	187,251
Totals		3,082,112			530,576	500,000	9,303,707	13,416,395
Restricted								
Housing							6,246	6,246
Public safety							69,137	69,137
Public works and community development			10,756		1,542,569	1,029,184	4,978,561	7,561,070
Totals			10,756	-	1,542,569	1,029,184	5,053,944	7,636,453
Assigned								
Debt service							186	186
Public works							54,889	54,889
Totals							55,075	55,075
Unassigned	(51,479)	1,219,528		(60,016)			(584,285)	523,748
Totals	\$ (51,479)	\$ 4,301,640	\$ 10,756	\$ (60,016)	\$ 2,073,145	\$ 1,529,184	\$ 13,828,441	\$ 21,631,671

Note 14 Net Position

GASB Statements No. 34 and 63 add the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

a. Net Position

Net position is divided into three captions under GASB Statements No. 34 and 63, 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 debt service requirements and special revenue funding restrictions.

Unrestricted describes the portion of net assets which is not restricted as to use.

The government-wide statement of net position reports \$33,955,040 of restricted net position.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 14 Net Position (Continued)

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES - NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net position			
Net investment in capital assets	<u>\$ 162,419,353</u>	<u>\$ 46,474,326</u>	<u>\$ 208,893,679</u>
Restricted for:			
Community development	22,673,586		22,673,586
Assessment districts	285,997		285,997
Parks	38,297		38,297
Police	69,137		69,137
Streets & roads	6,807,759		6,807,759
Housing	4,080,264		4,080,264
Total Restricted	<u>33,955,040</u>		<u>33,955,040</u>
Unrestricted	<u>(9,391,284)</u>	<u>4,986,126</u>	<u>(4,405,158)</u>
Total net position	<u>\$ 186,983,109</u>	<u>\$ 51,460,452</u>	<u>\$ 238,443,561</u>

Note 15 Commitments

The City is committed to pay the local Chamber of Commerce 60% of the annual business license fees collected. For the fiscal year ended June 30, 2016 this amount is approximately \$82,273. The budgeted amount for fiscal year June 30, 2016 is \$82,400.

Note 16 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of City operations. In the aggregate, those claims seek monetary damages in significant amounts. To the extent the outcome of such litigation may be determined to result in financial loss to the City, in the opinion of City management, any potential liability for these actions is adequately provided for in the basic financial statements. The timing of potential payment of such losses cannot presently be determined.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 18 Prior Period Adjustments

An adjustment was made in General Construction Capital Projects Fund for an overstatement of prior year deferred revenue of \$69,370.

An adjustment was made in the Disposal Major Enterprise Fund for an understatement of prior year notes receivable of \$141,785.

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)

On December 29, 2011, the California Supreme Court upheld AB X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

AB X1 26 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. The City Council elected to become the Successor Agency for the former redevelopment agency in accordance with AB X1 26.

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

AB X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB X1 26.

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 a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the Low-Moderate Income Housing, Tax Allocation and Redevelopment Agency governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)
(Continued)

A. Capital Assets Held by SADRA

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not depreciated:				
Land	\$ 5,046,891	\$ -	\$ 2,251,104	\$ 2,795,787
Total capital assets, not depreciated	<u>5,046,891</u>			<u>2,795,787</u>
Capital assets, depreciated:				
Buildings and structures	167,848			167,848
Total capital assets, depreciated	<u>167,848</u>			<u>167,848</u>
Less accumulated depreciation for:				
Buildings and structures	(89,506)	(5,559)		(95,065)
Total accumulated depreciation	<u>(89,506)</u>	<u>(5,559)</u>		<u>(95,065)</u>
Total capital assets, depreciated, net	78,342	(5,559)		72,783
Total capital assets, net	<u>\$ 5,125,233</u>	<u>\$ (5,559)</u>	<u>\$ -</u>	<u>\$ 2,868,570</u>

Depreciation expense for the fiscal year ended June 30, 2016 was \$5,559.

B. Summary of SADRA's Long-Term Debt

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Current Portion
Advances from City of Dinuba	\$ 11,593,663	\$ 1,165,634	\$ -	\$ 12,759,297	\$ -
Notes payable	275,000		(50,000)	225,000	50,000
Tax allocation bonds	49,775,000	15,055,000	(16,840,000)	47,990,000	1,275,000
Original issue premium	1,081,861	555,599	(79,474)	1,557,986	79,474
Original issue discount	(42,557)		1,760	(40,797)	(1,760)
Total long-term liabilities, net	<u>\$ 62,682,967</u>	<u>\$ 16,776,233</u>	<u>\$ (16,967,714)</u>	<u>\$ 62,491,486</u>	<u>\$ 1,402,714</u>

Notes Payable

In 2010, the Agency purchased land with the issuance of a note secured by the real property for \$375,000. The note is secured by a deed of trust and the terms of the note call for interest only at 7.00% annually beginning January 1, 2010 with principal payable in installments of \$50,000 or more beginning January 21, 2014 and continuing until January 1, 2019. The balance at June 30, 2016 is \$225,000.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)
(Continued)

B. Summary of SADRA's Long-Term Debt (Continued)

2001 RDA Tax Allocation Refunding Bonds. On December 1, 2001, the Redevelopment Agency issued \$13,000,000 of Tax Allocation Refunding Bonds bearing interest of 4.875% and 5.0%, payable semi-annually on March 1 and September 1 commencing March 1, 2002. The bonds mature annually at various amounts through September 1, 2031 and are subject to optional redemption prior to maturity, in whole or in part, on September 1, 2011. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). The proceeds were used to refund the 1989 Tax Allocation Bonds, which were due September 1, 2019; the 1999A and 1999B Tax Allocation Refunding Notes, which were due on December 1, 2004, the 2000 Tax Allocation Refunding Notes, and the 1999A and 1999B Tax Allocation Refunding Notes, which were due on December 1, 2004 and to finance a portion of the costs of the Agency. Bonds outstanding at June 30, 2016, were \$0 as these were refunded by the 2014 Tax Allocation Refunding Bonds.

2003 Tax Allocation Bonds. On October 23, 2003, the Agency issued \$7,500,000 of Tax Allocation Bonds bearing interest between 2% and 5% and payable semi-annually on March 1 and September 1. The Bonds mature annually at various amounts through September 1, 2033. The bonds are payable from and secured by incremented tax revenues (Pledged Tax Revenues). The Bond proceeds are to be used to finance certain projects with the Agency's project area including 20% benefiting low and moderate income housing. The principal account of 2003 tax allocation bonds outstanding at June 30, 2016 was \$0 as these were refunded by the 2014 Tax Allocation Refunding Bonds.

2005 Tax Allocation Refunding Bonds. On December 1, 2005, the Dinuba Redevelopment Agency issued \$5,670,000 Tax Allocation Refunding Bonds bearing interest of 3.0% and 5.0%, payable semi-annually on March 1 and September 1 commencing March 1, 2006. The bonds mature annually at various amounts through September 1, 2034 and are subject to optional redemption prior to maturity, in whole or in part, on September 1, 2016. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). The bond proceeds were used to refund the 1997B Tax Allocation Refunding Bonds, which were due on September 1, 2027, and the 1997C Tax Allocation Bonds, which were due on September 1, 2027, and to finance a portion of the costs of the Agency. These bonds have been refunded by 2015 Tax Allocation Refunding Bonds.

The Agency advance refunded the 1997B and 1999C Tax Allocation Refunding Bonds to reduce its total debt service over the next thirty years by \$465,034 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$399,434.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)
(Continued)

B. Summary of SADRA's Long-Term Debt (Continued)

2006 Tax Allocation Refunding Bonds. On October 5, 2006, the Dinuba Redevelopment Agency issued \$17,270,000 of Tax Allocation Refunding Bonds bearing interest of 3.4% to 5.0%, payable semi-annually on March 1 and September 1 commencing March 1, 2007. The bonds mature annually at various amounts through September 1, 2036 and are subject to operational redemption prior to maturity, in whole or in part, on September 1, 2016. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). The bond proceeds were used to refund the 1997A Tax Allocation Refunding Bonds which were due on September 1, 2027 and to finance a portion of the costs of the Redevelopment Project. Bonds outstanding at June 30, 2016, were \$3,000,000.

The Agency advance refunded the 1997A Tax Allocation Refunding Bonds to reduce its total debt service over the next twenty-one years by \$231,787 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$127,358.

2011A Tax Allocation Refunding Bonds. On June 21, 2011, the Dinuba Redevelopment Agency issued \$10,740,000 Tax Allocation Refunding Bonds bearing interest of 5.75% to 6.125% payable semi-annually on March 1 and September 1 commencing March 1, 2012. The bonds mature annually at various amounts through September 1, 2039. The bonds are payable from and secured by incremental tax revenues. Bonds outstanding as of June 30, 2016 were \$10,365,000.

The Bonds are being issued to refinance the Agency's previously issued \$7,000,000, 2006 Tax Allocation Notes and a portion of the Agency's \$7,500,000 2007 Subordinate Tax Allocation Notes. As a result, the 2006 and partial 2007 Tax Allocation Notes are considered to be defeased and the liability for those bonds have been removed from the long-term liabilities of the Governmental Activities Debt.

The aggregate debt service payments of the new debts are \$22,997,995 (2011A and 2011B) more than the old debt. The issuance of the new debt and refunding of the old debt resulted in an economic gain (the differences between the present value of the old debt and new debt payments) of approximate \$503,000.

2011B Tax Allocation Refunding Bonds. On June 21, 2011, the Dinuba Redevelopment Agency issued \$4,400,000 Subordinate Tax Allocation Refunding Bonds bearing interest of 5.00% to 7.75% payable semi-annually on March 1 and September 1 commencing September 1, 2012. The bonds mature annually at various amounts through September 1, 2041. The bonds are payable from and secured by incremental tax revenues (Pledged Tax Revenues). Bonds outstanding as of June 30, 2016 were \$4,325,000.

The Bonds are being issued to refinance a portion of the Agency's previously \$7,500,000 Merged City of Dinuba Redevelopment Project and Dinuba Redevelopment Project No. 2. Subordinate Tax Allocation Notes issued in 2007. As a result, the balance of the 2007 Tax Allocation Notes are considered to be defeased and the liability for the bonds has been removed from the long-term liabilities of the Governmental Activities debt (see previous note for 2011A Tax Allocation Bonds).

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)
(Continued)

B. Summary of SADRA's Long-Term Debt (Continued)

2012 Subordinate Tax Allocation Refunding Bonds. On December 6, 2012, SADRA issued \$1,700,000 Subordinate Tax Allocation Refunding Bonds bearing interest of 2.0% to 4.25% payable semi-annually on March 1 and September 1 commencing March 1, 2014. The bonds mature annually at various amounts through September 2039. The bonds are payable from and secured by incremental tax revenues. Bonds outstanding as of June 30, 2016 were \$1,560,000.

The Bonds are being issued to refinance the Agency's previously issued \$1,370,000, 2009 Tax Allocation Notes. As a result, the 2009 Tax Allocation Notes are considered to be defeased and the liability for those bonds have been removed from the long-term liabilities.

The aggregate debt service payments of the new debt is \$1,406,600 more than the old debt.

After using funds remaining from the 2001 and 2003 issues, recognizing an original issue premium, paying costs of issuance, and paying an escrow agent for the refunding, the SADRA recognized a deferred loss on refunding in the amount of \$495,141.

2014 Tax Allocation Refunding Bonds. On May 14, 2014, the Successor Agency to the Dinuba Redevelopment Agency issued \$14,650,000 Tax Allocation Refunding Bonds bearing interest of 3% payable semi-annually on March 1 and September 1 commencing September 1, 2014. The bonds mature annually at various amounts through September 1, 2033. The bonds are payable from and secured by incremental tax revenues. Bonds outstanding as of June 30, 2016 were \$13,685,000.

The Bonds are being issued to refinance the outstanding amount (\$9,630,000) of the Agency's previously issued 2001 Tax Allocation Bonds and outstanding amount (\$6,465,000) of the Agency's 2003 Tax Allocation Bonds. As a result, the 2001 and 2003 Tax Allocation Bonds are considered to be defeased and the liability for those bonds have been removed from the long-term liabilities of the Private Purpose Trust Fund.

2015 Tax Allocation Refunding Bonds. On October 1, 2015, the Successor Agency to the Dinuba Redevelopment Agency issued \$15,055,000 Tax Allocation Refunding Bonds bearing interest of 3% payable semi-annually on March 1 and September 1 commencing March 1, 2016. The bonds mature annually at various amounts through September 1, 2036. The bonds are payable from and secured by incremental tax revenues. Bonds outstanding as of June 30, 2016 were \$15,055,000.

The Bonds are being issued to refinance the outstanding amount (\$4,440,000) of the Agency's previously issued 2005 Tax Allocation Refunding Bonds and outstanding amount (\$11,375,000) of the Agency's 2006 Tax Allocation Refunding Bonds. As a result, the 2005 Tax Allocation Refunding Bonds are considered to be defeased and the liability for the bonds have been removed from the long-term liabilities of the Private Purpose Trust Fund.

As a result of this refunding, the SADRA recognized a deferred loss on refunding in the amount of \$828,923.

CITY OF DINUBA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19 Successor Agency Trust for Assets of the Former Redevelopment Agency (SADRA)
(Continued)

The annual requirements to amortize long-term debt outstanding at June 30, 2016 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,325,000	\$ 2,382,382	\$ 3,707,382
2018	1,320,000	2,335,213	3,655,213
2019	1,440,000	2,281,891	3,721,891
2020	1,365,000	2,221,032	3,586,032
2021	1,420,000	2,163,377	3,583,377
2022-2026	7,700,000	9,825,584	17,525,584
2027-2031	9,640,000	7,807,522	17,447,522
2032-2036	12,220,000	5,084,576	17,304,576
2037-2041	10,840,000	1,853,136	12,693,136
2042-2044	945,000	36,619	981,619
	<u>\$ 48,215,000</u>	<u>\$ 35,991,332</u>	<u>\$ 84,206,332</u>

C. Notes Receivable

The following is the note receivable outstanding as of June 30, 2016.

Note from Zarmig LLC at 1.5% interest secured by a deed of trust.
Due in monthly installments of \$1,407 starting July 15, 2010.
A final payment of \$317,208 is due on July 15, 2018. The City
carried back the note as part of the sale of the Bowling Alley.

\$ 339,869

Required Supplementary Information



**CITY OF DINUBA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2016**

Postemployment Benefit Plans Other than Pensions Trend Information

RETIREE HEALTH PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
7/1/2008	\$ 8,023,302	\$ -	\$ 8,023,302	0%	\$ 7,349,408	107.8%
7/1/2011	11,740,788	-	11,740,788	0%	7,012,579	167.4%
7/1/2014	16,582,381	-	16,582,381	0%	8,140,364	203.7%

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
Revenues:				
Taxes and assessments:				
Utility users	\$ 1,645,000	\$ 1,645,000	\$ 1,683,265	\$ 38,265
Property	846,800	846,800	1,260,845	414,045
Sales	5,607,032	5,607,032	6,075,629	468,597
Transient occupancy	220,000	220,000	248,579	28,579
Other	2,171,891	2,171,891	2,017,353	(154,538)
Licenses and permits			410,496	410,496
Intergovernmental	95,275	95,275	180,405	85,130
Charges for services	545,462	545,462	568,499	23,037
Fines, forfeitures, and penalties	13,100	13,100	13,562	462
Use of money and property	34,000	34,000	34,372	372
Overhead reimbursement	1,982,850	1,982,850	2,048,391	65,541
Miscellaneous			20,345	20,345
Total Revenues	13,161,410	13,161,410	14,561,741	1,400,331
Expenditures:				
Current:				
General government:				
City Council	129,089	129,089	118,988	10,101
City Manager	552,075	552,075	538,261	13,814
City Attorney	56,484	56,484	115,901	(59,417)
Administrative services	134,716	134,726	135,186	(460)
General services	3,179,586	3,179,586	2,595,848	583,738
Total general government	4,051,950	4,051,960	3,504,184	547,776
Public safety:				
Police services	5,069,271	5,039,271	5,026,389	12,882
Fire control	2,103,117	2,103,117	2,107,264	(4,147)
Total public safety	7,172,388	7,142,388	7,133,653	8,735
Public works:				
Planning services	571,895	571,895	683,087	(111,192)
Total public works	571,895	571,895	683,087	(111,192)
Parks and recreation:				
Parks & community services	1,480,703	1,481,913	1,458,541	23,372
Total parks and recreation	1,480,703	1,481,913	1,458,541	23,372

(Continued)

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2016
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
Expenditures:				
Capital outlay	\$ 28,500	\$ 58,500	\$ 187,805	\$ (129,305)
Total Expenditures	13,305,436	13,306,656	12,967,270	339,386
Excess of Revenues Over (Under)				
Expenditures	(144,026)	(145,246)	1,594,471	1,739,717
Other Financing Sources (Uses):				
Transfers in			173,858	173,858
Transfers out	(1,041,666)	(1,041,666)	(1,389,790)	(348,124)
Total Other Financing Sources (Uses)	(1,041,666)	(1,041,666)	(1,215,932)	(174,266)
Special item - RDA dissolution settlement			(1,031,663)	(1,031,663)
Net Change in Fund Balance	(1,185,692)	(1,186,912)	(653,124)	533,788
Fund balance, beginning of fiscal year	4,954,764	4,954,764	4,954,764	
Fund balance, end of fiscal year	\$ 3,769,072	\$ 3,767,852	\$ 4,301,640	\$ 533,788

See Note to Required Supplementary Information

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HUD GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Use of money and property	\$ 63,176	\$ 63,176	\$ 96,379	\$ 33,203
Intergovernmental	1,195,770	1,195,770	502,850	(692,920)
Total Revenues	1,258,946	1,258,946	599,229	(659,717)
Expenditures:				
Current:				
Community development	918,532	918,532	584,694	333,838
Total Expenditures	918,532	918,532	584,694	333,838
Excess of Revenues Over (Under)				
Expenditures	340,414	340,414	14,535	(325,879)
Other Financing Sources (Uses):				
Transfers in			5,150	5,150
Transfers out			(33,670)	(33,670)
Total Other Financing Sources (Uses)			(28,520)	(28,520)
Net Change in Fund Balance	340,414	340,414	(13,985)	(354,399)
Fund Balance (Deficit), Beginning of Fiscal Year	24,741	24,741	24,741	
Fund Balance, End of Fiscal Year	\$ 365,155	\$ 365,155	\$ 10,756	\$ (354,399)

See Note to Required Supplementary Information

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY SALES TAX SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
Revenues:				
Use of money and property	\$ 4,000	\$ 4,000	\$ (696)	\$ (4,696)
Taxes and assessments	3,620,000	3,620,000	3,249,600	(370,400)
Total Revenues	3,624,000	3,624,000	3,248,904	(375,096)
Expenditures:				
Current:				
Public safety	3,066,939	3,066,939	3,196,976	(130,037)
Capital outlay	951,000	951,000	503,006	447,994
Debt service:				
Principal	74,635	74,635	74,635	
Interest and fiscal charges	4,971	4,971	4,971	
Total Expenditures	4,097,545	4,097,545	3,779,588	317,957
Excess of Revenues Over (Under)				
Expenditures	(473,545)	(473,545)	(530,684)	(57,139)
Other Financing Sources (Uses):				
Transfers out			(3,071)	(3,071)
Total Other Financing Sources (Uses)			(3,071)	(3,071)
Net Change in Fund Balance	(473,545)	(473,545)	(533,755)	(60,210)
Fund Balance - Beginning of Fiscal Year	473,739	473,739	473,739	
Fund Balance - End of Fiscal Year	\$ 194	\$ 194	\$ (60,016)	\$ (60,210)

See Note to Required Supplementary Information

**CITY OF DINUBA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2016**

Cost Sharing Defined Benefit Pension Plans

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2016		June 30, 2015	
	Miscellaneous Plan	Safety Plan	Miscellaneous Plan	Safety Plan
Proportion of the net pension liability	0.21139%	0.19287%	0.22722%	0.20792%
Proportionate share of the net pension liability	\$ 5,799,429	\$ 7,946,896	\$ 5,615,605	\$ 7,798,956
Covered employee payroll	\$ 4,448,186	\$ 4,905,068	\$ 4,183,424	\$ 4,509,006
Proportionate Share of the net pension liability as a percentage of covered employee payroll	130.38%	162.01%	134.23%	172.96%
Plan's fiduciary net position	\$ 21,534,272	\$ 20,930,035	\$ 20,380,774	\$ 18,835,690
Plan's total pension liability	\$ 27,333,701	\$ 28,876,931	\$ 25,996,379	\$ 26,634,646
Plan fiduciary net position as a percentage of total pension liability	78.78%	72.48%	78.40%	70.72%

Notes to Schedule

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

Change in Assumptions: Discount rate has changed to 7.65%.

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**CITY OF DINUBA
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2016**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2016		June 30, 2015	
	Miscellaneous Plan	Safety Plan	Miscellaneous Plan	Safety Plan
Contractual required contribution (actuarially determined)	\$ 588,950	\$ 1,201,260	\$ 558,710	\$ 1,170,656
Contributions in relation to the actuarially determined contributions	(588,950)	(1,201,260)	(558,710)	(1,170,656)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,448,186	\$ 4,905,068	\$ 4,183,424	\$ 4,509,006
Contributions as a percentage of covered employee payroll	13.24%	24.49%	13.36%	25.96%

Notes to Schedule

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

CITY OF DINUBA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2016

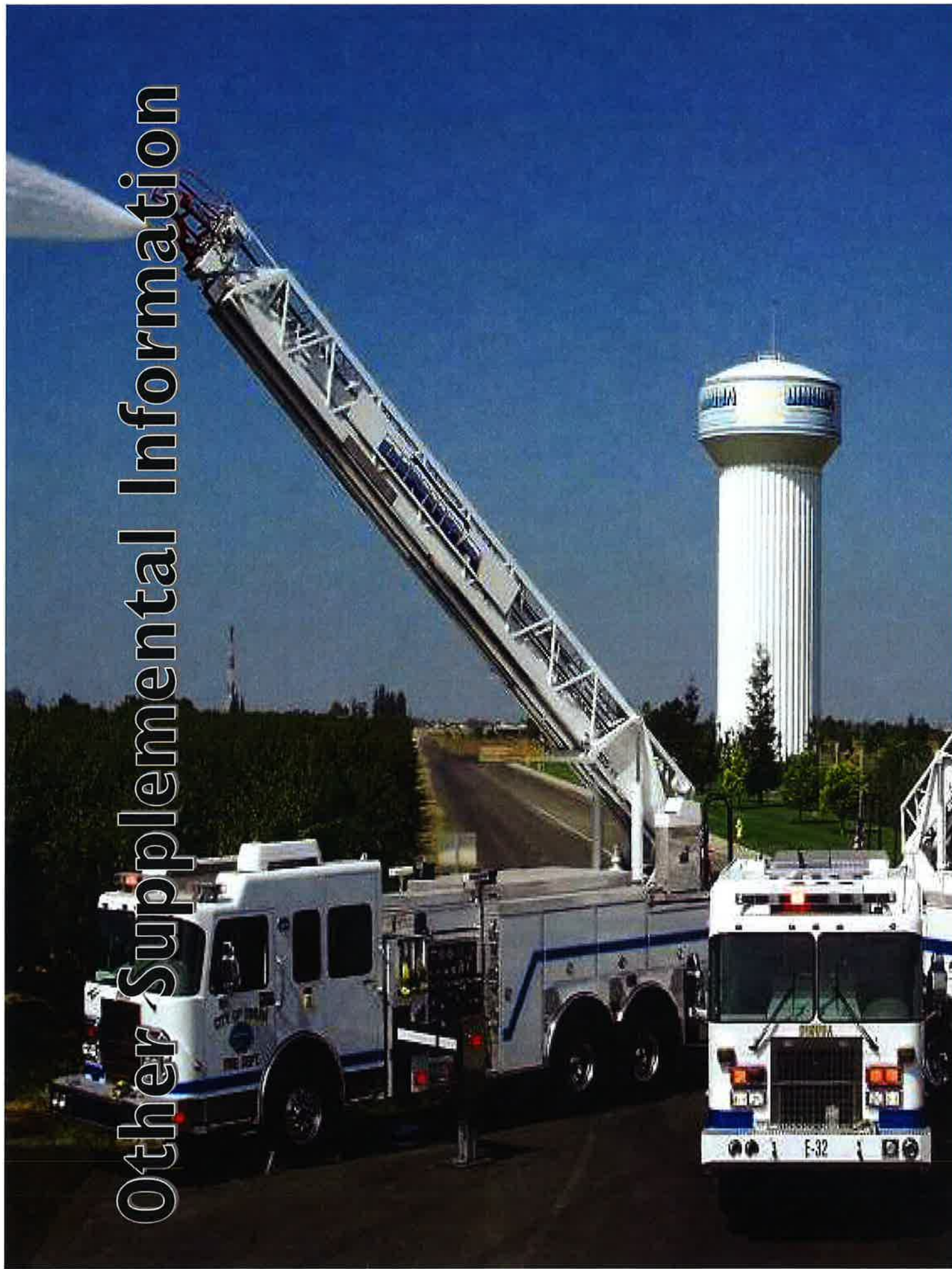
Note 1 Budgets and Budgetary Data

The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.

Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with the accounting principles generally accepted in the United States of America (US GAAP). Accordingly, actual revenues and expenditures can be compared with the related budgeted amounts without any significant reconciling items.

Additional information concerning the General Budget policies is explained more thoroughly in the Notes to the Basic Financial Statements.

Other Supplemental Information



CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION CONSTRUCTION CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 1,500	\$ 8,467	\$ 6,967
Intergovernmental	12,880,361	6,635,357	(6,245,004)
Total Revenues	<u>12,881,861</u>	<u>6,643,824</u>	<u>(6,238,037)</u>
Expenditures:			
Capital outlay	21,732,656	9,319,306	12,413,350
Total Expenditures	<u>21,732,656</u>	<u>9,319,306</u>	<u>12,413,350</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(8,850,795)</u>	<u>(2,675,482)</u>	<u>6,175,313</u>
Other Financing Sources (Uses):			
Sales of property		148,146	148,146
Transfers in	120,000	251,876	131,876
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>350,022</u>	<u>280,022</u>
Net Change in Fund Balance	(8,780,795)	(2,325,460)	6,455,335
Fund Balance - Beginning of Fiscal Year	<u>4,398,605</u>	<u>4,398,605</u>	
Fund Balance - End of Fiscal Year	<u>\$ (4,382,190)</u>	<u>\$ 2,073,145</u>	<u>\$ 6,455,335</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL CONSTRUCTION CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,046,600	\$ 1,073,704	\$ 27,104
Use of money and property		620	620
Total Revenues	<u>1,046,600</u>	<u>1,074,324</u>	<u>27,724</u>
Expenditures:			
Capital outlay	<u>1,117,780</u>	<u>1,293,096</u>	<u>(175,316)</u>
Total Expenditures	<u>1,117,780</u>	<u>1,293,096</u>	<u>(175,316)</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(71,180)</u>	<u>(218,772)</u>	<u>(147,592)</u>
Other Financing Sources (Uses):			
Transfers in	<u>50,000</u>	<u>102,188</u>	<u>52,188</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>102,188</u>	<u>52,188</u>
Net Change in Fund Balance	<u>(21,180)</u>	<u>(116,584)</u>	<u>(95,404)</u>
Fund Balance (deficit), Beginning of Fiscal Year	(4,265)	(4,265)	
Prior period adjustments		<u>69,370</u>	<u>69,370</u>
Fund Balance - beginning of fiscal year (restated)	<u>(4,265)</u>	<u>65,105</u>	<u>69,370</u>
Fund Balance (Deficit), End of Fiscal Year	<u>\$ (25,445)</u>	<u>\$ (51,479)</u>	<u>\$ (26,034)</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FINANCING AUTHORITY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 10,000	\$ 16,379	\$ 6,379
Total Revenues	10,000	16,379	6,379
Expenditures:			
Debt Service:			
Principal retirement	573,665	573,665	
Interest and fiscal charges	1,050,925	1,039,121	11,804
Total Expenditures	1,624,590	1,612,786	11,804
Excess of Revenues Over (Under) Expenditures	(1,614,590)	(1,596,407)	18,183
Other Financing Sources (Uses):			
Transfers in	1,761,345	1,755,432	(5,913)
Transfers out	(150,000)		150,000
Total Other Financing Sources (Uses)	1,611,345	1,755,432	144,087
Net Change in Fund Balance	(3,245)	159,025	162,270
Fund Balance, Beginning of Fiscal Year	1,370,159	1,370,159	
Fund Balance, End of Fiscal Year	\$ 1,366,914	\$ 1,529,184	\$ 162,270

City of Dinuba

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue (other than those for major capital projects) that are restricted legally to expenditures for particular purposes.

GAS TAX FUND - This fund accounts for street projects paid for out of the City's share of the gas tax monies received from the state.

PARKS RESERVE FUND – Monies received from developers for the purpose of acquiring additional parklands are accounted for in this fund.

TRANSPORTATION FUND – This fund accounts for monies received under the Transportation Development Act for street and road projects, and for planning purposes.

SYSTEM DEVELOPMENT CHARGES FUND – This fund accounts for developer deposits for expanding existing water, sewer, and/or transportation systems, and to provide new systems necessary in new real estate developments.

COMMUNITY ENHANCEMENT GRANTS FUND – This fund accounts for various State and Federal grants awards to the City.

CURB AND GUTTER FUND – This fund is for the purpose of accounting for deposits made for future curb and gutter improvements in new areas.

ASSESSMENT DISTRICTS FUND – This fund accounts for the lighting and maintenance district costs of various medians and landscape areas in the City. Funding is provided by assessments charged to property owners within the district.

FIRE IMPACT FEES FUND – This fund accounts for fees collected from developers and saved for future capital outlays for fire equipment.

HOUSING AUTHORITY FUND – This fund is used for account for activities of the former low and moderate income housing fund of the former Dinuba Redevelopment Agency.

City of Dinuba

Nonmajor Governmental Funds

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

DRAINAGE DISTRICTS FUND – This fund accounts for all the capital projects which have been, or will be, established in the City's drainage districts.

VOCATIONAL CENTER FUND – This fund accounts for the expenditures associated with the operation of the Vocational Center.

MTBE FUND – This fund accounts for the revenue received as part of the MTBE Settlement Litigation. Revenue is received in this fund and allocated-out to the appropriate funds and capital projects that have expenditures associated with MTBE.

PUBLIC WORKS MANAGEMENT FUND – This fund accounts for the management costs of the Public Works Services Department. The source of funding is a charge against the Water, Sewer, Disposal, and Transportation funds as well as reimbursement received from Tulare County for the Road 80 Expansion Project.

Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the retirement of, long-term debt principal and interest.

GENERAL DEBT SERVICE FUND – This fund was set up to account for servicing general long-term debt incurred in Governmental Funds through equipment lease-purchases and/or loans, along with its commitment to fund the long-term portion of employee vacation, sick leave, and compensatory time benefits.

CITY OF DINUBA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds		
	Gas Tax	Parks Reserve	Transportation
Assets:			
Cash and investments	\$ 1,168,105	\$ 2,312	\$ 1,467,898
Receivables:			
Accounts			
Intergovernmental	286,671		78,166
Notes		110,760	
Interest	1,144	2,889	977
Prepaid expenses			
Interfund advances receivable		150,000	
Advances to successor agency			
Land held for resale			
Total Assets	\$ 1,455,920	\$ 265,961	\$ 1,547,041
Liabilities, Deferred Inflows, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 11,043	\$ -	\$ 69,437
Accrued liabilities	3,553		2,102
Due to other funds			
Interfund advances payable		116,904	
Total Liabilities	14,596	116,904	71,539
Deferred Inflows of Resources:			
Deferred revenues - unavailable		110,760	
Total Deferred Inflows		110,760	
Total Liabilities and Deferred Inflows	14,596	227,664	71,539
Fund Balances:			
Nonspendable		150,000	
Restricted	1,441,324		1,475,502
Assigned			
Unassigned		(111,703)	
Total Fund Balances	1,441,324	38,297	1,475,502
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,455,920	\$ 265,961	\$ 1,547,041

Special Revenue Funds					
System Development Charges	Community Enhancement Grants	Curb and Gutter	Assessment Districts	Fire Impact Fees	Housing Authority
\$ 1,371,952	\$ 90,866	\$ 7,375	\$ 190,644	\$ 69,075	\$ 7,553
	52,631		6,881		85,050
888,043					9
79,155	148			62	96
					116,904
365,000			104,000		3,769,767
					187,251
<u>\$ 2,704,150</u>	<u>\$ 143,645</u>	<u>\$ 7,375</u>	<u>\$ 301,525</u>	<u>\$ 69,137</u>	<u>\$ 4,166,630</u>
\$ 280	\$ -	\$ -	\$ 13,458	\$ -	\$ 534
	5,775		2,070		782
280	5,775		15,528		1,316
886,082					85,050
886,082					85,050
886,362	5,775		15,528		86,366
365,000			104,000		4,074,018
1,452,788	137,870		181,997	69,137	6,246
		7,375			
1,817,788	137,870	7,375	285,997	69,137	4,080,264
<u>\$ 2,704,150</u>	<u>\$ 143,645</u>	<u>\$ 7,375</u>	<u>\$ 301,525</u>	<u>\$ 69,137</u>	<u>\$ 4,166,630</u>

(Continued)

CITY OF DINUBA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016
(Continued)

	Capital Projects Funds			
	Drainage Districts	Vocational Center	MTBE	Public Works Management
Assets:				
Cash and investments	\$ 289,856	\$ -	\$ -	\$ 58,494
Receivables:				
Accounts		84	40,089	
Intergovernmental				
Notes	110,760			
Interest	9,869	(408)	(55)	72
Prepaid expenses		407		282
Interfund advances receivable				
Advances to successor agency			3,300,000	50,000
Land held for resale				
Total Assets	\$ 410,485	\$ 83	\$ 3,340,034	\$ 108,848
Liabilities, Deferred Inflows, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 10,645	\$ 8,310	\$ 4,656	\$ 953
Accrued liabilities				10,099
Due to other funds		452,419	46,907	
Interfund advances payable				
Total Liabilities	10,645	460,729	51,563	11,052
Deferred Inflows of Resources:				
Deferred revenues - unavailable	110,760			
Total Deferred Inflows	110,760			
Total Liabilities and Deferred Inflows	121,405	460,729	51,563	11,052
Fund Balances:				
Nonspendable		407	3,300,000	50,282
Restricted	289,080			
Assigned				47,514
Unassigned		(461,053)	(11,529)	
Total Fund Balances	289,080	(460,646)	3,288,471	97,796
Total Liabilities, Deferred Inflows and Fund Balances	\$ 410,485	\$ 83	\$ 3,340,034	\$ 108,848

<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>General</u>	
\$ 186	\$ 4,724,316
	40,173
	424,349
	1,194,613
	93,862
	785
1,260,000	1,376,904
	7,738,767
	187,251
<u>\$ 1,260,186</u>	<u>\$ 15,781,020</u>
\$ -	\$ 119,316
	24,381
	499,326
	116,904
	<u>759,927</u>
	<u>1,192,652</u>
	<u>1,192,652</u>
	<u>1,952,579</u>
1,260,000	9,303,707
	5,053,944
186	55,075
	<u>(584,285)</u>
<u>1,260,186</u>	<u>13,828,441</u>
<u>\$ 1,260,186</u>	<u>\$ 15,781,020</u>

CITY OF DINUBA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds		
	Gas Tax	Parks Reserve	Transportation
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ 404,184
Intergovernmental	738,081		548,670
Charges for services		69,813	
Use of money and property	3,299	2,949	2,727
Fines and forfeitures			
Reimbursements			
Miscellaneous			20,157
Total Revenues	<u>741,380</u>	<u>72,762</u>	<u>975,738</u>
Expenditures:			
Current:			
Public safety			
Community development			
Public works	600,645		467,011
Capital outlay			44,257
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	<u>600,645</u>	<u></u>	<u>511,268</u>
Excess of Revenues Over (Under) Expenditures	<u>140,735</u>	<u>72,762</u>	<u>464,470</u>
Other Financing Sources (Uses):			
Proceeds from issuance of debt		598	80,000
Transfers in		(66,188)	(379,699)
Transfers out	(188,555)		
Total Other Financing Sources (Uses)	<u>(188,555)</u>	<u>(65,590)</u>	<u>(299,699)</u>
Net Change in Fund Balances	<u>(47,820)</u>	<u>7,172</u>	<u>164,771</u>
Fund Balances (Deficit), Beginning of Fiscal Year	<u>1,489,144</u>	<u>31,125</u>	<u>1,310,731</u>
Fund Balances (Deficit), End of Fiscal Year	<u>\$ 1,441,324</u>	<u>\$ 38,297</u>	<u>\$ 1,475,502</u>

Special Revenue Funds					
System Development Charges	Community Enhancement Grants	Curb and Gutter	Assessment Districts	Fire Impact Fees	Housing Authority
\$ -	\$ -	\$ -	\$ 477,655	\$ -	\$ -
	138,294				
644,697				118	
79,613	475				21
	82,634				
<u>724,310</u>	<u>221,403</u>		<u>477,655</u>	<u>118</u>	<u>21</u>
	124,228				
100,542			588,383	577	83,612
	13,575				
					3,769
					1,171
<u>100,542</u>	<u>137,803</u>		<u>588,383</u>	<u>577</u>	<u>88,552</u>
<u>623,768</u>	<u>83,600</u>		<u>(110,728)</u>	<u>(459)</u>	<u>(88,531)</u>
113,548				2,577	58,983
<u>(1,092,474)</u>	<u>(181,875)</u>				
<u>(978,926)</u>	<u>(181,875)</u>			<u>2,577</u>	<u>58,983</u>
(355,158)	(98,275)		(110,728)	2,118	(29,548)
<u>2,172,946</u>	<u>236,145</u>	<u>7,375</u>	<u>396,725</u>	<u>67,019</u>	<u>4,109,812</u>
<u>\$ 1,817,788</u>	<u>\$ 137,870</u>	<u>\$ 7,375</u>	<u>\$ 285,997</u>	<u>\$ 69,137</u>	<u>\$ 4,080,264</u>

(Continued)

CITY OF DINUBA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016
(Continued)

	Capital Projects Funds			
	Drainage Districts	Vocational Center	MTBE	Public Works Management
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Charges for services	103,695			
Use of money and property	10,474	10,061	(169)	232
Fines and forfeitures				
Reimbursements			123,241	389,325
Miscellaneous				5,554
Total Revenues	114,169	10,061	123,072	395,111
Expenditures:				
Current:				
Public safety				
Community development	44,926	99,204		
Public works				440,432
Capital outlay	40,091		111,685	
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	85,017	99,204	111,685	440,432
Excess of Revenues Over (Under) Expenditures	29,152	(89,143)	11,387	(45,321)
Other Financing Sources (Uses):				
Proceeds from issuance of debt				
Transfers in	14,374	100,000		
Transfers out				
Total Other Financing Sources (Uses)	14,374	100,000		
Net Change in Fund Balances	43,526	10,857	11,387	(45,321)
Fund Balances (Deficit), End of Fiscal Year	245,554	(471,503)	3,277,084	143,117
Fund Balances (Deficit), End of Fiscal Year	\$ 289,080	\$ (460,646)	\$ 3,288,471	\$ 97,796

<u>Debt Service Fund</u>	
<u>General</u>	<u>Total Governmental Funds</u>
\$ -	\$ 881,839
	1,425,045
	818,323
	109,682
	82,634
	512,566
	25,711
	<u>3,855,800</u>
	124,228
	228,319
	2,197,013
	209,608
328,796	332,565
<u>170,984</u>	<u>172,155</u>
499,780	3,263,888
<u>(499,780)</u>	<u>591,912</u>
1,300,000	1,300,000
457,014	827,094
	<u>(1,908,791)</u>
<u>1,757,014</u>	<u>218,303</u>
1,257,234	810,215
2,952	13,018,226
<u>\$ 1,260,186</u>	<u>\$ 13,828,441</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 706,770	\$ 738,081	\$ 31,311
Use of money and property	2,000	3,299	1,299
Total Revenues	<u>708,770</u>	<u>741,380</u>	<u>32,610</u>
Expenditures:			
Current:			
Public works	<u>612,303</u>	<u>600,645</u>	<u>11,658</u>
Total Expenditures	<u>612,303</u>	<u>600,645</u>	<u>11,658</u>
Excess of Revenues Over (Under) Expenditures	<u>96,467</u>	<u>140,735</u>	<u>44,268</u>
Other Financing Sources (Uses):			
Transfers out	<u>(286,692)</u>	<u>(188,555)</u>	<u>98,137</u>
Total Other Financing Sources (Uses)	<u>(286,692)</u>	<u>(188,555)</u>	<u>98,137</u>
Net Change in Fund Balance	(190,225)	(47,820)	142,405
Fund Balance, Beginning of Fiscal Year	<u>1,489,144</u>	<u>1,489,144</u>	
Fund Balance, End of Fiscal Year	<u>\$ 1,298,919</u>	<u>\$ 1,441,324</u>	<u>\$ 142,405</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS RESERVE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 57,704	\$ 69,813	\$ 12,109
Use of money and property	700	2,949	2,249
Total Revenues	<u>58,404</u>	<u>72,762</u>	<u>14,358</u>
Excess of Revenues Over (Under) Expenditures	<u>58,404</u>	<u>72,762</u>	<u>14,358</u>
Other Financing Sources (Uses):			
Transfers out		598	598
Transfers out		(66,188)	(66,188)
Total Other Financing Sources (Uses)		<u>(65,590)</u>	<u>(66,188)</u>
Net Change in Fund Balance	58,404	7,172	(51,232)
Fund Balance, Beginning of Fiscal Year	<u>31,125</u>	<u>31,125</u>	
Fund Balance, End of Fiscal Year	<u>\$ 89,529</u>	<u>\$ 38,297</u>	<u>\$ (51,232)</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes and assessments	\$ 378,750	\$ 404,184	\$ 25,434
Intergovernmental	293,023	548,670	255,647
Use of money and property	2,000	2,727	727
Miscellaneous	4,800	20,157	15,357
Total Revenues	<u>678,573</u>	<u>975,738</u>	<u>297,165</u>
Expenditures:			
Current:			
Public works	405,803	467,011	(61,208)
Capital outlay		44,257	(44,257)
Total Expenditures	<u>405,803</u>	<u>511,268</u>	<u>(105,465)</u>
Excess of Revenues Over (Under) Expenditures	<u>272,770</u>	<u>464,470</u>	<u>191,700</u>
Other Financing Sources (Uses):			
Transfers in		80,000	80,000
Transfer out	(383,750)	(379,699)	4,051
Total Other Financing Sources (Uses)	<u>(383,750)</u>	<u>(299,699)</u>	<u>84,051</u>
Net Change in Fund Balance	(110,980)	164,771	275,751
Fund Balance, Beginning of Fiscal Year	<u>1,310,731</u>	<u>1,310,731</u>	
Fund Balance, End of Fiscal Year	<u>\$ 1,199,751</u>	<u>\$ 1,475,502</u>	<u>\$ 275,751</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SYSTEM DEVELOPMENT CHARGES SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 676,275	\$ 644,697	\$ (31,578)
Use of money and property	4,906	79,613	74,707
Total Revenues	<u>681,181</u>	<u>724,310</u>	<u>43,129</u>
Expenditures:			
Current:			
Public works		100,542	(100,542)
Capital outlay	1,116,435		1,116,435
Total Expenditures	<u>1,116,435</u>	<u>100,542</u>	<u>1,015,893</u>
Excess of Revenues Over (Under) Expenditures	<u>(435,254)</u>	<u>623,768</u>	<u>1,059,022</u>
Other Financing Sources (Uses):			
Transfers in		113,548	113,548
Transfers out	(692,849)	(1,092,474)	(399,625)
Total Other Financing Sources (Uses)	<u>(692,849)</u>	<u>(978,926)</u>	<u>(286,077)</u>
Net Change in Fund Balance	(1,128,103)	(355,158)	772,945
Fund Balance, Beginning of Fiscal Year	<u>2,172,946</u>	<u>2,172,946</u>	
Fund Balance, End of Fiscal Year	<u>\$ 1,044,843</u>	<u>\$ 1,817,788</u>	<u>\$ 772,945</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY ENHANCEMENT GRANTS SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 100,000	\$ 138,294	\$ 38,294
Use of money and property	1,450	475	(975)
Fines and forfeitures	50,400	82,634	32,234
Total Revenues	<u>151,850</u>	<u>221,403</u>	<u>69,553</u>
Expenditures:			
Current:			
Public safety	101,010	124,228	(23,218)
Capital outlay	13,300	13,575	(275)
Total Expenditures	<u>114,310</u>	<u>137,803</u>	<u>(23,493)</u>
Excess of Revenues Over (Under) Expenditures	<u>37,540</u>	<u>83,600</u>	<u>46,060</u>
Other Financing Sources (Uses):			
Transfers out	(100,000)	(181,875)	(81,875)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(181,875)</u>	<u>(81,875)</u>
Net Change in Fund Balance	(62,460)	(98,275)	(35,815)
Fund Balance, Beginning of Fiscal Year	<u>236,145</u>	<u>236,145</u>	
Fund Balance, End of Fiscal Year	<u>\$ 173,685</u>	<u>\$ 137,870</u>	<u>\$ (35,815)</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CURB AND GUTTER SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues			
Expenditures:			
Current:			
Public works	20,000		20,000
Total Expenditures	20,000		20,000
Excess of Revenues Over (Under) Expenditures	(20,000)		20,000
Other Financing Sources (Uses):			
Transfers in	50,000		(50,000)
Total Other Financing Sources (Uses)	50,000		(50,000)
Net Change in Fund Balance	30,000		(30,000)
Fund Balance, Beginning of Fiscal Year	7,375	7,375	
Fund Balance, End of Fiscal Year	\$ 37,375	\$ 7,375	\$ (30,000)

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSESSMENT DISTRICTS SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes and assessments	\$ 460,142	\$ 477,655	\$ 17,513
Total Revenues	<u>460,142</u>	<u>477,655</u>	<u>17,513</u>
Expenditures:			
Current:			
Public works	<u>380,372</u>	<u>588,383</u>	<u>(208,011)</u>
Total Expenditures	<u>380,372</u>	<u>588,383</u>	<u>(208,011)</u>
Excess of Revenues Over (Under) Expenditures	<u>79,770</u>	<u>(110,728)</u>	<u>(190,498)</u>
Net Change in Fund Balance	79,770	(110,728)	(190,498)
Fund Balance, Beginning of Fiscal Year	<u>396,725</u>	<u>396,725</u>	
Fund Balance, End of Fiscal Year	<u>\$ 476,495</u>	<u>\$ 285,997</u>	<u>\$ (190,498)</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE IMPACT FEES SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 217	\$ -	\$ (217)
Charges for services	5,238	118	(5,120)
Total Revenues	5,455	118	(5,337)
Expenditures:			
Current:			
Community development	800	577	223
Total Expenditures	800	577	223
Excess of Revenues Over (Under) Expenditures	4,655	(459)	(5,114)
Other Financing Sources (Uses):			
Transfers in		2,577	2,577
Total Other Financing Sources (Uses)		2,577	2,577
Net Change in Fund Balance	4,655	2,118	(2,537)
Fund Balance, Beginning of Fiscal Year	67,019	67,019	
Fund Balance, End of Fiscal Year	\$ 71,674	\$ 69,137	\$ (2,537)

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING AUTHORITY SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2016

	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 21	\$ 21
Total Revenues		21	21
Expenditures:			
Current:			
Community development	95,329	83,612	11,717
Debt service:			
Principal retirement	3,770	3,769	1
Interest and fiscal charges	1,171	1,171	
Total Expenditures	100,270	88,552	11,718
Excess of Revenues Over (Under) Expenditures	(100,270)	(88,531)	11,739
Other Financing Sources (Uses):			
Transfers in	80,270	58,983	(21,287)
Total Other Financing Sources (Uses)	80,270	58,983	(21,287)
Net Change in Fund Balance	(20,000)	(29,548)	(9,548)
Fund Balance, Beginning of Fiscal Year	4,109,812	4,109,812	
Fund Balance, End of Fiscal Year	\$ 4,089,812	\$ 4,080,264	\$ (9,548)

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRAINAGE DISTRICTS CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Miscellaneous	\$ 2,500	\$ -	\$ (2,500)
Charges for services	68,215	103,695	35,480
Use of money and property	500	10,474	9,974
Total Revenues	71,215	114,169	42,954
Expenditures:			
Current:			
Community development	57,662	44,926	12,736
Capital outlay	90,000	40,091	49,909
Total Expenditures	147,662	85,017	62,645
Excess of Revenues Over (Under) Expenditures	(76,447)	29,152	105,599
Other Financing Sources (Uses):			
Transfers in		14,374	14,374
Total Other Financing Sources (Uses)		14,374	
Net Change in Fund Balance	(76,447)	43,526	119,973
Fund Balance, Beginning of Fiscal Year	245,554	245,554	
Fund Balance, End of Fiscal Year	\$ 169,107	\$ 289,080	\$ 119,973

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VOCATIONAL CENTER CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 26,000	\$ 10,061	\$ (15,939)
Total Revenues	26,000	10,061	(15,939)
Expenditures:			
Current:			
Community development	100,824	99,204	1,620
Total Expenditures	100,824	99,204	1,620
Excess of Revenues Over (Under) Expenditures	(74,824)	(89,143)	(14,319)
Other Financing Sources (Uses):			
Transfers in		100,000	100,000
Transfers out	(68,259)		68,259
Total Other Financing Sources (Uses)	(68,259)	100,000	168,259
Net Change in Fund Balance	(143,083)	10,857	153,940
Fund Balance (Deficit), Beginning of Fiscal Year	(471,503)	(471,503)	
Fund Balance (Deficit), End of Fiscal Year	\$ (614,586)	\$ (460,646)	\$ 153,940

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MTBE CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Reimbursements	\$ 100,000	\$ 123,241	\$ 23,241
Use of money and property		(169)	(169)
Total Revenues	<u>100,000</u>	<u>123,072</u>	<u>23,072</u>
Expenditures:			
Capital outlay	<u>120,000</u>	<u>111,685</u>	<u>8,315</u>
Total Expenditures	<u>120,000</u>	<u>111,685</u>	<u>8,315</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>11,387</u>	<u>31,387</u>
Net Change in Fund Balance	<u>(20,000)</u>	<u>11,387</u>	<u>31,387</u>
Fund Balance, Beginning of Fiscal Year	<u>3,277,084</u>	<u>3,277,084</u>	<u>-</u>
Fund Balance, End of Fiscal Year	<u>\$ 3,257,084</u>	<u>\$ 3,288,471</u>	<u>\$ 31,387</u>

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS MANAGEMENT CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Use of money and property	\$ 200	\$ 232	\$ 32
Intergovernmental	30,000		(30,000)
Miscellaneous	3,600	5,554	1,954
Reimbursements	389,324	389,325	1
Total Revenues	423,124	395,111	(28,013)
Expenditures:			
Current:			
Public works	457,624	440,432	17,192
Total Expenditures	457,624	440,432	17,192
Excess of Revenues Over (Under) Expenditures	(34,500)	(45,321)	(10,821)
Net Change in Fund Balance	(34,500)	(45,321)	(10,821)
Fund Balance, Beginning of Fiscal Year	143,117	143,117	
Fund Balance, End of Fiscal Year	\$ 108,617	\$ 97,796	\$ (10,821)

CITY OF DINUBA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:			
Debt Service:			
Principal retirement	\$ 299,864	\$ 328,796	\$ (28,932)
Interest and fiscal charges	97,086	170,984	(73,898)
Total Expenditures	<u>396,950</u>	<u>499,780</u>	<u>(102,830)</u>
Excess of Revenues Over (Under) Expenditures	<u>(396,950)</u>	<u>(499,780)</u>	<u>(102,830)</u>
Other Financing Sources (Uses):			
Proceeds from issuance of debt		1,300,000	1,300,000
Transfers in	396,950	457,014	60,064
Total Other Financing Sources (Uses)	<u>396,950</u>	<u>1,757,014</u>	<u>1,360,064</u>
Net Change in Fund Balance		1,257,234	1,257,234
Fund Balance, Beginning of Fiscal Year	<u>2,952</u>	<u>2,952</u>	
Fund Balance, End of Fiscal Year	<u>\$ 2,952</u>	<u>\$ 1,260,186</u>	<u>\$ 1,257,234</u>

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City of Dinuba

Nonmajor Enterprise Funds

Enterprise funds are used to account for the financing of goods or services provided to customers.

TRANSIT ENTERPRISE FUND – This fund accounts for the operation of the City's transit system, which is accomplished by a private contractor. The principal source of funding for this activity is SB325 money.

COMPRESSED NATURAL GAS FUND – This fund accounts for the sale of compressed natural gas and related costs to outside entities.

ENGINEERING FUND – This fund accounts for the receipt of fees to cover the costs of building and engineering.

CITY OF DINUBA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2016

	Engineering	Transit	Compressed Natural Gas	Totals
Assets:				
Current Assets:				
Cash and investments	\$ 168,828	\$ -	\$ 327,028	\$ 495,856
Accounts receivable	829	776	26,331	27,936
Interest receivable	157	(169)	277	265
Due from other governments		725,176		725,176
Prepaid expenses		99		99
Total Current Assets	169,814	725,882	353,636	1,249,332
Noncurrent Assets:				
Capital assets:				
Depreciable buildings and improvements, net		1,663,618		1,663,618
Depreciable equipment, net		294,920		294,920
Total Noncurrent Assets		1,958,538		1,958,538
Deferred Outflows of Resources:				
Pension	86,910	10,673	1,660	99,243
Total Deferred Outflows of Resources	86,910	10,673	1,660	99,243
Total Assets and Deferred Outflows of Resources	256,724	2,695,093	355,296	3,307,113
Liabilities:				
Current Liabilities:				
Accounts payable	16,484	47,361	5,661	69,506
Accrued liabilities	6,095	806	169	7,070
Due to other funds		403,366		403,366
Compensated absences	8,609			8,609
Total Current Liabilities	31,188	451,533	5,830	488,551
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations:				
Net pension liability	418,385	51,380	7,991	477,756
Net OPEB liability			9,503	9,503
Total Noncurrent Liabilities	418,385	51,380	17,494	487,259
Deferred Inflows of Resources:				
Pension	62,712	7,701	1,198	71,611
Total Deferred Inflows of Resources	62,712	7,701	1,198	71,611
Total Liabilities and Deferred Inflows of Resources	512,285	510,614	24,522	1,047,421
Net Position:				
Net investment in capital assets		1,958,538		1,958,538
Unrestricted	(255,561)	225,941	330,774	301,154
Total Net Position (Deficit)	\$ (255,561)	\$ 2,184,479	\$ 330,774	\$ 2,259,692

CITY OF DINUBA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2016

	Engineering	Transit	Compressed Natural Gas	Totals
Operating Revenues:				
Charges for services	\$ 710,226	\$ 85,333	\$ 284,800	\$ 1,080,359
Total Operating Revenues	710,226	85,333	284,800	1,080,359
Operating Expenses:				
Salaries and benefits	528,968	76,796	18,177	623,941
Contractual services	91,681	507,018	6,740	605,439
Materials and supplies	17,911	197,314	45	215,270
Repairs and maintenance	3,182	77,213	5,306	85,701
Utilities	174	3,852	70,275	74,301
Allocated overhead	96,634	173,830	59,029	329,493
Depreciation		207,687		207,687
Total Operating Expenses	738,550	1,243,710	159,572	2,141,832
Operating Income (Loss)	(28,324)	(1,158,377)	125,228	(1,061,473)
Nonoperating Revenues:				
Intergovernmental	106,461	1,115,244		1,221,705
Interest revenue	355	(438)	704	621
Total Nonoperating Revenues	106,816	1,114,806	704	1,222,326
Income (Loss) Before Transfers	78,492	(43,571)	125,932	160,853
Transfers in		33,959		33,959
Transfers out		(17,619)	(14,452)	(32,071)
Net Transfers		16,340	(14,452)	1,888
Changes in Net Position	78,492	(27,231)	111,480	162,741
Net Position - Beginning of Fiscal Year	(334,053)	2,211,710	219,294	2,096,951
Net Position (Deficit) - End of Fiscal Year	\$ (255,561)	\$ 2,184,479	\$ 330,774	\$ 2,259,692

CITY OF DINUBA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2016

	Engineering	Transit	Compressed Natural Gas	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 709,397	\$ 84,682	\$ 293,490	\$ 1,087,569
Cash paid to suppliers for goods and services	(112,642)	(789,470)	(91,376)	(993,488)
Cash paid to employees for services	(528,996)	(73,673)	(16,387)	(619,056)
Cash paid for allocated overhead	(96,634)	(173,830)	(59,029)	(329,493)
Net Cash Provided (Used) by Operating Activities	(28,875)	(952,291)	126,698	(854,468)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers from (to) other funds		169,779	(14,452)	155,327
Intergovernmental revenue	106,461	782,878		889,339
Net Cash Provided (Used) by Non-Capital Financing Activities	106,461	952,657	(14,452)	1,044,666
Cash Flows from Investing Activities				
Interest received	234	(366)	521	389
Net Cash Provided (Used) by Investing Activities	234	(366)	521	389
Net Increase (Decrease) in Cash and Cash Equivalents	77,820		112,767	190,587
Cash and Cash Equivalents at Beginning of Fiscal Year	91,008		214,261	305,269
Cash and Cash Equivalents at End of Fiscal Year	\$ 168,828	\$ -	\$ 327,028	\$ 495,856
Reconciliation with Statement of Net Position:				
Cash and investments	\$ 168,828	\$ -	\$ 327,028	\$ 495,856
Cash and Cash Equivalents	\$ 168,828	\$ -	\$ 327,028	\$ 495,856
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (28,324)	\$ (1,158,377)	\$ 125,228	\$ (1,061,473)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		207,687		207,687
(Increase) decrease in prepaid expenses	35	192	2	229
(Increase) decrease in accounts receivable	(829)	(651)	8,690	7,210
Increase (decrease) in accounts payable	11,649	(2,901)	(8,688)	60
Increase (decrease) in accrued liabilities	(11,378)	(1,562)	(324)	(13,264)
Increase (decrease) in compensated absences payable	2,091			2,091
Increase (decrease) in Net pension liability	(2,119)	3,321	51	1,253
Increase (decrease) in OPEB liability			1,739	1,739
Total Adjustments	(551)	206,086	1,470	207,005
Net Cash Provided (Used) by Operating Activities	\$ (28,875)	\$ (952,291)	\$ 126,698	\$ (854,468)
Non-Cash Investing, Capital and Non-Capital Financing Activities				
Contributions of Capital Assets	\$ -	\$ -	\$ -	\$ -

City of Dinuba

Internal Service Funds

Enterprise funds are used to account for the financing of goods or services provided to departments or agencies of the government and to other government units, on a cost reimbursement basis.

INSURANCE FUND – This fund was set up to account for the cost of general liability, property damage, and employee related health insurance costs. The City is involved in a self-insurance program through a joint powers authority with other local municipalities. The source of funding for the City's program is a charge to all operating departments through a budgeting of the estimated costs to be allocated.

BILLING AND COLLECTION SERVICES FUND – This fund was set up to account for the costs and revenue for billing and collections of General, Utility, and Ambulance funds. The source of funding is a charge against the aforementioned funds.

PROPERTY AND EQUIPMENT SERVICE FUND – This fund was set up to account for the costs of maintenance and repairs for both buildings and equipment throughout the City. The source of this funding is a charge against the departments for services rendered.

CITY OF DINUBA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	Insurance Fund	Billing and Collection Service Fund	Property and Equipment Service Fund	Totals
Assets:				
Current Assets:				
Cash and investments	\$ -	\$ -	\$ 132,693	\$ 132,693
Interest receivable	(679)	(20)	6	(693)
Due from other agencies	4,701			4,701
Prepaid expenses	71,848			71,848
Total Current Assets	75,870	(20)	132,699	208,549
Noncurrent Assets:				
Depreciable equipment, net of accumulated depreciation			19,479	19,479
Total Noncurrent Assets			19,479	19,479
Deferred Outflows of Resources:				
Pension	39,306	66,672	65,334	171,312
Total Deferred Outflows of Resources	39,306	66,672	65,334	171,312
Total Assets and Deferred Outflows of Resources	115,176	66,652	217,512	399,340
Liabilities:				
Current Liabilities:				
Accounts payable	32,714	4,750	22,524	59,988
Accrued liabilities	2,701	5,383	5,956	14,040
Claims payable	50,000			50,000
Due to other funds	535,982	32,664		568,646
Compensated absences	4,922	5,145	6,006	16,073
Total Current Liabilities	626,319	47,942	34,486	708,747
Noncurrent Liabilities:				
Compensated absences	34,027	33,766	3,125	70,918
Net pension liability	189,219	320,963	314,518	824,700
Total Noncurrent Liabilities	223,246	354,729	317,643	895,618
Deferred Inflows of Resources:				
Pension	28,362	48,109	47,144	123,615
Total Deferred Inflows of Resources	28,362	48,109	47,144	123,615
Total Liabilities and Deferred Inflows of Resources	877,927	450,780	399,273	1,727,980
Net Position (Deficit):				
Net investment in capital assets			19,479	19,479
Unrestricted	(762,751)	(384,128)	(201,240)	(1,348,119)
Total Net Position (Deficit)	\$ (762,751)	\$ (384,128)	\$ (181,761)	\$ (1,328,640)

CITY OF DINUBA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Insurance Fund	Billing and Collection Service Fund	Property and Equipment Service Fund	Totals
Operating Revenues:				
Charges for services	\$ 4,596,586	\$ 612,054	\$ 1,154,658	\$ 6,363,298
Total Operating Revenues	4,596,586	612,054	1,154,658	6,363,298
Operating Expenses:				
Salaries and benefits	252,693	468,810	618,466	1,339,969
Contractual services	72,994	50,176	10,273	133,443
Materials and supplies	5,828	77,810	373,173	456,811
Insurance	1,426,193			1,426,193
Employee health insurance	2,294,810			2,294,810
Allocated costs		17,800	38,481	56,281
Depreciation			9,322	9,322
Total Operating Expenses	4,052,518	614,596	1,049,715	5,716,829
Operating Income (Loss)	544,068	(2,542)	104,943	646,469
Nonoperating Revenues (Expenses):				
Interest revenue (expense)	(2,558)	137	(12)	(2,433)
Total Nonoperating Revenues (Expenses)	(2,558)	137	(12)	(2,433)
Changes in Net Position	541,510	(2,405)	104,931	644,036
Net Position (Deficit):				
Beginning of Fiscal Year	(1,304,261)	(381,723)	(286,692)	(1,972,676)
End of Fiscal Year	\$ (762,751)	\$ (384,128)	\$ (181,761)	\$ (1,328,640)

CITY OF DINUBA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2016

	Insurance Fund	Billing and Collection Service Fund	Property and Equipment Service Fund	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 4,691,119	\$ 612,054	\$ 1,154,658	\$ 6,457,831
Cash paid to suppliers for goods and services	(3,836,321)	(133,376)	(387,299)	(4,356,996)
Cash paid to employees for services	(249,491)	(507,551)	(632,733)	(1,389,775)
Cash paid for allocated overhead		(17,800)	(38,481)	(56,281)
Net Cash Provided (Used) by Operating Activities	605,307	(46,673)	96,145	654,779
Cash Flows from Non-Capital Financing Activities:				
Advances/due from other funds repayments	(602,964)	32,664	3,072	(567,228)
Net Cash Provided (Used) by Non-Capital Financing Activities	(602,964)	32,664	3,072	(567,228)
Cash Flows from Investing Activities:				
Interest received (paid)	(2,343)	157	(29)	(2,215)
Net Cash Provided (Used) by Investing Activities	(2,343)	157	(29)	(2,215)
Net Increase (Decrease) in Cash and Cash Equivalents		(13,852)	99,188	85,336
Cash and Cash Equivalents at Beginning of Fiscal Year		13,852	33,505	47,357
Cash and Cash Equivalents at End of Fiscal Year	\$ -	\$ -	\$ 132,693	\$ 132,693
Reconciliation with Statement of Net Position:				
Cash and investments	\$ -	\$ -	\$ 132,693	\$ 132,693
Cash and Cash Equivalents	\$ -	\$ -	\$ 132,693	\$ 132,693
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (Loss)	\$ 544,068	\$ (2,542)	\$ 104,943	\$ 646,469
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation			9,322	9,322
(Increase) decrease in prepaid expenses	(45,505)		35	(45,470)
(Increase) decrease in accounts receivable	94,533			94,533
Increase (decrease) in accounts payable	14,212	3,583	8,106	25,901
Increase (decrease) in accrued liabilities	(5,200)	(8,973)	(11,994)	(26,167)
Increase (decrease) in net pension liability	5,804	(40,941)	(17,305)	(52,442)
Increase (decrease) in compensated absences payable	(2,605)	2,200	3,038	2,633
Total Adjustments	61,239	(44,131)	(8,798)	8,310
Net Cash Provided (Used) by Operating Activities	\$ 605,307	\$ (46,673)	\$ 96,145	\$ 654,779

City of Dinuba

Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other agencies, and/or other funds.

CASH DEPOSITS FUND – This fund was set up to be a revolving cash deposits fund. Monies are held here (cleaning deposits, construction bonds, etc.) until they are expended or a refund is authorized by the City when the depositor has met all the necessary requirements.

RETIREE'S INSURANCE FUND – To account for funds set aside and due to retirees for future health insurance benefits.

DPOA TRUST FUND – This fund accumulates donations from several non-profit entities for the repair and maintenance of the Dinuba Police Officers' Association practice pistol-shooting range.

SPECIAL COMMUNITY EVENTS FUND – Donations to community services (recreation) for special recreation equipment or services are accounted for in this fund.

POST TRAINING REVOLVING FUND – This fund is a revolving fund set up for specific types of police officer training.

ABANDONED VEHICLES FUND – For the purpose of beautification of the City, donations to this fund are used for the removal of abandoned vehicles from private properties in the City.

PRO-YOUTH FUND – These funds are either donated by local citizens or service organizations or they are earned by the youth themselves and used for youth recreation activities and services.

POLICE ACTIVITIES – Donations to the Police Activities Fund are used to pay for uniforms and equipment for citizen volunteers of the police department.

CITY OF DINUBA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2016

	<u>Cash Deposits</u>	<u>Retiree's Insurance</u>	<u>DPOA Trust</u>	<u>Special Community Events</u>	<u>Post Training Revolving</u>
<u>ASSETS</u>					
Cash and investments	\$ 490,739	\$ 23,576	\$ 1,474	\$ 30,588	\$ 4,662
Receivables		21			
Total Assets	<u>\$ 490,739</u>	<u>\$ 23,597</u>	<u>\$ 1,474</u>	<u>\$ 30,588</u>	<u>\$ 4,662</u>
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 248	\$ -	\$ -	\$ -	\$ -
Deposits payable	490,491	23,597	1,474	30,588	4,662
Total Liabilities	<u>\$ 490,739</u>	<u>\$ 23,597</u>	<u>\$ 1,474</u>	<u>\$ 30,588</u>	<u>\$ 4,662</u>

<u>Abandoned Vehicles</u>	<u>Pro-Youth</u>	<u>Police Activities</u>	<u>Totals</u>
\$ 59,529 2,345	\$ 25,464	\$ 27,853	\$ 663,885 2,366
<u>\$ 61,874</u>	<u>\$ 25,464</u>	<u>\$ 27,853</u>	<u>\$ 666,251</u>
\$ 61,874	\$ - 25,464	\$ - 27,853	\$ 62,122 604,129
<u>\$ 61,874</u>	<u>\$ 25,464</u>	<u>\$ 27,853</u>	<u>\$ 666,251</u>

CITY OF DINUBA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2016

	July 1, 2015 Balance	Additions	Deductions	June 30, 2016 Balance
Cash Deposits				
Assets				
Cash and investments	\$ 504,755	\$ 150,576	\$ 164,592	\$ 490,739
Total Assets	<u>\$ 504,755</u>	<u>\$ 150,576</u>	<u>\$ 164,592</u>	<u>\$ 490,739</u>
Liabilities				
Accounts Payable	\$ 1,379	\$ 150,576	\$ 151,707	\$ 248
Deposits Payable	503,376		12,885	490,491
Total Liabilities	<u>\$ 504,755</u>	<u>\$ 150,576</u>	<u>\$ 164,592</u>	<u>\$ 490,739</u>
Retiree's Insurance				
Assets				
Cash and investments	\$ 23,495	\$ 100,759	\$ 100,678	\$ 23,576
Receivables	16	5		21
Total Assets	<u>\$ 23,511</u>	<u>\$ 100,764</u>	<u>\$ 100,678</u>	<u>\$ 23,597</u>
Liabilities				
Deposits Payable	\$ 23,511	\$ 100,764	\$ 100,678	\$ 23,597
Total Liabilities	<u>\$ 23,511</u>	<u>\$ 100,764</u>	<u>\$ 100,678</u>	<u>\$ 23,597</u>
DPOA Trust				
Assets				
Cash and investments	\$ 1,474	\$ 668	\$ 668	\$ 1,474
Total Assets	<u>\$ 1,474</u>	<u>\$ 668</u>	<u>\$ 668</u>	<u>\$ 1,474</u>
Liabilities				
Deposits Payable	\$ 1,474	\$ 668	\$ 668	\$ 1,474
Total Liabilities	<u>\$ 1,474</u>	<u>\$ 668</u>	<u>\$ 668</u>	<u>\$ 1,474</u>
Special Community Events				
Assets				
Cash and investments	\$ 30,313	\$ 275	\$ -	\$ 30,588
Total Assets	<u>\$ 30,313</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 30,588</u>
Liabilities				
Deposits Payable	\$ 30,313	\$ 275	\$ -	\$ 30,588
Total Liabilities	<u>\$ 30,313</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 30,588</u>

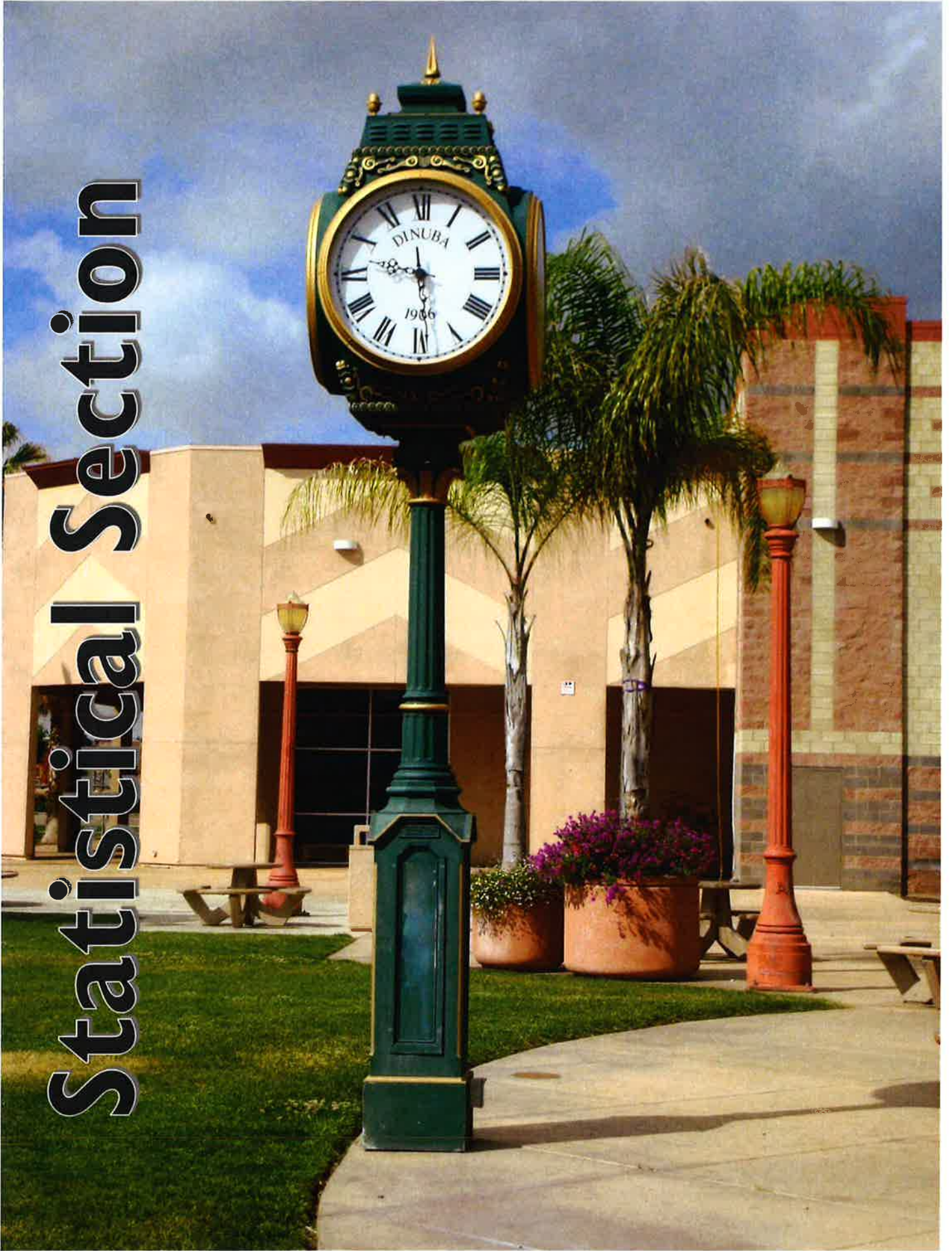
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CITY OF DINUBA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Fiscal Year Ended June 30, 2016
(Continued)

	July 1, 2015 Balance	Additions	Deductions	June 30, 2016 Balance
Post Training Revolving				
Assets				
Cash and investments	\$ 1,359	\$ 3,303	\$ -	\$ 4,662
Prepaid items		976	976	
Total Assets	<u>\$ 1,359</u>	<u>\$ 4,279</u>	<u>\$ 976</u>	<u>\$ 4,662</u>
Liabilities				
Accounts Payable	\$ 1,359	\$ 4,279	\$ 976	\$ 4,662
Total Liabilities	<u>\$ 1,359</u>	<u>\$ 4,279</u>	<u>\$ 976</u>	<u>\$ 4,662</u>
Abandoned Vehicles				
Assets				
Cash and investments	\$ 58,309	\$ 1,220	\$ -	\$ 59,529
Receivables	2,394		49	2,345
Total Assets	<u>\$ 60,703</u>	<u>\$ 1,220</u>	<u>\$ 49</u>	<u>\$ 61,874</u>
Liabilities				
Accounts Payable	\$ 60,703	\$ 1,220	\$ 49	\$ 61,874
Total Liabilities	<u>\$ 60,703</u>	<u>\$ 1,220</u>	<u>\$ 49</u>	<u>\$ 61,874</u>
Pro-Youth				
Assets				
Cash and investments	\$ 26,481	\$ -	\$ 1,017	\$ 25,464
Total Assets	<u>\$ 26,481</u>	<u>\$ -</u>	<u>\$ 1,017</u>	<u>\$ 25,464</u>
Liabilities				
Deposits Payable	\$ 26,481	\$ -	\$ 1,017	\$ 25,464
Total Liabilities	<u>\$ 26,481</u>	<u>\$ -</u>	<u>\$ 1,017</u>	<u>\$ 25,464</u>
Police Activities				
Assets				
Cash and investments	\$ 27,797	\$ 56	\$ -	\$ 27,853
Total Assets	<u>\$ 27,797</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 27,853</u>
Liabilities				
Deposits Payable	\$ 27,797	\$ 56	\$ -	\$ 27,853
Total Liabilities	<u>\$ 27,797</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 27,853</u>
Grand Total All Agency Funds				
Assets				
Cash and investments	\$ 673,983	\$ 256,857	\$ 266,955	\$ 663,885
Receivables	2,410	5	49	2,366
Prepaid items		976	976	
Total Assets	<u>\$ 676,393</u>	<u>\$ 257,838</u>	<u>\$ 267,980</u>	<u>\$ 666,251</u>
Liabilities				
Accounts Payable	\$ 89,922	\$ 156,075	\$ 153,749	\$ 92,248
Deposits Payable	586,471	101,763	114,231	574,003
Total Liabilities	<u>\$ 676,393</u>	<u>\$ 257,838</u>	<u>\$ 267,980</u>	<u>\$ 666,251</u>

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Statistical Section



City of Dinuba

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information in 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's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

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

Demographic and Economic Information

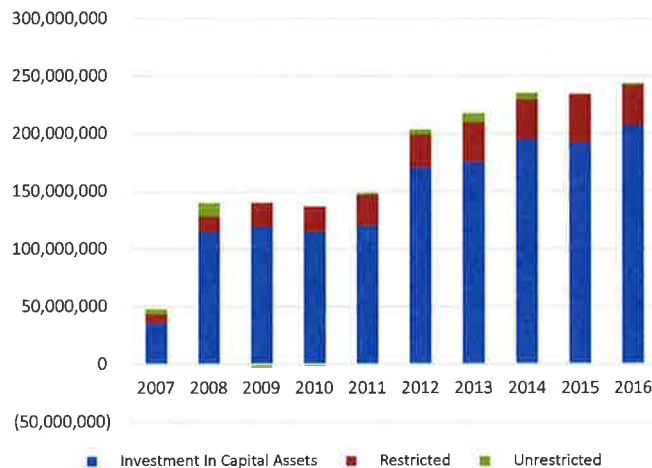
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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CITY OF DINUBA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)



	2007	2008	2009	2010	2011
Governmental Activities					
Investment In Capital Assets	\$18,636,460	\$69,121,069	\$78,101,303	\$71,460,042	\$75,360,279
Restricted	12,750,382	19,576,001	17,821,984	26,213,026	28,285,199
Unrestricted	8,258,109	(3,570,839)	(4,713,906)	(1,553,334)	(401,603)
Total Governmental Activities Net Position	39,644,951	85,126,231	91,209,381	96,119,734	103,243,875
Business-Type Activities					
Investment In Capital Assets	17,422,520	46,050,974	41,646,753	43,840,754	45,170,204
Restricted	311,596	535,617	3,471,175		
Unrestricted	3,337,494	869,644	3,262,807	3,305,499	4,741,445
Total Business-Type Activities Net Position	21,071,610	47,456,235	48,380,735	47,146,253	49,911,649
Primary Government					
Investment In Capital Assets	36,058,980	115,172,043	119,748,056	115,300,796	120,530,483
Restricted	13,061,978	20,111,618	21,293,159	26,213,026	28,285,199
Unrestricted	11,595,603	(2,701,195)	(1,451,099)	1,752,165	4,339,842
Total Primary Government Net Position	\$60,716,561	\$132,582,466	\$139,590,116	\$143,265,987	\$153,155,524

	2012	2013	2014	2015	2016
Governmental Activities					
Investment In Capital Assets	\$125,564,573	\$125,814,202	\$148,079,509	\$145,008,916	\$160,787,746
Restricted	33,514,558	33,633,364	41,313,341	34,836,273	33,955,040
Unrestricted	2,903,128	468,534	(6,418,737)	(1,260,101)	(9,716,399)
Total Governmental Activities Net Position	161,982,259	159,916,100	182,974,113	178,585,088	185,026,387
Business-Type Activities					
Investment In Capital Assets	45,077,861	49,997,905	47,545,851	47,536,365	46,474,326
Restricted	5,348,820	5,179,596	6,046,622	2,514,439	4,651,851
Unrestricted	50,426,681	55,177,501	53,592,473	50,050,804	51,126,177
Total Business-Type Activities Net Position					
Primary Government					
Investment In Capital Assets	170,642,434	175,812,107	195,625,360	192,545,281	207,262,072
Restricted	33,514,558	33,633,364	41,313,341	34,836,273	33,955,040
Unrestricted	8,251,948	5,648,130	(372,115)	1,254,338	(5,064,548)
Total Primary Government Net Position	\$212,408,940	\$215,093,601	\$236,566,586	\$228,635,892	\$236,152,564

CITY OF DINUBA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2007	2008	2009	2010
Expenses				
Governmental Activities				
General Government	\$2,251,700	\$2,165,276	\$2,282,735	\$3,131,533
Public Safety	5,819,651	7,004,208	8,287,871	8,171,242
Public Works	5,430,096	3,585,804	4,138,568	2,312,028
Community Development	1,581,737	2,743,293	3,158,746	3,417,402
Parks and Recreation	1,359,109	1,662,008	1,700,474	1,584,698
Interest on Long-Term Debt	3,194,690	4,072,473	4,196,778	4,144,345
Unallocated Depreciation	847,061	858,674	917,172	987,607
Total Governmental Activities Expenses	<u>20,484,044</u>	<u>22,091,736</u>	<u>24,682,344</u>	<u>23,748,855</u>
Business-Type Activities				
Water	2,262,423	1,726,046	1,923,758	2,047,214
Sewer	2,120,093	1,791,855	2,087,637	2,007,892
Disposal	2,189,729	1,875,555	1,865,780	1,988,441
Ambulance	1,458,821	1,082,670	1,011,197	1,069,365
Transit	299,001	324,720	486,482	531,162
Golf Course		2,061,613	3,625,806	3,338,040
Compressed Natural Gas				86,736
Engineering				
Total Business-Type Activities Expenses	<u>8,330,067</u>	<u>8,862,459</u>	<u>11,000,660</u>	<u>11,068,850</u>
Total Primary Government Net Expenses	<u>\$28,814,111</u>	<u>\$30,954,195</u>	<u>\$35,683,004</u>	<u>\$34,817,705</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$3,849	\$36,180	\$31,086	\$32,430
Public Safety	411,777	402,936	664,374	477,189
Public Works	3,058,937	2,033,827	1,276,563	2,566,382
Community Development	928,648	203,515	394,960	95,741
Parks and Recreation	231,315	164,751	283,008	154,307
Operating Contributions and Grants	6,865,658	2,980,565	2,137,570	1,753,052
Capital Contributions and Grants	5,133,176	70,512,208	10,798,269	3,768,170
Total Governmental Activities Program Revenues	<u>16,633,360</u>	<u>76,333,982</u>	<u>15,585,830</u>	<u>8,847,271</u>
Business-Type Activities				
Charges for Services				
Water	2,160,868	2,240,558	2,394,252	2,410,323
Sewer	1,879,182	2,035,266	2,294,266	2,263,518
Disposal	2,404,251	2,501,989	2,713,404	2,799,914
Ambulance	1,511,008	1,179,934	1,253,128	1,260,263
Transit	27,580	11,313	23,549	31,189
Golf Course		8,800	2,175,135	1,940,722
Compressed Natural Gas				177,966
Engineering				
Operating Contributions and Grants	311,574	613,387	635,672	345,078
Capital Contributions and Grants	1,360,262	2,743,258	1,122,094	172,758
Total Business-Type Activities Program Revenues	<u>9,654,725</u>	<u>11,334,505</u>	<u>12,611,500</u>	<u>11,401,731</u>
Total Primary Government Program Revenues	<u>\$26,288,085</u>	<u>\$87,668,487</u>	<u>\$28,197,330</u>	<u>\$20,249,002</u>

Source: City of Dinuba Financial Services Division

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$4,009,529	\$3,439,679	\$4,339,158	\$4,703,501	\$5,345,434	\$5,712,399
8,107,881	8,167,990	8,990,013	9,591,236	13,275,052	14,793,320
3,632,361	1,826,602	2,197,625	2,761,922	3,334,975	3,943,500
1,763,309	1,007,987	636,986	548,112	1,641,605	1,178,906
1,152,007	1,796,570	1,136,847	1,224,454	1,682,401	1,824,431
4,192,595	1,720,593	1,020,371	1,521,663	1,204,781	1,278,342
879,409	953,544	823,524	1,018,182	2,635,342	3,029,796
23,737,091	18,912,965	19,144,524	21,369,070	29,119,590	31,760,694
2,152,856	2,159,494	2,963,788	2,970,062	2,931,923	3,261,862
2,292,341	2,427,747	2,459,666	2,914,729	3,182,025	3,295,111
2,030,223	2,109,008	2,922,065	3,320,744	3,336,842	3,265,064
1,185,992	1,150,496	1,450,622	1,386,124	1,377,304	1,492,655
575,289	639,059	699,102	875,313	1,044,207	1,252,274
2,965,176	3,244,707	3,250,394	3,422,866	3,335,866	3,560,260
115,775	120,212	137,950	174,521	165,208	160,904
		506,333	662,791	658,837	808,280
11,317,652	11,850,723	14,389,920	15,727,150	16,032,212	17,096,410
<u>\$35,054,743</u>	<u>\$30,763,688</u>	<u>\$33,534,444</u>	<u>\$37,096,220</u>	<u>\$45,151,802</u>	<u>\$48,857,104</u>
\$27,409	\$52,073	\$4,688	\$1,509,801	\$3,055,054	\$5,470,676
446,219	519,454	423,329	276,308	898,323	274,181
2,489,475	2,320,459	2,313,306	3,226,541	3,824,832	1,808,508
178,106	38,410	11,941	70,343	120,322	22,282
117,807	184,657	146,557	162,281	183,922	174,473
1,877,718	3,279,460	4,462,789	6,248,747	3,274,094	3,375,630
6,195,826	2,436,154	5,669,203	25,473,768	10,114,120	12,075,630
11,332,560	8,830,667	13,031,813	36,967,789	21,470,667	23,201,380
2,569,449	2,647,422	2,847,344	2,763,415	2,604,665	2,510,596
2,603,345	2,610,812	2,574,505	2,719,638	2,751,349	2,838,956
2,891,914	2,980,135	3,324,925	3,080,017	3,081,958	3,175,398
1,219,352	1,078,428	1,281,703	1,288,620	1,271,302	1,332,373
39,601	46,089	44,959	53,507	61,929	85,333
1,948,101	2,239,576	2,255,964	2,343,736	2,346,921	2,441,531
149,916	188,775	217,120	214,162	262,922	284,800
		486,415	591,278	493,851	710,226
1,001,190	627,400	868,397	885,831	1,705,461	3,178,252
2,506,420	969,433	1,188,785	715,188	449,819	1,165,634
14,929,288	13,388,070	15,090,117	14,655,392	15,030,177	17,723,099
<u>\$26,261,848</u>	<u>\$22,218,737</u>	<u>\$28,121,930</u>	<u>\$51,623,181</u>	<u>\$36,500,844</u>	<u>\$40,924,479</u>

CITY OF DINUBA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2007	2008	2009	2010
Net (Expense)/Revenue				
Governmental Activities	(\$3,850,684)	\$54,242,246	(\$9,096,514)	(\$14,901,584)
Business-Type Activities	1,324,658	2,472,046	1,610,840	332,881
Total Primary Government Net Expense	<u>(\$2,526,026)</u>	<u>\$56,714,292</u>	<u>(\$7,485,674)</u>	<u>(\$14,568,703)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	\$4,570,257	\$5,006,706	\$5,438,046	\$5,248,441
Transient Occupancy Taxes	75,671	69,901	96,622	91,251
Sales Taxes	2,511,355	4,314,561	3,642,808	5,569,620
Franchise Taxes	214,886	222,599	248,553	214,722
Utility Users Tax	1,373,639	1,457,199	1,462,789	1,522,951
Other Taxes	290,106	608,703	583,716	611,305
Motor Vehicle Tax	1,469,382	1,594,918	1,670,198	1,641,929
Use of Money and Property	831,977	1,022,123	534,225	533,961
Other	121,480	70,248	508,758	335,350
Gain (Loss) on Sale of Capital Assets	2,635,030	657,221	259,983	448,216
Transfers	(407,874)	(23,785,145)	733,966	1,581,736
Total Governmental Activities	13,685,909	(8,760,966)	15,179,664	17,799,482
Business-Type Activities				
Use of Money and Property	81,274	127,434	47,626	14,373
Other				
Transfers	407,874	23,785,145	(733,966)	(1,581,736)
Total Business-Type Activities	489,148	23,912,579	(686,340)	(1,567,363)
Extraordinary Item - Litigation Settlement	225,129			
Extraordinary Item - Gain on Foreclosure of Property				
Extraordinary Item - RDA Dissolution				
Total Primary Government	<u>\$14,400,186</u>	<u>\$15,151,613</u>	<u>\$14,493,324</u>	<u>\$16,232,119</u>
Change in Net Position				
Governmental Activities	\$10,060,354	\$45,481,280	\$6,083,150	\$2,897,898
Business-Type Activities	1,813,806	26,384,625	924,500	(1,234,482)
Total Primary Government	<u>\$11,874,160</u>	<u>\$71,865,905</u>	<u>\$7,007,650</u>	<u>\$1,663,416</u>

Source: City of Dinuba Financial Services Division

2011	2012	2013	2014	2015	2016
(\$12,404,531)	(\$10,082,298)	(\$6,112,711)	\$15,598,719	(\$7,648,923)	(\$8,559,314)
<u>3,611,636</u>	<u>1,537,347</u>	<u>700,197</u>	<u>(1,071,758)</u>	<u>(1,002,035)</u>	<u>626,689</u>
<u>(\$8,792,895)</u>	<u>(\$8,544,951)</u>	<u>(\$5,412,514)</u>	<u>\$14,526,961</u>	<u>(\$8,650,958)</u>	<u>(\$7,932,625)</u>
\$5,078,633	\$3,461,506	\$645,437	\$742,122	\$846,306	\$1,260,845
144,780	133,920	171,817	184,211	226,817	248,579
5,803,277	9,843,519	3,677,282	3,700,400	5,461,810	9,729,414
233,109	230,613	226,904	243,956	256,883	252,761
1,560,074	1,600,423	1,622,049	1,612,836	1,630,654	1,683,265
784,070	870,086	240,387	249,602	292,650	487,363
1,636,167	1,565,696	1,553,701	1,571,490	1,633,128	1,754,885
360,997	288,456	287,977	262,191	113,494	262,770
174,494	946,090	1,552,988	18,522	109,931	552,748
159,698	(2,019,092)	400,323	266,189	261,425	
855,678	703,133	(4,065,884)	195,877	391,944	(269,724)
<u>16,790,977</u>	<u>17,624,350</u>	<u>6,312,981</u>	<u>9,047,396</u>	<u>11,225,042</u>	<u>15,962,906</u>
9,438	19,536		37,243	18,524	37,175
	(338,718)	45,845	92,839		
<u>(855,678)</u>	<u>(703,133)</u>	<u>4,065,884</u>	<u>(195,877)</u>	<u>(391,944)</u>	<u>269,724</u>
<u>(846,240)</u>	<u>(1,022,315)</u>	<u>4,111,729</u>	<u>(65,795)</u>	<u>(373,420)</u>	<u>306,899</u>
		145,910	104,921		
	51,196,332				
<u>\$15,944,737</u>	<u>\$67,798,367</u>	<u>\$10,570,620</u>	<u>\$9,086,522</u>	<u>\$10,851,622</u>	<u>\$16,269,805</u>
\$4,386,446	\$58,738,384	\$346,180	\$24,751,036	\$3,576,119	\$7,403,592
<u>2,765,396</u>	<u>515,032</u>	<u>4,811,926</u>	<u>(1,137,553)</u>	<u>(1,375,455)</u>	<u>933,588</u>
<u>\$7,151,842</u>	<u>\$59,253,416</u>	<u>\$5,158,106</u>	<u>\$23,613,483</u>	<u>\$2,200,664</u>	<u>\$8,337,180</u>

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CITY OF DINUBA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$592,000	\$522,000	\$452,000	\$769,541	
Unreserved	2,644,910	2,762,848	2,105,415	2,321,648	
Nonspendable					\$2,869,745
Unassigned					(700,688)
Total General Fund	\$3,236,910	\$3,284,848	\$2,557,415	\$3,091,189	\$2,169,057
All Other Governmental Funds					
Reserved	\$8,346,973	\$8,863,307	\$11,465,614	\$12,125,161	
Unreserved, Reported In:					
Special Revenue Funds	3,472,555	1,851,164	420,661	1,165,296	
Debt Service Funds					
Capital Projects Funds	2,163,542	137,053	(6,021,033)	(9,673,971)	
Nonspendable Funds					14,759,706
Restricted Funds					8,352,350
Assigned Funds					206,798
Unassigned Funds					(11,089,450)
Total All Other Governmental Funds	\$13,983,070	\$10,851,524	\$5,865,242	\$3,616,486	\$12,229,404
Total Governmental Funds	\$17,219,980	\$14,136,372	\$8,422,657	\$6,707,675	\$14,398,461

	Fiscal Year				
	2012	2013	2014	2015	2016 (b)
General Fund					
Reserved					
Unreserved					
Nonspendable	\$3,005,321	\$2,742,077	\$2,736,489	\$2,699,439	\$3,082,112
Unassigned	1,587,709	1,217,109	1,894,697	2,255,325	1,219,528
Total General Fund	\$4,593,030	\$3,959,186	\$4,631,186	\$4,954,764	\$4,301,640 (a)
All Other Governmental Funds					
Reserved					
Unreserved, Reported In:					
Special Revenue Funds					
Debt Service Funds					
Capital Projects Funds					
Nonspendable Funds	5,792,649	21,170	572,060	8,957,449	10,334,283
Restricted Funds	6,840,553	16,917,455	24,668,685	10,838,675	7,636,453
Assigned Funds	4,478,409	147,627	184,506	103,142	55,075
Unassigned Funds	(484,580)	(312,176)	(1,215,832)	(618,061)	(695,780)
Total All Other Governmental Funds	\$16,627,031	\$16,774,076	\$24,209,419	\$19,281,205	\$17,330,031
Total Governmental Funds	\$21,220,061	\$20,733,262	\$28,840,605	\$24,235,969	\$21,631,671

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) Effective fiscal 2010-11, the City implemented GASB 54 which changed fund balance reporting

CITY OF DINUBA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010
Revenues				
Taxes and Assessments	\$10,588,696	\$11,271,922	\$11,142,476	\$12,969,873
Licenses and Permits	575,979	489,989	473,177	585,481
Intergovernmental	6,715,939	4,533,063	6,177,846	7,078,568
Charges for Services	2,669,643	1,831,959	1,383,468	2,423,067
Use of Money and Property	1,158,097	1,409,409	557,746	360,312
Fines and Forfeitures	92,020	110,528	180,620	104,321
Reimbursements	2,600,759	3,073,714	3,303,675	2,932,039
Miscellaneous	401,232	206,463	774,390	109,001
Total Revenues	<u>24,802,365</u>	<u>22,927,047</u>	<u>23,993,398</u>	<u>26,562,662</u>
Expenditures				
Current				
General Government	1,979,384	1,758,510	1,859,569	2,493,169
Public Safety	5,671,292	6,590,115	7,384,568	7,297,586
Public Works ²	4,115,617	3,702,608	4,390,130	2,110,634
Community development	1,307,141	2,969,141	2,882,010	2,972,937
Parks and Recreation ¹	2,997,765	1,503,848	1,457,338	1,369,056
Capital Outlay	21,861,678	6,530,780	4,578,430	3,664,017
Debt Service				
Principal Retirement	1,428,581	2,095,025	2,253,167	2,600,226
Interest and Fiscal Charges	2,441,347	3,566,066	3,820,469	3,800,906
Debt Issuance Costs	903,259	591,412	167,679	2,342
Total Expenditures	<u>42,706,064</u>	<u>29,307,505</u>	<u>28,793,360</u>	<u>26,310,873</u>
Excess of Revenues Over (Under) Expenditures	<u>(17,903,699)</u>	<u>(6,380,458)</u>	<u>(4,799,962)</u>	<u>251,789</u>
Other Financing Sources (Uses)				
Proceeds from Issuance of debt				
Transfers In	24,450,021	17,389,125	10,491,067	6,526,362
Transfers Out	(24,763,895)	(28,006,539)	(12,004,060)	(7,373,175)
Sales of Property	4,060,014	406,461	251,240	309,537
Issuance of Long Term Debt	27,927,690	14,950,000	1,370,000	
Original issuance discount				
Payment to Refunded Bond Escrow Agent	(3,429,119)			
Total Other Financing Sources (Uses)	<u>28,244,711</u>	<u>4,739,047</u>	<u>108,247</u>	<u>(537,276)</u>
Net Change in Fund Balances before Extraordinary Item	10,341,012	(1,641,411)	(4,691,715)	(285,487)
Extraordinary Item - Litigation Settlement	225,129			
Extraordinary Item - Gain on Property Foreclosure				
Net Change In Fund Balances	<u>\$10,566,141</u>	<u>(\$1,641,411)</u>	<u>(\$4,691,715)</u>	<u>(\$285,487)</u>
Debt Service as a percentage of non-capital expenditures	18.6%	24.9%	25.1%	28.3%

Source: City of Dinuba Financial Services Division

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$13,333,324	\$15,763,647	\$10,054,422	\$10,127,924	\$14,673,041	\$15,417,110
663,034	490,803	533,126	388,248	825,421	410,496
9,592,560	6,873,909	8,840,363	13,389,637	10,254,854	9,817,361
2,031,815	2,297,156	1,842,951	2,611,700	2,629,858	1,386,822
219,523	615,073	105,029	372,987	116,046	265,203
165,482	393,113	118,693	83,015	83,345	96,196
2,223,521	1,983,721	1,993,316	1,866,721	773,948	2,560,957
195,544	280,827	183,644	193,101	26,586	46,056
<u>28,424,803</u>	<u>28,698,249</u>	<u>23,671,544</u>	<u>29,033,333</u>	<u>29,383,099</u>	<u>30,000,201</u>
3,424,510	3,198,893	3,567,574	3,062,629	3,221,524	3,504,184
6,900,645	7,622,470	8,512,170	9,155,928	9,573,198	10,454,857
2,047,171	2,305,236	2,108,997	2,497,426	2,361,778	2,880,100
1,480,571	1,254,396	3,077,272	1,813,416	1,205,315	813,013
871,568	1,595,747	1,108,050	1,140,903	1,235,269	1,458,541
5,822,476	5,230,041	5,070,355	12,419,958	14,428,933	11,512,821
17,796,703	2,209,513	1,814,520	991,156	1,001,685	980,865
3,947,999	1,967,183	816,403	1,010,139	1,177,009	1,216,247
734,435		331,022	106,924		
<u>43,026,078</u>	<u>25,383,479</u>	<u>26,406,363</u>	<u>32,198,479</u>	<u>34,204,711</u>	<u>32,820,628</u>
<u>(14,601,275)</u>	<u>3,314,770</u>	<u>(2,734,819)</u>	<u>(3,165,146)</u>	<u>(4,821,612)</u>	<u>(2,820,427)</u>
6,959,476	7,319,087	2,330,637	6,091,537	10,198,943	1,300,000
(8,231,685)	(8,270,637)	(6,500,021)	(5,549,298)	(10,506,999)	3,115,598
159,698	291,150	500,687	402,248	368,524	(3,385,322)
16,312,340		12,770,000	8,982,000		148,146
		(314,360)			
		(6,684,833)			
<u>15,199,829</u>	<u>(660,400)</u>	<u>2,102,110</u>	<u>9,926,487</u>	<u>60,468</u>	<u>1,178,422</u>
598,554	2,654,370	(632,709)	6,761,341	(4,761,144)	(1,642,005)
		145,910			
<u>\$598,554</u>	<u>\$2,654,370</u>	<u>(\$486,799)</u>	<u>\$6,761,341</u>	<u>(\$4,761,144)</u>	<u>(\$1,642,005)</u>
58.4%	21.5%	13.5%	10.1%	11.0%	11.5%

CITY OF DINUBA
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS

Fiscal Year	PROGRAM REVENUES				Total General Revenues	Total Government- Wide Revenues
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Total Program Revenues		
2007	\$4,634,526	\$6,865,658	\$5,133,176	\$16,633,360	\$11,458,753	\$28,092,113
2008	\$2,841,209	\$2,980,565	\$70,512,208	\$76,333,982	\$14,366,958	\$90,700,940
2009	\$2,649,991	\$2,137,570	\$10,798,269	\$15,585,830	\$14,185,715	\$29,771,545
2010	\$3,326,049	\$1,753,052	\$3,768,170	\$8,847,271	\$15,769,530	\$24,616,801
2011	\$3,259,016	\$1,877,718	\$6,195,826	\$11,332,560	\$15,775,601	\$27,108,161
2012	\$3,115,053	\$3,279,460	\$2,436,154	\$8,830,667	\$18,940,309	\$27,770,976
2013	\$2,899,821	\$4,462,789	\$5,669,203	\$13,031,813	\$9,978,542	\$23,010,355
2014	\$5,245,274	\$6,248,747	\$25,473,768	\$36,967,789	\$8,585,330	\$45,553,119
2015	\$8,082,453	\$3,274,094	\$10,114,120	\$21,470,667	\$11,225,042	\$32,695,709
2016	\$7,750,120	\$12,075,630	\$23,201,380	\$43,027,130	\$16,232,630	\$59,259,760

Fiscal Year	GENERAL REVENUES					Total General Revenues
	Property Taxes	Sales Taxes	Utility Users Taxes	All Other Taxes	Use Of Money And Property	
2007	\$4,570,257	\$2,511,355	\$1,373,639	\$2,171,525	\$831,977	\$11,458,753
2008	\$5,006,706	\$4,314,561	\$1,457,199	\$2,566,369	\$1,022,123	\$14,366,958
2009	\$5,438,046	\$3,642,808	\$1,462,789	\$3,107,847	\$534,225	\$14,185,715
2010	\$5,248,441	\$5,569,620	\$1,522,951	\$2,894,557	\$533,961	\$15,769,530
2011	\$5,078,633	\$5,803,277	\$1,560,074	\$2,972,620	\$360,997	\$15,775,601
2012	\$3,461,506	\$9,843,519	\$1,600,423	\$3,746,405	\$288,456	\$18,940,309
2013	\$645,437	\$3,677,282	\$1,622,049	\$3,745,797	\$287,977	\$9,978,542
2014	\$742,122	\$3,700,400	\$1,612,836	\$2,267,781	\$262,191	\$8,585,330
2015	\$846,306	\$5,461,810	\$1,630,654	\$2,519,409	\$766,863	\$11,225,042
2016	\$1,260,845	\$9,729,414	\$1,683,265	\$3,296,336	\$262,770	\$16,232,630

Source: City of Dinuba Financial Services Division

CITY OF DINUBA
GENERAL GOVERNMENT REVENUES BY SOURCE ¹
LAST TEN FISCAL YEARS

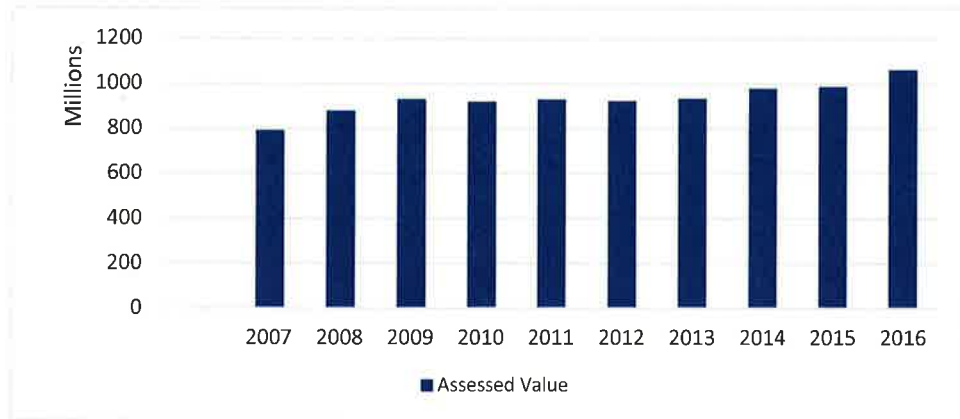
<u>Fiscal Year</u>	<u>Taxes And Assessments</u>	<u>Licenses And Permits</u>	<u>Intergovernmental</u>	<u>Charges For Services</u>	<u>Use Of Money And Property</u>	<u>Fines And Forfeitures</u>
2007	\$10,588,696	\$575,979	\$6,715,939	\$2,669,643	\$1,158,097	\$92,020
2008	\$11,271,922	\$489,989	\$4,533,063	\$1,831,959	\$1,409,409	\$110,528
2009	\$11,142,476	\$473,177	\$6,177,846	\$1,383,468	\$557,746	\$180,620
2010	\$12,969,873	\$585,481	\$7,078,568	\$2,423,067	\$360,312	\$104,321
2011	\$13,333,324	\$663,034	\$9,592,560	\$2,031,815	\$219,523	\$165,482
2012	\$15,763,647	\$490,803	\$6,873,909	\$2,297,156	\$615,073	\$393,113
2013	\$10,054,422	\$533,126	\$8,840,363	\$1,842,951	\$105,029	\$118,693
2014	\$10,127,924	\$388,248	\$13,389,637	\$2,611,700	\$372,987	\$165,482
2015	\$14,673,041	\$825,421	\$10,254,854	\$2,629,858	\$116,046	\$83,345
2016	\$15,417,110	\$410,496	\$9,817,361	\$1,386,822	\$265,203	\$96,196

<u>Fiscal Year</u>	<u>Reimbursements</u>	<u>Miscellaneous</u>	<u>Total General Government Revenues</u>
2007	\$2,600,759	\$401,232	\$24,802,365
2008	\$3,073,714	\$206,463	\$22,927,047
2009	\$3,303,675	\$774,390	\$23,993,398
2010	\$2,932,039	\$109,001	\$26,562,662
2011	\$2,223,521	\$195,544	\$28,424,803
2012	\$1,983,721	\$280,827	\$28,698,249
2013	\$1,993,316	\$183,644	\$23,671,544
2014	\$1,866,721	\$193,101	\$29,115,800
2015	\$773,948	\$26,586	\$29,383,099
2016	\$2,560,957	\$46,056	\$30,000,201

¹ Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City of Dinuba Financial Services Division

CITY OF DINUBA
PROPERTY AD VALOREM TAX ASSESSED VALUES ¹
LAST TEN FISCAL YEARS



Year Ended June 30	Assessed Value ²	County Tax Rate Per \$100	City		
			Portion of Assessed Value	Tax Rate ³	Tax Levy
2007	\$791,375,057	1.1170	\$356,205,589	0.195%	\$693,407
2008	\$877,827,074	1.1170	\$375,372,209	0.188%	\$713,207
2009	\$929,595,416	1.1170	\$376,872,214	0.175%	\$661,346
2010	\$918,955,107	1.1170	\$381,194,928	0.152%	\$577,530
2011	\$928,720,115	1.1260	\$374,186,358	0.163%	\$608,653
2012	\$921,046,459	1.1160	\$376,464,415	0.174%	\$655,249
2013	\$933,234,251	1.1110	\$383,803,558	0.168%	\$645,437
2014	\$976,358,668	1.1110	\$406,708,703	0.182%	\$742,122
2015	\$985,816,882	1.2246	\$424,657,013	0.194%	\$823,237
2016	\$1,060,846,254	1.2524	\$431,998,964	0.287%	\$1,238,278

¹ Estimated Actual Value of Taxable Property is not available since passage of Proposition 13 in 1978. Property assessed values may rise only to a maximum of 2% per year unless there is new construction or when the property is sold. Consequently, estimated values are not available.

² Pursuant to chapter 1207 of the statutes of 1978, "Assessed Value" means 100% of full taxable value.

³ The City's total direct tax rate varies by tax rate area. The rate shown is the combined rate for the entire city and may not match the rate shown on the "Direct and Overlapping Property Tax Rates" schedule.

Source: Tulare County Auditor's Office

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

	Fiscal Year				
	2012	2013	2014	2015	2016
City Direct Rates:					
City basic rate	\$0.191	\$0.191	\$0.191	\$0.191	\$0.192
Total City Direct Rate	0.191	0.191	0.191	0.191	0.192
Overlapping Rates:					
Tulare County	0.178	0.177	0.177	0.177	0.178
Library	0.015	0.015	0.015	0.015	0.015
Dinuba School District	0.260	0.273	0.272	0.270	0.273
Community College District	0.016	0.001	0.046	0.046	0.046
Tulare County Schools	0.024	0.024	0.024	0.024	0.024
Alta Cemetery	0.008	0.008	0.008	0.008	0.008
Alta Hospital District	0.018	0.018	0.018	0.018	0.018
Delta Vector Control	0.014	0.014	0.014	0.014	0.014
Dinuba Memorial District	0.005	0.005	0.005	0.005	0.005
Tulare County Air Pollution District	0.000	0.000	0.000	0.000	0.000
Tulare County Flood District	0.002	0.002	0.002	0.002	0.002
Education Revenue Augmentation	0.224	0.226	0.226	0.226	0.224
Dinuba School District Bonds	0.125	0.120	0.103	0.114	0.120
Community College Bonds	0.036	0.036	0.009	0.114	0.008
Total Direct Rate ¹	1.116	1.111	1.111	1.225	1.128

NOTE: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.000% fixed amount. This 1.000% is shared by all taxing agencies for which the subject property resides within. In addition to the fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of bonded debt service on the voter-approved School District and Community College bonds.

¹ The City's total direct tax rate varies by tax rate area. The rate provided comes from tax rate area 001-005 and is representative of other tax rate areas within the City.

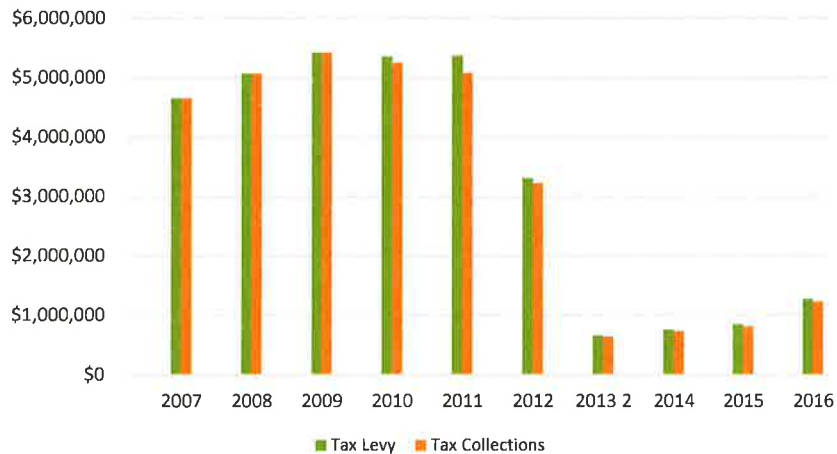
Source: Tulare County Assessor's Office

**CITY OF DINUBA
PRINCIPAL PROPERTY TAXPAYERS
AS OF JUNE 30, 2016 AND 2007**

Taxpayer	Type Of Business	Fiscal Year 2016			Fiscal Year 2007		
		Assessed Valuation	Percent Of Total Assessed Valuation	Rank	Assessed Valuation	Percent Of Total Assessed Valuation	Rank
Ruiz Foods Products Inc.	Frozen Food	\$ 70,531,807	6.65%	1	\$ 47,605,111	6.02%	2
Odwalla, Inc.	Fruit Juices	62,050,577	5.85%	2	27,965,093	3.53%	3
Best Buy Stores, Inc.	Distribution Center	49,220,047	4.64%	3	\$ 60,422,382	7.64%	1
Wal-mart Store Inc	Retail Store	17,647,306	1.66%	4			
Patterson Dental Supply	Wholesaler	14,402,359	1.36%	5	4,867,963	0.62%	8
Boscacci Group	Real Estate Investment	7,048,046	0.66%	6			
Kmart Corporation	Retail Store	5,740,403	0.54%	7	5,354,505	0.68%	7
Dinuba - Veto LLC	Real Estate Investment	5,100,000	0.48%	8	8,768,840	1.11%	4
Red Rock Plaza Center LLC	Real Estate Investment	5,000,000	0.47%	9	4,603,755	0.58%	9
Waltrust Properties Inc	Real Estate Investment	4,810,811	0.45%	10			
Dinuba Manor	Apartment Complex				6,504,837	0.82%	5
North Park Apartment	Apartment Complex				5,807,685	0.73%	6
Surabian & Sons	Produce/Packing				4,338,891	0.55%	10
		<u>\$108,968,972</u>	<u>22.76%</u>		<u>\$100,668,858</u>	<u>22.28%</u>	

Source: Tulare County Auditor's Office

**CITY OF DINUBA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected ¹
2007	\$4,649,177	\$4,649,177	100.00
2008	\$5,063,214	\$5,063,214	100.00
2009	\$5,415,758	\$5,415,758	100.00
2010	\$5,352,804	\$5,248,441	98.05
2011	\$5,368,533	\$5,078,633	94.60
2012	\$3,311,306	\$3,231,844	97.60
2013 ²	\$665,948	\$645,437	96.92
2014	\$763,029	\$742,122	97.26
2015	\$852,212	\$823,237	96.60
2016	\$1,281,861	\$1,238,278	96.60

¹ Through fiscal year 2009, under an arrangement with the County, 100% of property taxes billed by the County were forwarded to the City. Beginning in fiscal year 2010 the County began remitting to the City only the portion of property tax it collected.

² Previously, redevelopment tax increment was shown in this table. With the dissolution of redevelopment, only the City's property is being shown.

Source: Tulare County Auditor's Office

CITY OF DINUBA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Bonded Debt	Capital	Contracts	Notes	Total
	Outstanding	Leases	Payable	Payable	Governmental Activities
2007	\$51,331,981	\$1,490,542		\$6,755,047	\$59,577,570
2008	\$65,132,484	\$1,326,724		\$5,743,840	\$72,203,048
2009	\$62,896,057	\$1,157,783		\$5,089,617	\$69,143,457
2010	\$64,332,754	\$976,254		\$3,360,920	\$68,669,928
2011	\$64,069,581	\$814,538		\$2,880,931	\$67,765,050
2012 ²	\$11,291,970	\$932,596	\$190,471	\$1,247,879	\$13,662,916
2013	\$11,252,962	\$701,861	\$146,016	\$23,549	\$12,124,388
2014	\$18,895,000	\$9,442,497	\$99,516	\$20,257	\$28,457,270
2015	\$18,265,000	\$9,012,913	\$50,877	\$16,734	\$27,345,524
2016	\$17,590,000	\$10,085,195	\$0	\$12,965	\$27,688,160

Fiscal Year	Business-Type Activities				
	Certificates Of Participation	Notes Payable	Capital Leases	Contracts Payable	Total Business-Type Activities
2007	\$5,115,000	\$4,856,498	\$3,786		\$9,975,284
2008	\$4,980,000	\$8,506,172	\$3,034		\$13,489,206
2009	\$4,840,000	\$8,912,559	\$2,224		\$13,754,783
2010	\$4,695,000	\$8,575,192	\$1,352		\$13,271,544
2011	\$3,005,000	\$8,087,419	\$413		\$11,092,832
2012	\$3,005,000	\$7,580,353		\$611,334	\$11,196,687
2013	\$11,030,000	\$7,108,030	\$292,146	\$534,813	\$18,964,989
2014	\$18,895,000	\$6,736,215	\$222,586	\$454,773	\$26,308,574
2015	\$10,540,000	\$7,194,326	\$150,758	\$373,930	\$18,259,014
2016	\$10,315,000	\$6,602,194	\$76,588	\$292,286	\$17,286,068

Fiscal Year	Primary Government	Per Capita ¹
2007	\$69,552,854	\$3,477
2008	\$85,692,254	\$4,064
2009	\$82,898,240	\$3,903
2010	\$81,941,472	\$3,804
2011	\$78,857,882	\$3,593
2012	\$24,859,603	\$1,099
2013	\$31,089,377	\$1,347
2014	\$54,765,844	\$2,315
2015	\$45,604,538	\$1,903
2016	\$44,974,228	\$1,824

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

¹ See the table of Population and Unemployment Rate later in this section for personal income and population data. Personal income data is not available.

² As of February 1, 2012, obligations of the former Redevelopment Agency were transferred to the Successor Agency resulting in a decrease in Government Bonds outstanding Tax Allocation Bonds, notes and loans, and other revenue bonds of the former Agency will be paid as enforceable obligations of the Successor Agency.

Source: City of Dinuba Financial Services Division

CITY OF DINUBA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Lease Revenue Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total General Bonded Debt Outstanding</u>	<u>Percentage of Assessed Value of Property ¹</u>	<u>Per Capita</u>
2006	\$7,595,000	\$3,652,574	\$32,147,426	4.8%	\$1,642
2007	\$7,445,000	\$4,708,019	\$51,331,981	6.5%	\$2,566
2008	\$14,740,000	\$4,937,516	\$65,132,484	7.4%	\$3,089
2009	\$14,445,000	\$6,118,943	\$62,896,057	6.8%	\$2,962
2010	\$14,165,000	\$4,987,246	\$64,332,754	7.0%	\$2,986
2011	\$13,740,000	\$4,645,419	\$64,069,581	6.9%	\$2,919
2012 ²	\$13,455,000	\$2,163,030	\$11,291,970	1.2%	\$499
2013	\$13,160,000	\$1,907,038	\$11,252,962	1.2%	\$488
2014	\$18,895,000	\$739	\$18,894,261	1.9%	\$799
2015	\$18,265,000	\$2,952	\$18,262,048	1.9%	\$762
2016	\$17,585,000	\$1,260,186	\$16,324,814	1.5%	\$662

¹ Estimated Actual Value of Taxable Property is not available since passage of Proposition 13 in 1978. Property assessed values may rise only to a maximum of 2% per year unless there is new construction or when the property is sold. Consequently, estimated values are not available.

² As of February 1, 2012, obligations of the former Redevelopment Agency were transferred to the Successor Agency resulting in a decrease in Government Bonds outstanding Tax Allocation Bonds, notes and loans, and other revenue bonds of the former Agency will be paid as enforceable obligations of the Successor Agency.

Source: City of Dinuba Financial Services Division

CITY OF DINUBA
STATEMENT OF DIRECT AND OVERLAPPING DEBT
As of June 30, 2016

2015 - 2016 Assessed Valuation:	\$1,060,846,254		
Redevelopment Incremental Valuation:			
City Adjusted Assessed Valuation	\$1,060,846,254		
	OUTSTANDING DEBT	% APPLICABLE ¹	ESTIMATED SHARE OF OUTSTANDING DEBT
	6/30/2016		
OVERLAPPING TAX AND ASSESSMENT DEBT			
State Center Community College District	\$92,000,000	1.439%	\$1,323,880
Dinuba Joint Unified School District	23,998,274	69.167%	16,598,886
Kings Canyon Joint Unified School District	76,184,843	0.026%	19,808
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	192,183,117		17,942,574
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Tulare County Certificates of Participation	35,545,000	3.470%	1,233,412
Tulare County Board of Education Certificates of Participation	36,145,000	3.470%	1,254,232
Dinuba Joint Unified School District Certificates of Participation	5,820,000	69.167%	4,025,519
City of Dinuba General Fund Obligations	47,534,360	100.000%	47,534,360
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT	125,044,360		54,047,523
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):			
	47,990,000	100.0000%	47,990,000
TOTAL DIRECT DEBT			47,534,360
TOTAL OVERLAPPING DEBT			72,445,737
COMBINED TOTAL DEBT			\$ 119,980,097 ²

Debt Ratios:

Ratios to 2015-16 Adjusted Valuation:

Total Overlapping Tax and Assessment Debt	1.69%
Total Direct Debt (\$18,265,000)	2.57%
Combined Total Debt	9.40%

Ratios to Redevelopment Increment Valuation (\$636,189,241):

Total Overlapping Tax Increment Debt	7.54%
--------------------------------------	-------

¹ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy bonds are included based on principal due at maturity.

CITY OF DINUBA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

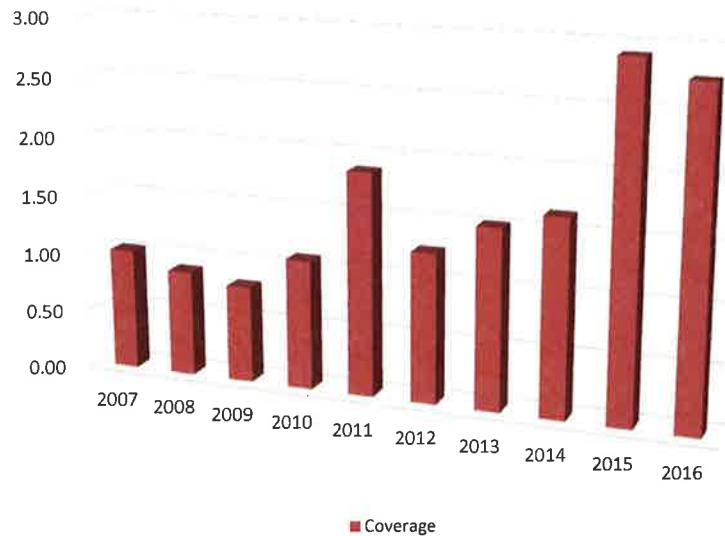
Total Assessed Valuation	<u>\$1,060,846,254</u>
Debt Limit - 15% of Total Assessed Valuation	\$159,126,938
Amount of Debt Applicable to the Limit	<u>78,857,469</u>
Legal Debt Margin	<u>\$80,269,469</u>

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable As A Percentage Of Debt Limit</u>
2007	\$118,706,259	\$69,552,854	\$49,153,405	58.6%
2008	\$131,674,061	\$85,692,254	\$45,981,807	65.1%
2009	\$139,439,312	\$82,898,240	\$56,541,072	59.5%
2010	\$137,843,266	\$81,941,472	\$55,901,794	59.4%
2011	\$139,308,017	\$78,857,882	\$60,450,135	56.6%
2012	\$138,156,969	\$24,859,603	\$113,297,366	18.0%
2013	\$139,985,138	\$31,089,377	\$108,895,761	22.2%
2014	\$146,453,800	\$54,765,844	\$91,687,956	37.4%
2015	\$147,872,532	\$45,604,538	\$102,267,994	30.8%
2016	\$159,126,938	\$44,974,228	\$114,152,710	28.3%

Source: City of Dinuba Financial Services Division

**CITY OF DINUBA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**



Certificates of Participation (Sewer Fund)

Year Ended June 30	Sewer Charges And Other Contributions ¹	Less: Operating Expenses ²	Net Available Revenue	Principal	Interest	Total Debt Service	Debt Service Coverage
2007	\$2,231,903	\$1,702,270	\$529,633	\$150,000	\$367,380	\$517,380	1.02
2008	\$2,389,237	\$1,864,897	\$524,340	\$155,000	\$432,879	\$587,879	0.89
2009	\$2,591,374	\$1,945,535	\$645,839	\$215,000	\$578,089	\$793,089	0.81
2010	\$2,882,543	\$1,765,050	\$1,117,493	\$215,000	\$806,161	\$1,021,161	1.09
2011	\$3,545,791	\$1,547,768	\$1,998,023	\$270,000	\$796,668	\$1,066,668	1.87
2012	\$3,293,667	\$1,744,908	\$1,548,759	\$290,000	\$938,250	\$1,228,250	1.26
2013	\$2,945,488	\$1,641,917	\$1,303,571	\$240,000	\$618,372	\$858,372	1.52
2014	\$3,062,058	\$1,920,430	\$1,141,628	\$270,000	\$421,644	\$691,644	1.65
2015	\$3,915,684	\$2,063,218	\$1,852,466	\$220,000	\$415,412	\$635,412	2.92
2016	\$4,027,942	\$2,275,360	\$1,752,582	\$225,000	\$409,500	\$634,500	2.76

¹ Includes transfers from the Water Fund. Bond proceeds from the 2002 Refunding Bond were also used to fund certain Water projects. Therefore, the water fund pays a proportionate share of the debt service.

² Depreciation is eliminated for this calculation.

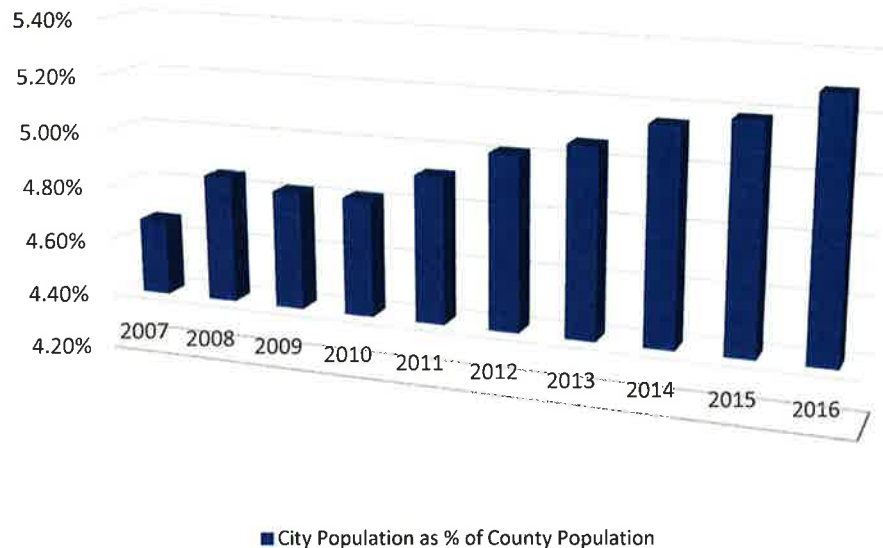
Source: City of Dinuba Financial Services Division

**CITY OF DINUBA
GENERAL BONDED INDEBTEDNESS
MATURITIES BY FISCAL YEAR**

<u>Lease Revenue Bonds</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$700,000	\$667,280	\$4,479,091
2018	\$715,000	\$646,641	\$4,477,446
2019	\$735,000	\$625,410	\$4,463,273
2020	\$1,000,000	\$599,082	\$4,711,172
2021	\$1,025,000	\$567,498	\$4,901,557
2022	\$1,055,000	\$533,860	\$4,791,245
2023	\$1,095,000	\$497,911	\$4,789,985
2024	\$1,135,000	\$459,363	\$4,802,457
2025	\$1,180,000	\$418,034	\$4,803,356
2026	\$1,210,000	\$725,083	\$5,139,046
2027	\$1,265,000	\$325,328	\$4,784,457
2028	\$830,000	\$284,050	\$4,314,013
2029	\$860,000	\$250,022	\$3,581,597
2030	\$550,000	\$221,097	\$2,869,244
2031	\$565,000	\$197,563	\$2,864,022
2032	\$585,000	\$173,272	\$2,818,022
2033	\$460,000	\$147,897	\$2,673,238
2034	\$385,000	\$124,975	\$2,567,200
2035	\$410,000	\$104,519	\$4,291,925
2036	\$425,000	\$83,025	\$4,055,750
2037	\$445,000	\$60,628	\$4,035,969
2038	\$465,000	\$37,203	\$3,395,306
2039	\$490,000	\$12,616	\$3,397,400
2040	\$0	\$0	\$0
2041	\$0	\$0	\$0
2042	\$0	\$0	\$0
	<u>\$17,585,000</u>	<u>\$7,762,356</u>	<u>\$93,006,768</u>

Source: City of Dinuba Financial Services Division

**CITY OF DINUBA
POPULATION AND UNEMPLOYMENT RATE
LAST TEN FISCAL YEARS**



Fiscal Year	City Population ¹	% Change	Tulare County Population	City Population as % of County Population	Unemployment Rate ³
2007	20,002	2.12%	428,212	4.67%	12.9%
2008	21,087	5.15%	434,494	4.85%	14.0%
2009	21,237	0.71%	440,749	4.82%	16.1%
2010	21,542	1.42%	447,141	4.82%	22.4%
2011	21,950	1.86%	446,180	4.92%	22.8%
2012	22,614	2.94%	450,840	5.02%	21.2%
2013	23,082	2.03%	455,599	5.07%	18.9%
2014	23,666	2.47%	459,446	5.15%	17.3%
2015	23,966	1.25%	462,189	5.19%	10.9%
2016	24,657	2.80%	466,339	5.29%	10.7%

¹ Source: California Department of Finance

² Source: Tulare County Economic Development Corporation

³ Source: California Employment Development Department

Note: Per capita income and total personal income information not available.

**CITY OF DINUBA
PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2016 AND 2007**

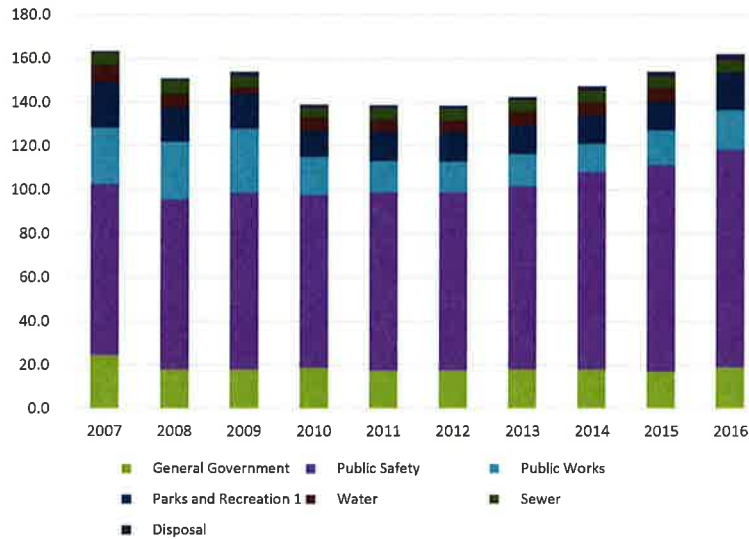
Employer	Type of Business	Fiscal Year 2016			Fiscal Year 2007		
		Employees	Percent of Total City Employment	Rank	Employees	Percent of Total City Employment	Rank
Ruiz Foods Products Inc.	Frozen Food	1,790	41%	1	1,800	45%	1
Dinuba Public Schools	Education	754	17%	2	314	8%	4
Family Tree Farms	Produce Packing	600	14%	3			
Wal-Mart	Retail Store	403	9%	4	425	11%	2
Best Buy Stores, Inc.	Distribution Center	350	8%	5	405	10%	3
City of Dinuba	Local Government	172	4%	6	140	4%	8
Patterson Dental	Wholesaler	122	3%	7			
Kmart ²	Retail store	70	2%	8	80	2%	10
Corona College Heights	Produce Packing	68	2%	9	140	4%	8
United Market	Retail Store	40	1%	10			
Giannini Packing	Produce/Packing				200	5%	5
Odwalla ¹	Fruit Juices				150	4%	6
Apio Produce	Produce/Packing				150	4%	7
Sadoian Brothers	Produce/Packing				95	2%	9
Kmart ²	Retail store				80	2%	10
		<u>4,369</u>	<u>100.00%</u>		<u>3,979</u>	<u>100.00%</u>	

Source: City of Dinuba and the U. S. Bureau of the Census

⁽¹⁾ Odwalla's parent company, Coca-Cola, closed the Dinuba Odwalla factory in April 2016.

⁽²⁾ Kmart's parent company, Sears Holding, has announced that the Kmart store in Dinuba closed in July, 2016.

**CITY OF DINUBA
EMPLOYEES BY FUNCTION (FULL TIME EQUIVALENTS)
LAST TEN FISCAL YEARS**



	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Government	24.7	18.0	18.0	19.0	17.6	17.6	18.0	18.0	17.0	19.1
Public Safety	78.1	78.0	81.0	79.0	81.5	81.5	84.0	90.4	94.4	99.5
Public Works	25.9	26.2	29.3	17.3	14.3	14.0	14.7	13.0	16.0	18.1
Parks and Recreation ¹	20.9	16.0	16.0	12.0	13.7	13.7	13.1	12.7	13.2	17.3
Water	7.6	6.0	2.9	6.2	5.2	5.2	6.2	6.2	6.2	7.7
Sewer	5.6	6.2	5.1	4.3	5.3	5.3	5.3	5.3	5.3	5.3
Disposal	0.6	0.6	1.7	1.2	1.2	1.2	1.2	1.9	1.9	2.8
Total Government-Wide Employees	163.4	151.0	154.0	139.0	138.8	138.5	142.5	147.4	154.0	169.8

¹ In FY2011, the Parks division and Community Services division were combined and moved to the Finance & Community Services Department

Source: City of Dinuba Budget FY 2016

**CITY OF DINUBA
CONSTRUCTION ACTIVITY
LAST TEN CALENDAR YEARS**

Calendar Year	Total Permits	Total Valuation	Commercial and Office		Residential Single	
			Number Permits	Valuation	Number Permits	Valuation
2007	540	\$22,604,877	43	\$4,101,167	125	\$15,991,615
2008 ¹	627	\$21,159,049	50	\$859,269	31	\$2,429,216
2009	267	\$20,117,464	5	\$3,003,030	49	\$5,961,770
2010 ²	327	\$26,119,325	2	\$1,398,078	116	\$14,622,391
2011	407	\$28,265,284	3	\$2,507,500	171	\$21,658,886
2012	543	\$43,487,055	13	\$9,295,706	161	\$20,246,430
2013	430	\$20,466,026	4	\$1,488,000	99	\$11,149,388
2014	437	\$16,722,112	5	\$8,448,970	41	\$4,244,435
2015	552	\$14,559,111	2	\$490,000	78	\$8,286,981
2016	689	\$7,134,510	2	\$1,110,000	57	\$5,565,450

Calendar Year	Residential Multi-Units		All Other		
	Number Permits	Valuation	Number Units	Number Permits	Valuation
2007	1	\$212,286	0	309	\$8,500,419
2008 ¹	0	\$0	0	457	\$894,090
2009	1	\$7,604,520	0	212	\$3,548,143
2010 ²	1	\$7,604,520 ⁴	0	208	\$2,494,335
2011	0	\$0	0	233	\$4,098,898
2012	0	\$0	0	382	\$13,944,919
2013	1	\$2,450,000	0	326	\$5,378,638
2014	0	\$0	0	391	\$4,028,707
2015	0	\$0	0	472	\$5,782,130
2016	0	\$0	0	630	\$459,060

Note: Bank Deposit information is not available as the Industry does not keep records by individual cities.

¹ Activity covering from January 1 to July 31.

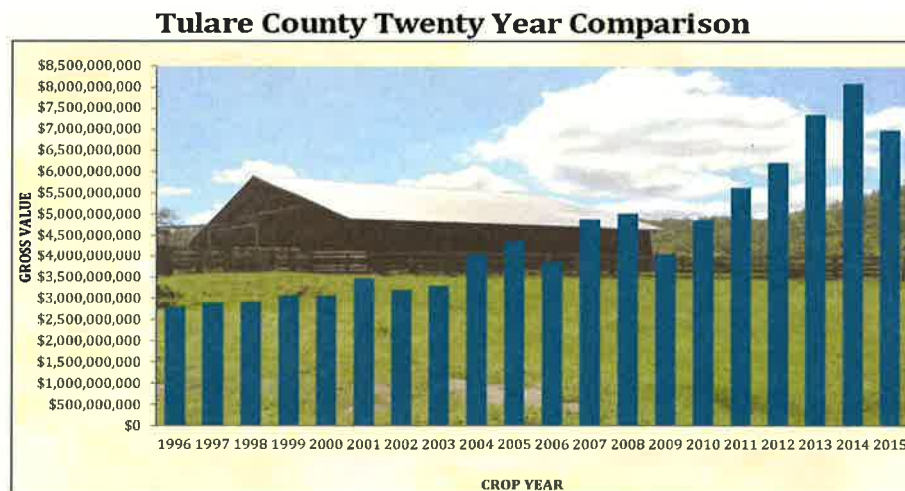
² Euclid apartment's 2009 permit expired renew in 2010.

Source: City of Dinuba Annual Building Report

TULARE COUNTY CROP STATISTICS FOR THE CALENDAR YEAR 2015

Dinuba lies in the heart of the farming area of Tulare County, California,
which currently ranks second in the nation in agricultural productivity.
The following list comprises the major cash crops in the county from farming and
ranching for 2015

PRODUCT	GROSS VALUE
1. Milk	\$1,718,001,000
2. Cattle & Calves	\$941,280,000
3. Oranges - Navels & Valencias	\$819,134,000
4. Grapes	\$643,621,000
5. Almonds Meats & Hulls	\$322,943,000
6. Tangerines - Fresh	\$302,470,000
7. Corn - Grain & Silage	\$282,952,000
8. Silage - Small Grain	\$224,991,000
9. Pistachio Nuts	\$208,199,000
10. Walnuts	\$197,100,000
 Total Value of the Top Ten Tulare County Crops	 \$5,660,691,000
 Total Value of All Tulare County Crops	 \$6,980,977,800



Source: Tulare County Agricultural Commissioner news release

**CITY OF DINUBA
CAPITAL ASSETS USED
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water:										
Number Water Wells	8	8	8	8	8	8	8	8	8	8
Annual Production (Million Gal)	1,653	1,682	1,671	1,671	1,671	1,996	1,570	1,790	1,578	1,218
Service Connections	4,830	4,991	5,030	5,094	5,459	5,581	5,633	5,937	5,742	5,862
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Sworn Officers	39	40	40	38	35	35	34	33	36	28
Support Personnel	14	14	12	11	10	10	10	9	11	11
Part-Time Support Personnel	5	5	3	3	7	8	3	3	2	2
Police Vehicles	36	35	34	32	34	35	37	36	40	38
Motorcycles	2	2	2	2	2	2	2	4	4	4
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	21	21	24	23	24	24	23	26	26	26
Fire and Rescue Vehicles	5	5	5	5	5	5	5	5	5	5
Ambulances	3	3	3	3	4	4	4	5	5	5
Staff Vehicles	5	5	5	4	4	5	6	6	4	5
Parks and Recreation:										
Parks	13	13	13	13	13	13	13	13	13	13
Acres of Park land	66	66	66	66	66	66	66	66	66	66
Acres of Open Space	56	56	56	56	56	56	56	56	56	56
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Other:										
City Land Area (Square Miles)	4.82	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90
Miles of Water Main	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0
Miles of Storm Drain	18.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Miles of Sewer Main	73.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0	74.0
Miles of City Streets	65.0	65.7	65.7	65.7	65.7	65.7	65.7	65.7	65.7	65.7

Source: City of Dinuba Financial Services Division

**CITY OF DINUBA
DEMANDS FOR CITY SERVICES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Number of Utility Customers</u>	<u>Number of Police Calls - Total</u>	<u>Number of 911 Emergency Calls</u>	<u>Number of Sworn Officers</u>
2007	20,002	4,865	41,192	8,650	39
2008	21,087	4,918	31,801	6,338	40
2009	21,237	5,107	41,824	5,855	37
2010	21,542	5,154	41,256	4,859	37
2011	21,950	5,459	40,486	4,713	35
2012	22,614	5,581	39,161	4,535	35
2013	23,082	5,633	38,550	5,967	34
2014	23,666	5,927	34,611	5,844	35
2015	23,966	5,742	38,637	13,397	34
2016	24,657	5,862	41,314	1,845	28

<u>Fiscal Year</u>	<u>Number of Fire Calls ¹</u>	<u>Number of Ambulance Runs</u>	<u>Number of Fire Fighters</u>
2007	194	2,966	21
2008	160	2,884	21
2009	137	2,897	24
2010	127	3,123	23
2011	200	3,163	24
2012	460	3,304	24
2013	572	3,594	23
2014	666	3,646	26
2015	887	3,647	24
2016	773	4,154	26

¹ Includes calls for fires, explosions, and hazardous conditions.

² This information is not available.

Source: City of Dinuba Financial Services Division, Fire Department, and Police Department

**CITY OF DINUBA
GENERAL GOVERNMENTAL
EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS ¹**

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
General Government	\$2,251,700	\$2,165,276	\$2,282,735	\$3,131,533	\$4,009,529
Public Safety	5,819,651	7,004,208	8,287,871	8,171,242	8,107,881
Public Works ³	5,430,096	3,585,804	4,138,568	2,312,028	3,632,361
Community Development	1,581,737	2,743,293	3,158,746	3,417,402	1,763,309
Parks and Recreation ²	1,359,109	1,662,008	1,700,474	1,584,698	1,152,007
Debt Service	3,194,690	4,072,473	4,196,778	4,144,345	4,192,595
Unallocated Depreciation	847,061	858,674	917,172	987,607	879,409
Total Governmental Activities Expenses	<u>\$20,484,044</u>	<u>\$22,091,736</u>	<u>\$24,682,344</u>	<u>\$23,748,855</u>	<u>\$23,737,091</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities					
General Government	\$3,439,679	\$4,339,158	\$4,703,501	\$5,345,434	\$5,712,399
Public Safety	\$8,167,990	\$8,990,013	\$9,591,236	\$13,275,052	\$14,793,320
Public Works ³	\$1,826,602	\$2,197,625	\$2,761,922	\$3,334,975	\$3,943,500
Community Development	\$1,007,987	\$636,986	\$548,112	\$1,641,605	\$1,178,906
Parks and Recreation ²	\$1,796,570	\$1,136,847	\$1,224,454	\$1,682,401	\$1,824,431
Debt Service	\$1,720,593	\$1,020,371	\$1,521,663	\$1,204,781	\$1,278,342
Unallocated Depreciation	\$953,544	\$823,524	\$1,018,182	\$2,635,342	\$3,029,796
Total Governmental Activities Expenses	<u>\$18,912,965</u>	<u>\$19,144,524</u>	<u>\$21,369,070</u>	<u>\$29,119,590</u>	<u>\$31,760,694</u>

¹ Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

Source: City of Dinuba Financial Services Division

**CITY OF DINUBA
SCHEDULE OF INSURANCE IN FORCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TYPES AND DETAILS OF COVERAGE	AMOUNT
1. GENERAL LIABILITY	
a. Self-insured retention, \$1,000,000 limit	\$50,000
b. Liability excess coverage	\$19,000,000
2. AUTO PHYSICAL DAMAGE	
a. Comprehensive coverage, fire trucks, dump trucks, and ambulances, 5% of values at time of loss subject to \$1,000 minimum and \$10,000 maximum.	\$7,096,349
b. Comprehensive coverage, low value vehicles under \$25,000, \$500 deductible	\$1,132,079
3. PROPERTY COVERAGE	
a. Covers all owned buildings and contents at replacement cost, including data processing equipment and valuable papers, \$10,000 deductible.	\$62,753,887
b. Miscellaneous Property Floater	\$1,097,436
c. Special Equipment.	\$1,617,700
d. Extra Expense Associated with Physical Damage or Loss	\$562,000
e. Extra Expense Associated with Floater Equipment	\$10,000
4. WORKERS' COMPENSATION	
a. Self-insured retention \$500,000 limit	\$50,000
b. Workers' compensation excess coverage	\$4,500,000
5. OTHER	
a. Employee's fidelity dishonesty bond (Blanket)	\$250,000
b. Money & Securities	\$15,000
c. Wrongful Discharge, Discrimination, and Sexual Harrassment	\$1,000,000
d. Boiler & Machinery Property Coverage	\$100,000
e. Loss of Earnings/Extra Expense \$2,500 deductible	\$3,357,621

Source: City of Dinuba Risk Manager