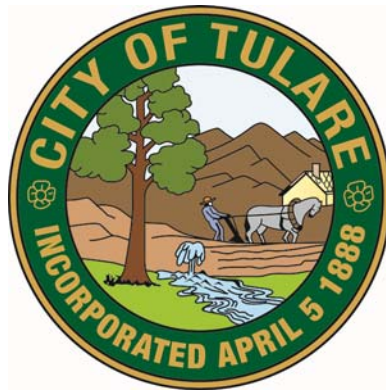

CITY OF
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CALIFORNIA

Comprehensive Annual

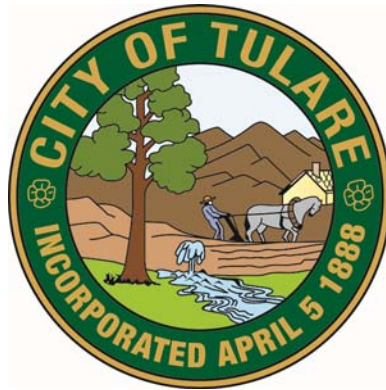


Financial Report

For the Fiscal Year Ended
JUNE 30, 2019

CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2019**

TABLE OF CONTENTS

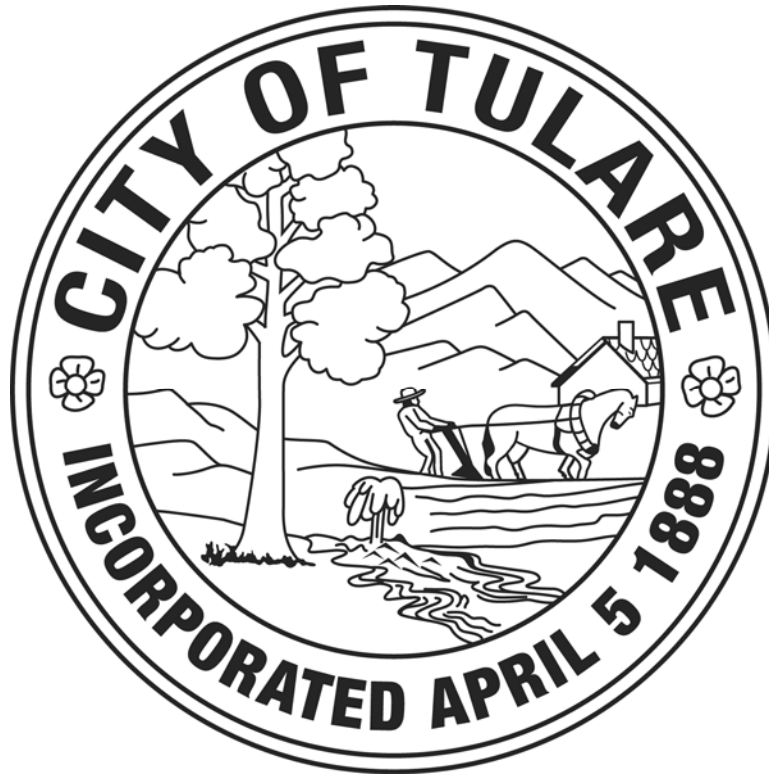
	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Principal City Officials.....	v
Organizational Chart of City Government.....	vi
Certificate Achievement for Excellence in Financial Reporting	vii
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	5
<u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities – Governmental Activities.....	27
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	32
Statement of Net Position – Fiduciary Funds.....	34
Statement of Changes in Net Position – Fiduciary Funds.....	35
Notes to Basic Financial Statements.....	36

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General Fund	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Measure R Fund.....	81
Agent Multiple Employer Defined Benefit Pension Plan Schedule of Changes in the Net Pension Liability and Related Ratios	82
Agent Multiple Employer Defined Benefit Pension Plan Schedule of Contributions.....	83
Cost-Sharing Multiple Employer Defined Benefit Pension Plan Schedule of the City’s Proportionate Share of the Net Pension Liability	84
Cost-Sharing Multiple Employer Defined Benefit Pension Plan Schedule of Contributions.....	85
Schedule of Changes in the Net Other Post-Employment Benefits (OPEB) Liability and Related Ratios.....	86
 <u>OTHER SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	89
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	95
Senior Services Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	98
Home Program Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	99
Housing Redevelopment CDBG Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	100
Gas Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	101
Traffic Safety Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	102
COPS – State Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103
Local Law Enforcement Block Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104
Landscape and Lighting Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	105

	<u>Page</u>
OTS Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	106
Auto Theft Deterrence Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	107
Police Forfeiture Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	108
Vehicle Abatement Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	109
Rental Rehabilitation Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	110
Balance Sheet – Nonmajor Capital Projects Fund	112
Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Projects Fund	113
Capital Projects Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	114
Combining Statement of Net Position – All Internal Service Funds	116
Combining Statement of Revenues, Expenses, and Changes in Net Position – All Internal Service Funds.....	118
Combining Statement of Cash Flows – All Internal Service Funds	120
Agency Funds – Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds.....	126
Schedule of Expenditures by Department – Budgetary Level of Control – Budget and Actual (GAAP Basis) – General Fund	127
Measure I Sales Tax Revenue and Related Expenditures – Budget and Actual.....	128
Long-Term Debt Recorded in Private Purpose Trust Fund	129
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component.....	132
Changes in Net Position	134
Fund Balances of Governmental Funds	138
Changes in Fund Balances of Governmental Funds	140
Assessed Value and Estimated Actual Value of Taxable Property.....	142

	<u>Page</u>
Direct and Overlapping Property Tax Rates	143
Historical Sales and Use Tax Rates.....	144
Principal Property Tax Payers	145
Property Tax Levies and Collections.....	147
Schedule of Taxable Sales by Category.....	148
Ratios of Outstanding Debt by Type	150
Ratio of General Bonded Debt Outstanding	152
Direct and Overlapping Debt	153
Legal Debt Margin Information	154
Pledged-Revenue Coverage	156
Demographic and Economic Statistics	158
Principal Employers	159
Full-Time and Part-Time City Employees by Function.....	161
Operating Indicators by Function	162
Capital Asset Statistics by Function	164

INTRODUCTORY SECTION



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January 28, 2020

Honorable Mayor and Members of the City Council
City of Tulare, California

State law requires local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2019. This report was prepared by the City of Tulare's (the City) Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors, which begins at page 1 of the financial section.

Government Profile - The City was incorporated on April 5, 1888, as a general law city. On May 1, 1923, the City was granted a Freeholders Charter by the State of California and operates under the Council-Administrator form of government. The City Council is comprised of five members who are elected by districts to alternating four-year terms staggered every two years. The City Council selects one of its members to serve as Mayor for a two-year term. The City Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the ordinances and policies of the City Council and overseeing operations. All other department heads are appointed by the City Manager.

The City is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), the City has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 66,967 as of January 2019.

The City provides a full range of municipal services including those required by statute or charter. These services include police and fire; parks and community services (including a cross-town trail, a senior center, a teen center, and a cycle park); engineering; water, solid waste, sewer, and wastewater treatment and collection (public utilities); street maintenance, sweeping, and construction; planning, zoning, and building inspection; a public transit system; a municipal airport; a library; economic development; housing and community development; finance, treasury, and accounting; and human resources, risk management, and general administration. The public utilities are governed by the Board of Public Utilities Commissioners, which consists of five commissioners appointed by the City Council.

Budget – The City Charter requires the City Manager to submit an estimated revenue and proposed expenditure budget for the ensuing year to the City Council on or before the second regular meeting in May of each year. This budget serves as a foundation for the City’s fiscal planning and financial control. The budget is prepared by fund (e.g., Public Utilities), division (e.g., Solid Waste), and by department (e.g., Residential). The budget is legally adopted annually by the City Council by resolution no later than the close of the prior fiscal year. Each department head is responsible for monitoring departmental expenditures incurred compared to appropriations established by the City Council or Board of Public Utilities Commissioners, as applicable. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or changes in appropriations that affect the fund balance require the approval of the City Council. Oversight functions are provided by the City Manager and the Finance Director/Treasurer through administrative policies and periodic review.

Local Economy and Local Budget Issues – The local economic climate for the City of Tulare continues to recover in various areas. General Fund sales tax revenue grew by 3% in fiscal year 2018-19 and is estimated to increase by an additional 8% in fiscal year 2019-20. City’s Hotel/Motel tax increased by 8% for 2018-19, which reflects more travelers on Highway 99 are stopping and staying at local hotels. Property taxes increased by 6%, which reflects a new residential housing development and sale of existing homes due to an increase in sale value.

The City Council adopted a balanced budget for fiscal year 2018-19 by taking \$820,660 thousand from reserve. Due to staff effort in controlling spending, delays in filling budgeted vacant positions, and higher than anticipated revenue, they eliminated the need to use the reserve. There are trends that may threaten the City’s ability to produce balanced budgets in the future. Public safety has always been the City Council’s highest priority, and is likely to remain so given the personnel needed to address the growing population, an increasingly violent culture, and the State of California being forced to release more state prisoners back into local communities. However, other programs remain funded from current tax revenues too, such as parks, recreation, library, storm drain, non-reconstruction street repair and street lighting, and graffiti removal.

Retirement costs continue to escalate for all employee groups and over the next several years are expected to increase by 78% by fiscal year 2024-25. This dramatic rise is a result of California Public Employees’ Retirement System’s (CalPERS) changes to its actuarial methodology and its lower than projected earnings in previous years. CalPERS approved a multi-year smoothing method to spread the rate increase associated with moving from a rolling 30-year amortization period to a fixed 30-year amortization period. In December 2016, CalPERS changed the rate of return used to project earnings on its portfolio of investments to 7.00% per year, which is a 0.50% decrease. The combination of methodology changes and resulting rate increase will have a significant impact on retirement costs for the City. Actual CalPERS earnings over the past three years were 2.40%, 0.60%, and 11.20% respectively. While the recent improvement in return on investments is a positive sign, the effects of annual investment increases are smoothed over a 30-year period and are not expected in the near-term. CalPERS estimates the impact of the rate changes and investment returns will increase our annual retirement benefits cost by approximately \$1.0 million to \$5.0 million per year for the next seven years.

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various smaller cities in the county. The population of the area is approximately 479,112. The anticipated growth in population of the Metropolitan Area is approximately 0.08%. The City’s population for 2019 was 66,697. There are approximately 206,700 jobs in Tulare County. The countywide unemployment rate is about 10%, not seasonally adjusted; whereas the City has an unemployment rate of about 7% during the fiscal year.

Long-Term Financial Planning – An integral part of the City’s budget process is to look into the future of the infrastructure needs of the City. The City Council and City management created “The Rehabilitation and Economic Advancement Projects (REAP) Program” to plan out a five to ten year program to rebuild infrastructure to pave the way for city-wide economic benefits. By maintaining a healthy infrastructure and building additional capacity, the City’s ability to meet the needs of a growing economic base can be met. The REAP Program is intended to lead the City towards meeting its obligation to be an excellent local government

Due to the historic drought over the last six years in California, the City reviewed its own water situation. A Hydrological Enterprise Program (HEP) was implemented to look at all hydrological programs as “water focused.” The HEP outlines annual goals related to water systems supply, demand, asset replacement, rehabilitation, and maintenance over a specified time period. The City’s goal by fiscal year 2020-2021 is for the City’s water demand and renewable supplies to allow for a net zero groundwater extraction.

To anticipate future needs, various reserve accounts have been created to ensure the City will continue to provide service to its residents to its fullest. A fleet and equipment replacement reserve is in place to ensure the City has the funds to replace mission-critical equipment. An information technology fund has also been created so employees have the proper computer and software to perform their jobs.

Accounting System and Internal Controls - The City accounting system is organized and operated on a fund basis. Each fund is a distinct self-balancing accounting entity. Various funds utilized by the City are fully described in Note 1 of Notes to Basic Financial Statements. The City's account records for general governmental operations are maintained on a modified accrual basis of accounting, whereby revenues are recognized when measurable and available and expenditures are recognized when materials and services are received. Accounting records for the enterprise and internal service funds are recorded on an accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2018-19 City appropriation limit established as required by State statute was \$55,146,278.

Cash Management - The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and short-term investments.

The City Council has adopted an investment policy in accordance with California Government Code Sections 53607 and 53646 with a goal to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City is also governed by State statutes authorizing the City to invest in bonds or other evidences of indebtedness of the U.S. Government or any of its agencies and instrumentalities, repurchase agreements, and bankers' acceptances.

Budgetary Controls - The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. However, encumbrances and certain capital projects are re-appropriated as part of the following year's budget.

Independent Audit - The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council to perform the annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The auditor's report covers the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

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 for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 21st consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period on one year only. We believe our current CAFR continues to meet these requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Bond Rating – The City's current lease revenue bond credit rating is AA (insured) from Standard and Poor's. The rating continues to reflect the sound financial management and prudent budgetary practice.

Acknowledgements - The preparation of this document could not have been accomplished without the dedicated services of the entire staff of the Finance Department. I would also like to thank the Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Recognition is also extended to our auditors, Brown Armstrong Accountancy Corporation, for their significant and competent assistance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Darlene J. Thompson".

Darlene J. Thompson, CPA
Finance Director

**CITY OF TULARE
PRINCIPAL CITY OFFICIALS
JUNE 30, 2019**

City Council

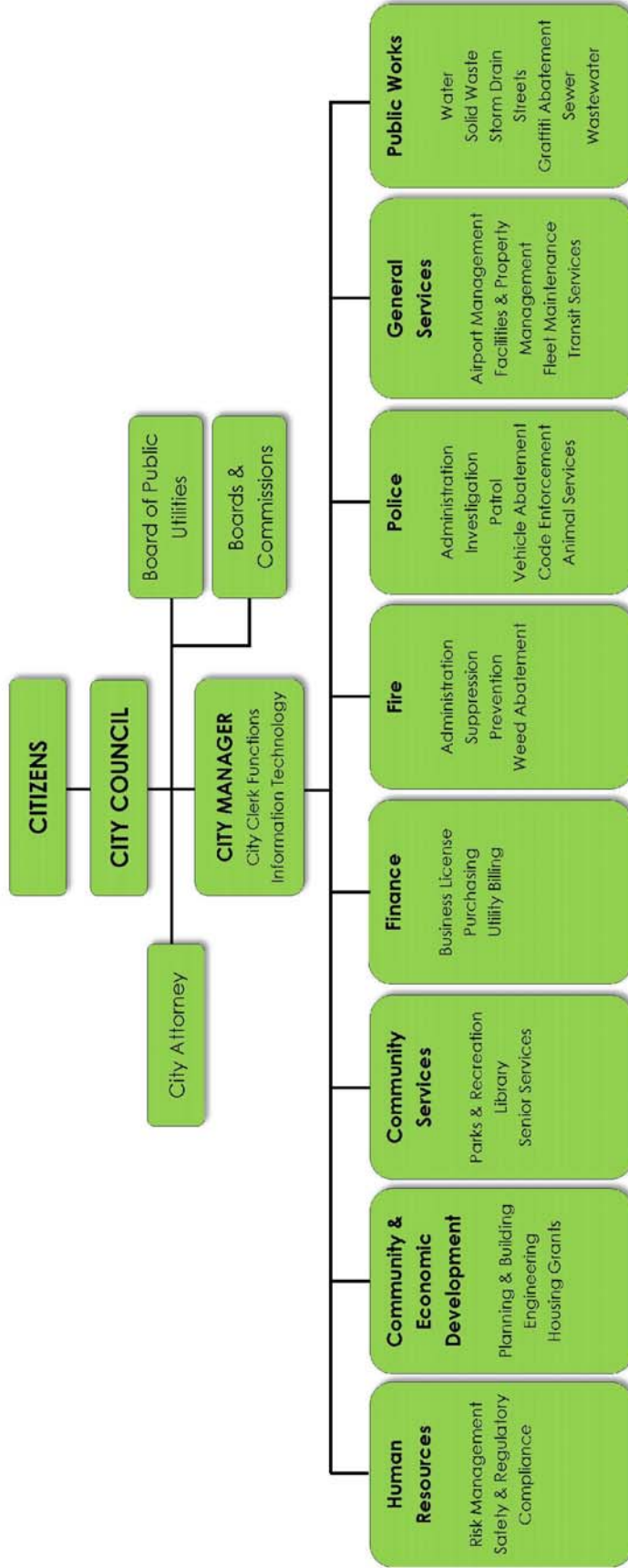
Jose Sigala	Mayor, District 1
Dennis Mederos	Vice Mayor, District 4
Carlton Jones	Council Member, District 3
Greg Nunley	Council Member, District 5
Terry Sayre	Council Member, District 2

Board of Public Utilities Commissioners

Christopher Harrell	President
Howard Stroman	Vice President
Ray Fonseca	Commissioner
Thomas Griesbach	Commissioner
Rene Soto	Commissioner

Administrative Officials and Department Heads

Rob Hunt	City Manager
Janice Avila	Human Resource Director
Brian Beck	Interim Community Services Director
Steven Bonville	General Services Director
Wesley Hensley	Chief of Police
Joshua McDonnell	Community & Economic Development Director
Luis Nevarez	Fire Chief
Darlene J. Thompson	Finance Director/Treasurer
Trisha Whitfield	Public Works Director



Revised 09/01/2017



Government Finance Officers Association

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

Presented to

**City of Tulare
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

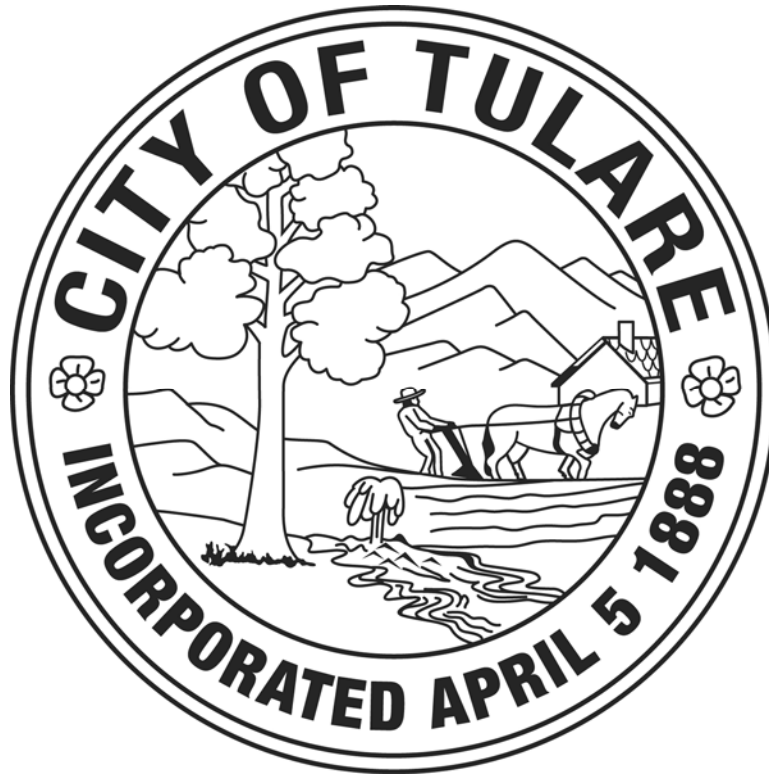
June 30, 2018

Christopher P. Morill

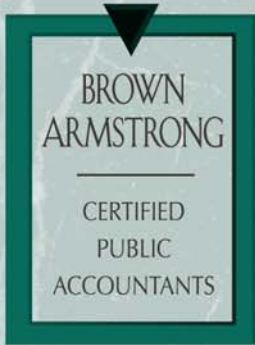
Executive Director/CEO

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FINANCIAL SECTION



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of
the City of Tulare, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

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

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STOCKTON OFFICE

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TEL 888.565.1040

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Opinions

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

Emphasis of a Matter

During the year ended June 30, 2019, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, and Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion was not affected by the implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 5 through 15, and the Required Supplementary Information (RSI), on pages 80 to 86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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 management's discussion and analysis and the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and other supplementary information 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 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 combining and individual nonmajor fund financial statements and schedules and the other supplementary information are fairly stated in all material respects in relation to the basic financial statements taken 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 January 28, 2020, 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 the 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 28, 2020

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Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. The Government-Wide statements present a combined picture of the City on a full accrual basis of accounting, where all debt and assets are included in the presentation. Conversely, the Fund level statements present a picture that is based on a modified accrual basis of accounting, where long-term assets and debt are excluded. Thus, Government-Wide and Fund level presentations produce different results based on the type of accounting basis used. Please read this document in conjunction with the accompanying Transmittal Letter and the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$392.8 million (net position). Of this amount, \$67.4 million (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors. The City has \$308.2 million in net investment in capital assets. The total net position includes all major infrastructure networks.
- The City's total net position increased by \$25.1 million over the prior fiscal year. The majority of this increase is attributable to the increase in cash and investments of \$21 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$67.9 million, a decrease of \$2.5 million in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$14.1 million is restricted by law or externally imposed requirements and \$53.8 million is committed for specific purposes.
- The City's total outstanding debt showed a net decrease of \$6.6 million (0.02%) during the current fiscal year. The decrease is due to the current year financing of the lease revenue bond and a bond for water infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City using the economic resources measurement focus and the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the Governmental Accounting Standards Board (GASB) statements in regards to interfund activity, payables, and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net position and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and sales tax base.

In the Statement of Net Position and the Statement of Activities, we separate the City activities as follows:

Governmental Activities – Most of the City’s basic services are reported in this category, including the General Government, Police, Fire, Public Works, Parks, Recreation, and Library. Property and sales taxes, user fees, interest income, franchise fees, and state and federal shared revenues and grants generally finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City’s Water Fund, Sewer Fund, Solid Waste Fund, Community & Economic Development Services Fund, Aviation Fund, and Transit Fund are reported in this category.

The **Fund Financial Statements** include statements for each of the three categories of activities – governmental, business-type, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the difference created by the integrated approach.

FUND FINANCIAL STATEMENTS

The City, like other state and local governments, uses fund accounting to account for a number of funding sources and activities. In general, fund accounting provides a mechanism for separately accounting for a variety of different funding sources, and enables the City to demonstrate compliance with legal and/or contractual requirements that may be associated with these funds. Thus, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and their purpose: Governmental, Proprietary, or Fiduciary Funds. Note that the fund financial statements only present the most significant (or major) funds. In addition, the fund financial statements include a schedule that reconciles the Fund Financial Statements to the Government-Wide Financial Statements. This is designed to explain the difference created by the integrated approach.

Governmental Funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. 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 of results in the Governmental Funds Financial Statements to those in the Government-Wide Financial Statements are explained in a reconciliation schedule following each Governmental Funds Financial Statement.

Proprietary Funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, 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 proprietary funds. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities – such as the City’s self-insurance, fleet maintenance, and purchasing funds. The internal service funds are reported with governmental activities in the Government-Wide Financial Statements.

Fiduciary Funds – The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City’s fiduciary activities are reported in a separate Statement of Net Position. The City excludes these activities from the City’s other 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 intended purposes.

Notes to Basic Financial Statements – The notes to basic financial statements provide information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain “required supplementary information” concerning the City’s progress in funding its obligation to provide pension and other postemployment benefits to its employees and budgetary comparison schedules for the General Fund and other major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$392.8 million at the close of the most recent fiscal year, which is a \$25.1 million, or 7%, increase in comparison with the prior year.

By far the largest portion of the City’s net position (78.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. 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 cannot be used to liquidate these liabilities.

Of the total current and other assets, \$756.6 million, approximately 24.9%, \$188.6 million, consists of cash and investments. These funds are invested in accordance with State law and the City’s investment policy, and include funds legally and/or contractually restricted as to their use.

City of Tulare
Statement of Net Position
As of June 30, 2018 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Assets:						
Current and Other Assets	\$ 105,350,888	\$ 103,773,221	\$ 128,187,562	\$ 123,902,099	\$ 233,538,450	\$ 227,675,320
Capital Assets (Net of Depreciation)	237,918,336	245,750,132	263,334,806	283,152,087	501,253,142	528,902,219
Total Assets	343,269,224	349,523,353	391,522,368	407,054,186	734,791,592	756,577,539
Deferred Outflows of Resources:						
Deferred Outflows from Pensions	14,749,668	10,255,353	3,824,644	2,741,167	18,574,312	12,996,520
from Other Post-Employment Benefits (OPEB)	181,246	181,514	78,326	78,447	259,572	259,961
from Bond Refunding	175,898	-	-	-	175,898	-
from Deferred Charges	-	-	3,076,960	2,956,643	3,076,960	2,956,643
Total Deferred Outflows of Resources	15,106,812	10,436,867	6,979,930	5,776,257	22,086,742	16,213,124
Liabilities:						
Current and Other Liabilities	14,932,127	13,746,950	13,569,211	13,653,617	28,501,338	27,400,567
Long-Term Liabilities	78,091,049	75,057,260	279,888,664	274,141,350	357,979,713	349,198,610
Total Liabilities	93,023,176	88,804,210	293,457,875	287,794,967	386,481,051	376,599,177
Deferred Inflows of Resources:						
Deferred Inflows from Pensions	1,475,256	1,771,364	469,203	490,943	1,944,459	2,262,307
from Other Post-Employment Benefits (OPEB)	-	135,330	-	60,037	-	195,367
from Grants	772,546	971,676	-	-	772,546	971,676
Total Deferred Inflows of Resources	2,247,802	2,878,370	469,203	550,980	2,717,005	3,429,350
Net Position:						
Net Investment in Capital Assets	208,315,732	217,579,213	66,846,189	90,621,714	275,161,921	308,200,927
Restricted	4,006,738	4,109,899	13,006,601	13,006,601	17,013,339	17,116,500
Unrestricted	50,782,588	46,588,528	24,722,430	20,856,181	75,505,018	67,444,709
Total Net Position	\$ 263,105,058	\$ 268,277,640	\$ 104,575,220	\$ 124,484,496	\$ 367,680,278	\$ 392,762,136

Governmental Activities – Total assets for governmental activities increased by \$6.3 million, with a current and other assets in governmental activities decrease of \$1.6 million and a capital assets increase of \$7.8 million. Total liabilities decreased by \$4.2 million with current and other liabilities decreasing by \$1.2 million and long-term liabilities decreasing by \$3.0 million.

Of the \$5.2 million increase in governmental activities total net position, unrestricted net position decreased by \$4.2 million, restricted assets increased by \$0.1 million, and net investment in capital assets increased by \$9.3 million.

Business-Type Activities – Total assets for business-type activities increased by \$15.5 million with a current and other assets increase of \$4.3 million and an increase in capital assets of \$19.8 million. Total liabilities decreased by \$5.7 million with current and other liabilities increasing by \$84 thousand and long-term liabilities decreasing by \$5.7 million. Total net position for business-type activities increased by \$19.9 million. Business-type activities unrestricted net position decreased by \$3.9 million.

Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2018 and 2019. The City's total revenues and transfers of \$131.5 million exceeded expenses of \$105.9 million for an increase in net position of \$25.1 million.

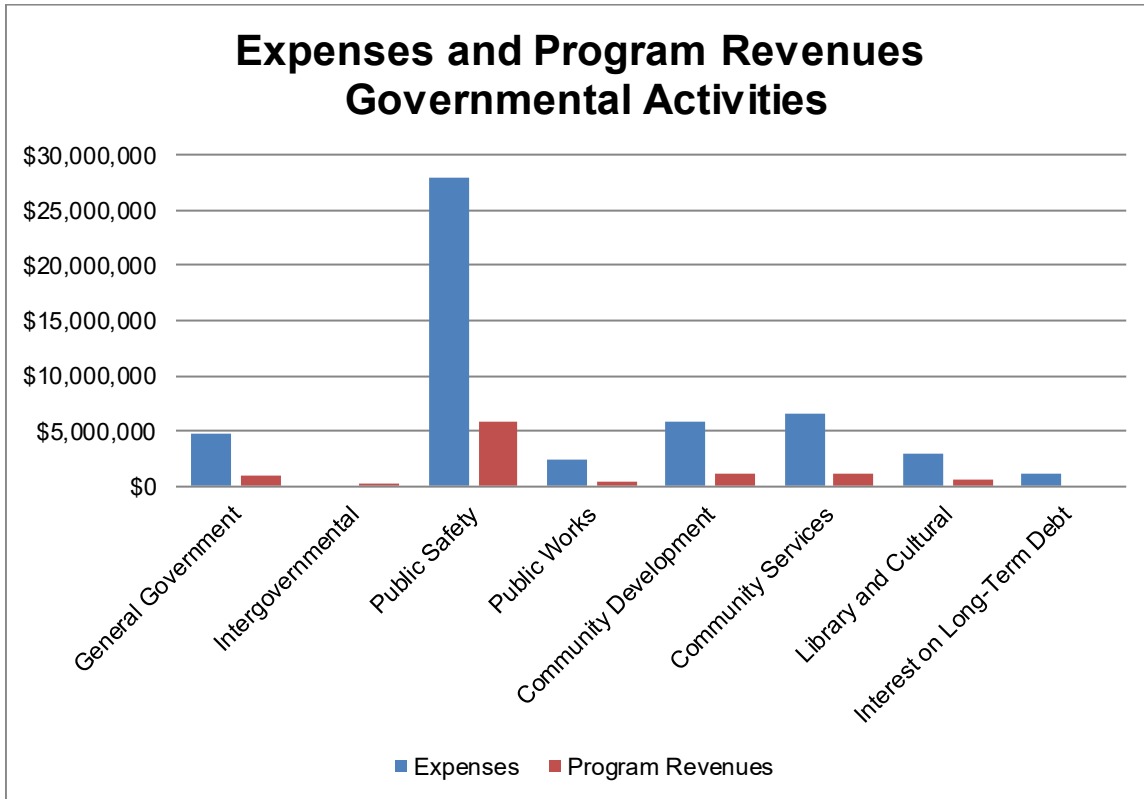
Statement of Activities

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2019, than it was at June 30, 2018.

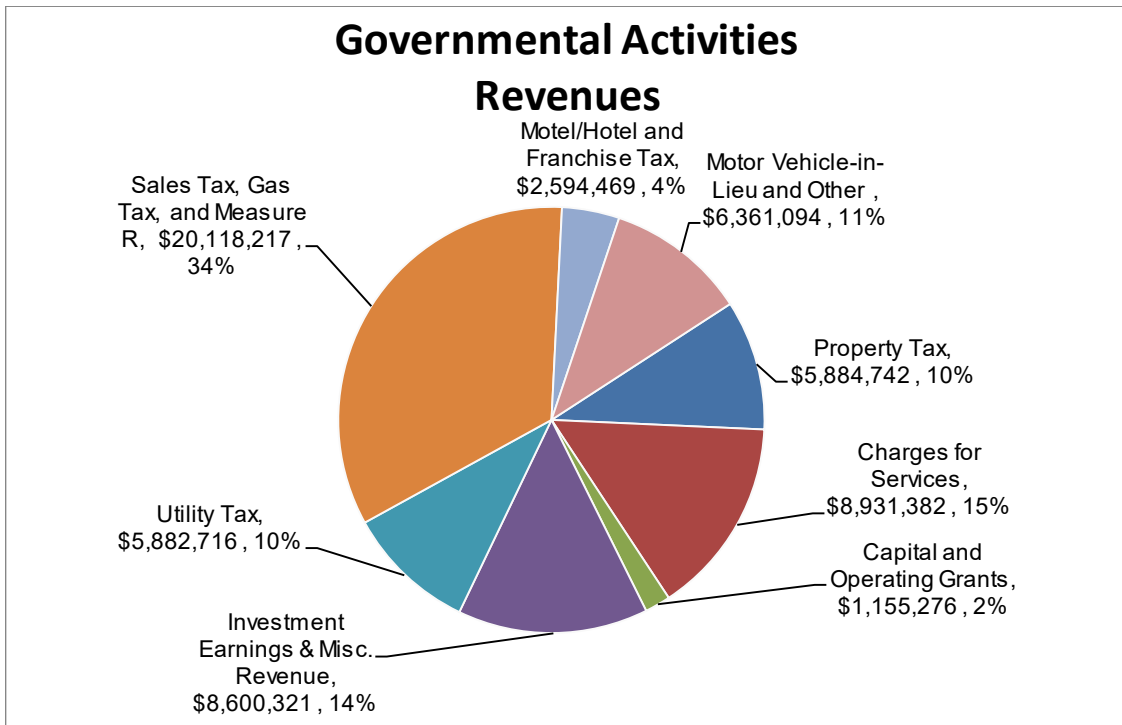
City of Tulare Statement of Activities Fiscal Year Ended June 30, 2018 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 6,524,391	\$ 8,931,382	\$ 57,415,322	\$ 62,241,828	\$ 63,939,713	\$ 71,173,210
Operating Grants and Contributions	3,189,647	1,155,276	1,697,847	2,636,741	4,887,494	3,792,017
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Taxes	39,648,877	40,841,238	-	-	39,648,877	40,841,238
Investment Earnings	454,925	3,155,785	1,444,614	2,600,791	1,899,539	5,756,576
Other	4,585,416	5,444,536	-	4,481,519	4,585,416	9,926,055
TOTAL REVENUES	54,403,256	59,528,217	60,557,783	71,960,879	114,961,039	131,489,096
EXPENSES:						
Governmental Activities:						
General Government	5,805,716	4,703,423	-	-	5,805,716	4,703,423
Intergovernmental	-	-	-	-	-	-
Public Safety	27,123,518	27,945,951	-	-	27,123,518	27,945,951
Public Works	2,452,434	2,425,727	-	-	2,452,434	2,425,727
Community Development	8,126,574	5,905,476	-	-	8,126,574	5,905,476
Community Services	6,834,186	6,510,435	-	-	6,834,186	6,510,435
Library and Cultural	3,083,550	2,956,417	-	-	3,083,550	2,956,417
Debt Service	598,884	1,088,411	-	-	598,884	1,088,411
Business-Type Activities:						
Aviation	-	-	421,384	360,020	421,384	360,020
Transit	-	-	3,664,540	3,935,325	3,664,540	3,935,325
Community and Development	-	-	3,329,780	3,266,224	3,329,780	3,266,224
Water	-	-	8,587,085	9,126,304	8,587,085	9,126,304
Solid Waste	-	-	8,288,359	9,021,964	8,288,359	9,021,964
Sewer	-	-	28,290,003	28,648,005	28,290,003	28,648,005
TOTAL EXPENSES	54,024,862	51,535,840	52,581,151	54,357,842	106,606,013	105,893,682
Increase (Decrease) in Net Position Before Transfers and Special Item	378,394	7,992,377	7,976,632	17,603,037	8,355,026	25,595,414
Transfers	4,334,254	(2,306,239)	(662,772)	2,306,239	3,671,482	-
Special Item						
Extraordinary Gain	-	(513,556)	-	-	-	(513,556)
Change in Net Position	4,712,648	5,172,582	7,313,860	19,909,276	12,026,508	25,081,858
Net Position, Beginning of Year, as Restated	258,392,410	263,105,058	97,261,360	104,575,220	355,653,770	367,680,278
Net Position, End of Year	\$ 263,105,058	\$ 268,277,640	\$ 104,575,220	\$ 124,484,496	\$ 367,680,278	\$ 392,762,136

Governmental Activities – Governmental activities increased the City’s net position by \$5.2 million during the year. The main increase in the City’s net position is due to an increase in unrestricted net position. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenues by \$22.1 million. Public Safety programs rely heavily on taxes to support their operations.



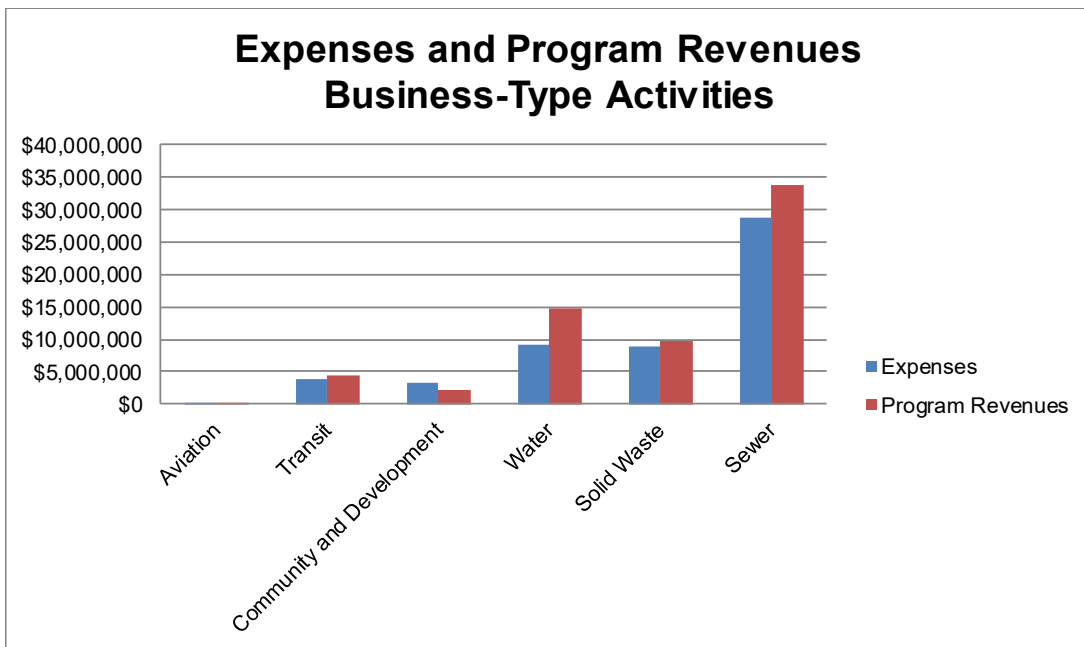
Revenues and expenses in the governmental activities have grown as the population has shown. The sales tax, gas tax, and Measure R category is the largest revenue source for governmental activities and amounts to \$20.1 million, or 35% of the total revenues. Utility user’s tax, motor vehicle-in-lieu tax, and property taxes are also a significant revenue source for the City’s governmental activities, amounting to \$17.3 million or 30% of total revenue, and public safety is the largest expense activity, amounting to \$27.9 million or 54% of total expenses.



Governmental Activities revenue increased \$5.1 million, a 9% increase compared to the previous fiscal year. This increase is due to 86% (\$4.3 million) in local transportation funds for street projects in fiscal year 2019.

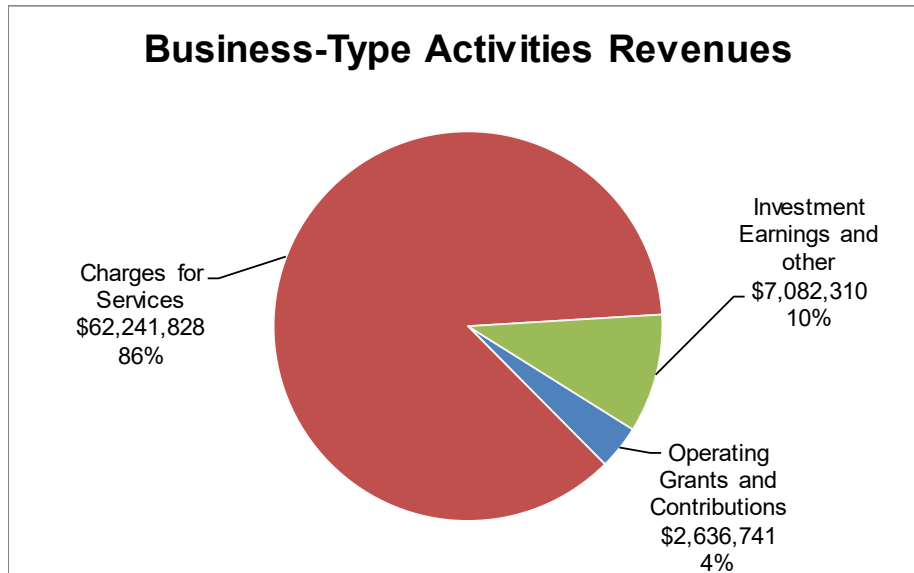
Total expenses in Governmental Activities had a decrease of \$2.5 million from the previous fiscal year for an over 5% decrease. The largest increase of \$2.2 million was in community development.

Business-Type Activities – The City operates six enterprise funds that offer water, sewer services, solid waste collection, transit service, inspection services and engineering, and a municipal airport. Major revenue for the enterprise funds is charges for the services and the largest expenditure is sewer service.



Business-type activities increased the City's net position by \$19.9 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$585 thousand, in Water by \$5.6 million, in Sewer by \$5.2 million, and in Transit by \$432 thousand. This increase was offset by program expenses exceeding program revenues in Community & Economic Development Services by \$1.1 million and in Aviation by \$239 thousand.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 86% of total revenues. Grants and contributions is the second largest revenue source at 4% of total revenue.



Total revenues increased by \$11.4 million, and 19% over the prior year with the Water Fund showing the largest increase of \$2.5 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to demonstrate compliance with legal and contractual requirements. This section provides an analysis and discussion of individual funds and fund types presented in the financial statements.

Governmental Funds – The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of the City's resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$67.9 million, a decrease of \$2.5 million in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Restricted Fund Balance** - \$14.1 million consist of amounts with externally imposed constraints put on their use by creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for 1) \$6.6 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$5.5 million for debt service
- **Committed Fund Balance** - \$53.8 million have been committed by the City Council for appropriation for next year's budget and cash basis reserve.
- **Assigned Fund Balance** - \$0 have been set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$0 are residual funds.

General Fund - The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's total fund balance decreased by 4%, or \$2.5 million to \$53.4 million. Of this decrease, the majority relates to the committed amounts of fund balance which was due almost entirely to portion set aside for the subsequent year's budget and various projects. Major factors for this overall decrease:

- \$584,700 increase to Public Safety. This represents 2.42% increase over the prior year. The major increase is due to retirement cost.
- \$7.5 million increase in Capital Outlay. 174.70% increase over the prior fiscal year. This increase accounts for street projects.
- \$3.3 million increase in Service Charges revenue. This represent 75.38 increase over the prior year. The major increase is due to local transportation funds for street projects.

Other Major Governmental Funds

In the Measure R Fund, the total fund balance increased from \$2.6 million to \$3.1 million. The major factor for this overall increase was the continuance of receiving monthly payments when street projects assigned to this revenue source are still in planning stages.

In the Finance Authority Fund, the total fund balance increased from \$5,485,690 to \$5,493,548. The major factor for this overall increase was rental income for debt service.

Other Non-Major Governmental Funds

The combined Non-Major Other Governmental Funds' total fund balance decreased from \$6.5 million to \$5.9 million. The major factor for this overall increase was a \$300 thousand decrease in Gas Tax Fund to funds used to do various street maintenance.

Proprietary Funds – The City's proprietary funds are shown in their entirety in the governmental-wide financial statements. All funds are being reported as major funds, so there is no need to report additional detail elsewhere in the document.

The Transit Fund has total net position of \$7.8 million at the end of the fiscal year, an increase of \$608 thousand or 8%. Total net position includes \$5.7 million net investment in capital assets, which is not available to cover current expenses. The increase is due to acquisition of new vehicles.

The Community & Economic Development Services Fund has a total net deficit of \$3.2 million at the end of the fiscal year. The fund was created in the 2018 fiscal year to track cost order information to determine the correct charges for these services. Previously these expenses were reported in the General Fund under Community Development. GASB Statement No. 68 reporting of pension liability is the main source for the deficit.

The Water Fund has total net position of \$45.6 million at the end of the fiscal year, an increase of \$8.8 million over the prior year. Total net position includes \$41.2 million net investment in capital assets, which is not available to cover current expenses. The increase to net position is due to rate increases.

The Solid Waste Fund has total net position of \$3.9 million at the end of the fiscal year, an increase of \$941 thousand over the prior year. The net position increase is due to a rate increase.

The Sewer Fund has total net position of \$66.3 million at the end of the fiscal year, an increase of \$10.2 million over the prior year. Total net position is \$40.1 million for net investment in capital assets, which is not available to cover current expenses. \$12.8 million of total net position is restricted for capital improvements.

The Aviation Fund has total net position of \$4.1 million at the end of the fiscal year, a decrease of \$90 thousand or 2%. Total net position includes \$3.6 million net investment in capital assets, which is not available to cover current expenses. The major factor for this increase is due to improvements at the airport.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$528.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress, and roads. (Please refer to Note 4 – Capital Assets.)

These financial statements include infrastructure assets constructed or acquired through the 2018-19 fiscal year. The total increase in the City’s investment in capital assets for the current fiscal year was \$27.7 million. Of this amount, a \$7.8 million increase in Governmental Activities and a \$19.8 million increase in Business-Type Activities. Depreciation expense of \$7.8 million is netted against additions to capital assets by this amount.

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

- Construction of water wells and tanks for \$14.5 million.
- Reconstruction of water, sewer, and storm drain lines for \$13.6 million.
- Reconstruction of streets for \$9.8 million.
- Vehicles and equipment purchases for \$4.9 million.

City of Tulare Capital Assets As of June 30, 2018 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land, Right-of-Way, and Construction in Progress	\$ 79,643,366	\$ 87,889,853	\$ 18,990,190	\$ 32,251,560	\$ 98,633,556	\$ 120,141,413
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation and Amortization	158,274,970	157,860,279	244,344,616	250,900,527	402,619,586	408,760,806
Total Capital Assets	\$ 237,918,336	\$ 245,750,132	\$ 263,334,806	\$ 283,152,087	\$ 501,253,142	\$ 528,902,219

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$288,837,216, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt.)

City of Tulare Outstanding Debt As of June 30, 2018 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Lease Revenue Bonds *	\$ 29,005,402	\$ 27,696,192	\$ -	\$ -	\$ 29,005,402	\$ 27,696,192
Lease Payable	597,202	474,727	5,612,978	4,660,072	6,210,180	5,134,799
Revenue Bonds Payable *	-	-	260,258,512	256,006,225	260,258,512	256,006,225
Total Outstanding Debt	\$ 29,602,604	\$ 28,170,919	\$ 265,871,490	\$ 260,666,297	\$ 295,474,094	\$ 288,837,216

* Amounts shown above are net of bond premiums and discounts.

With respect to the Governmental Activities, the outstanding \$27,696,192 in lease revenue bonds (which includes the bond premium and discount) were issued in 2018 for \$26,675,000 to refinance the 2008 lease revenue bonds and to help fund additional projects for Cartmill Corridor of an additional \$4 million.

Of the \$260,666,297 outstanding debt in the Business-Type Activities, \$23.6 million relates to the Sewer Fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated "Aaa" by Moody's Investors Services and "AAA" by Standard & Poor's.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflect an increase in appropriations of \$1 million. Significant budgetary amendments (changes) are summarized as follows:

- \$335,000 to fire overtime for assistance to state forestry fire.
- \$150,000 re-appropriation from fiscal year 2017-18.
- \$165,000 to purchase land for police storage.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$5.7 million.

- Various taxes (sales, property and utilities) increase by \$1.6 million due to new business and new housing development.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2019-20 were:

- General fund contribution to various reserve and CIP funds
- Increase in CalPERS unfunded liability payment by 19%
- Anticipates a 2% to 5% growth with City major revenue
- Increase in workers' compensation and liability insurance cost to departments by 10% and 5% respectfully for future estimated claims
- Increase in employee health insurance by 10%
- Increase employee salary by 2%

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: dthompson@tulare.ca.gov. Formal written requests should be addressed to: City of Tulare, Attn: Finance Department, 411 East Kern Avenue, Tulare, California 93274.

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF TULARE
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 69,215,214	\$ 47,122,218	\$ 116,337,432
Cash and Investments with Fiscal Agent	4,109,899	68,144,298	72,254,197
Receivables:			
Accounts	1,755,504	6,660,096	8,415,600
Interest	837,236	7,486	844,722
Taxes	3,329,266	-	3,329,266
Intergovernmental	2,740,682	1,968,001	4,708,683
Notes	759,458	-	759,458
Inventories	207,988	-	207,988
Due from Agency funds	13,309	-	13,309
Loans Receivable	10,119,571	-	10,119,571
Land Held for Resale	35,000	-	35,000
Advances to Fiduciary Fund	10,650,094	-	10,650,094
Nondepreciable Capital Assets	87,889,853	32,251,560	120,141,413
Depreciable Capital Assets, Net	157,860,279	250,900,527	408,760,806
Total Assets	349,523,353	407,054,186	756,577,539
Deferred Outflows of Resources			
Pensions	10,255,353	2,741,167	12,996,520
Other Post-Employment Benefits (OPEB)	181,514	78,447	259,961
Bond Refunding	-	-	-
Deferred Charges	-	2,956,643	2,956,643
Total Deferred Outflows of Resources	10,436,867	5,776,257	16,213,124
Liabilities			
Accounts Payable and Accrued Liabilities	6,420,355	7,166,350	13,586,705
Accrued Interest Payable	284,250	-	284,250
Deposits Payable	1,030,672	284,582	1,315,254
Other Payable	5,836	9,153	14,989
Unearned Revenue	3,012,273	567,706	3,579,979
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	226,397	94,116	320,513
Capital Leases Payable	127,362	1,001,022	1,128,384
Insurance Claims Payable	1,444,875	-	1,444,875
Revenue Bonds Payable	1,194,930	4,530,688	5,725,618
Total Due Within One Year	13,746,950	13,653,617	27,400,567
Due After One Year:			
Compensated Absences Payable	2,603,562	1,081,561	3,685,123
Capital Leases Payable	347,365	3,659,050	4,006,415
Net Pension Liability	43,496,342	16,079,551	59,575,893
Net Other Post-Employment Benefits (OPEB) Liability	2,108,729	1,845,651	3,954,380
Revenue Bonds Payable	26,501,262	251,475,537	277,976,799
Total Due After One Year	75,057,260	274,141,350	349,198,610
Total Liabilities	88,804,210	287,794,967	376,599,177
Deferred Inflows of Resources			
Pensions	1,771,364	490,943	2,262,307
Other Post-Employment Benefits (OPEB)	135,330	60,037	195,367
Grants	971,676	-	971,676
Total Deferred Inflows of Resources	2,878,370	550,980	3,429,350
Net Position			
Net Investment in Capital Assets	217,579,213	90,621,714	308,200,927
Restricted for Capital Improvements	4,109,899	13,006,601	17,116,500
Unrestricted	46,588,528	20,856,181	67,444,709
Total Net Position	\$ 268,277,640	\$ 124,484,496	\$ 392,762,136

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

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

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 4,703,423	\$ 820,542	\$ 150,454	\$ -	\$ 970,996
Intergovernmental	-	2,428	446	-	2,874
Public Safety	27,945,951	4,953,595	908,288	-	5,861,883
Public Works	2,425,727	429,975	-	-	429,975
Community Development	5,905,476	1,046,783	-	-	1,046,783
Community Services	6,510,435	1,154,015	-	-	1,154,015
Library and Cultural	2,956,417	524,044	96,088	-	620,132
Interest on Long-Term Debt	1,088,411	-	-	-	-
Total Governmental Activities	51,535,840	8,931,382	1,155,276	-	10,086,658
Business-Type Activities:					
Aviation	360,020	112,361	8,993	-	121,354
Transit	3,935,325	1,739,886	2,627,748	-	4,367,634
Community and Development	3,266,224	2,148,526	-	-	2,148,526
Water	9,126,304	14,770,030	-	-	14,770,030
Solid Waste	9,021,964	9,606,652	-	-	9,606,652
Sewer	28,648,005	33,864,373	-	-	33,864,373
Total Business-Type Activities	54,357,842	62,241,828	2,636,741	-	64,878,569
Total Primary Government	\$ 105,893,682	\$ 71,173,210	\$ 3,792,017	\$ -	\$ 74,965,227

(Continued)

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

CITY OF TULARE
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities			
General Government	\$ (3,732,427)	\$ -	\$ (3,732,427)
Intergovernmental	2,874	-	2,874
Public Safety	(22,084,068)	-	(22,084,068)
Public Works	(1,995,752)	-	(1,995,752)
Community Development	(4,858,693)	-	(4,858,693)
Community Services	(5,356,420)	-	(5,356,420)
Library and Cultural	(2,336,285)	-	(2,336,285)
Interest on Long-Term Debt	(1,088,411)	-	(1,088,411)
Total Governmental Activities	(41,449,182)	-	(41,449,182)
Business-Type Activities:			
Aviation	-	(238,666)	(238,666)
Transit	-	432,309	432,309
Community and Development	-	(1,117,698)	(1,117,698)
Water	-	5,643,726	5,643,726
Solid Waste	-	584,688	584,688
Sewer	-	5,216,368	5,216,368
Total Business-Type Activities	-	10,520,727	10,520,727
Total Primary Government	\$ (41,449,182)	\$ 10,520,727	\$ (30,928,455)
General Revenues:			
Sales Tax/Gas Tax/Measure R Taxes	\$ 20,118,217	\$ -	\$ 20,118,217
Property Tax	5,884,742	-	5,884,742
Utility Tax	5,882,716	-	5,882,716
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	5,572,329	-	5,572,329
Other Taxes	788,765	-	788,765
Motel/Hotel and Franchise Tax	2,594,469	-	2,594,469
Investment Earnings - Unrestricted	3,155,785	2,600,791	5,756,576
Miscellaneous	5,444,536	4,481,519	9,926,055
Transfers	(2,306,239)	2,306,239	-
Total General Revenues and Transfers	47,135,320	9,388,549	56,523,869
Change in Net Position before Extraordinary Item	5,686,138	19,909,276	25,595,414
Extraordinary Gain	(513,556)	-	(513,556)
Change in Net Position	5,172,582	19,909,276	25,081,858
Net Position - Beginning of Year, as Restated	263,105,058	104,575,220	367,680,278
Net Position - End of Year	\$ 268,277,640	\$ 124,484,496	\$ 392,762,136

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

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**BASIC FINANCIAL
STATEMENTS**

FUND FINANCIAL STATEMENTS

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

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets					
Cash and Investments	\$ 44,236,456	\$ 2,960,528	\$ 1,695,720	\$ 5,537,694	\$ 54,430,398
Cash and Investments with Fiscal Agent	-	-	4,065,374	-	4,065,374
Receivables					
Accounts	1,640,787	-	-	27,246	1,668,033
Interest	295,408	18,467	16,704	491,917	822,496
Taxes	3,228,832	100,434	-	-	3,329,266
Intergovernmental	2,334,847	-	-	405,835	2,740,682
Loans	-	-	-	10,119,571	10,119,571
Notes	-	-	-	759,458	759,458
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	1,021,547	-	-	-	1,021,547
Advances to Fiduciary Fund	10,650,094	-	-	-	10,650,094
Total Assets	63,407,971	3,079,429	5,777,798	17,376,721	89,641,919
Deferred Outflows of Resources					
	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 63,407,971	\$ 3,079,429	\$ 5,777,798	\$ 17,376,721	\$ 89,641,919
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 5,438,182	\$ -	\$ 284,250	\$ 149,273	\$ 5,871,705
Deposits Payable	1,030,672	-	-	-	1,030,672
Due to Other Funds	911,873	-	-	60,221	972,094
Other Payables	5,836	-	-	-	5,836
Unearned Revenue	2,661,112	-	-	142,415	2,803,527
Total Liabilities	10,047,675	-	284,250	351,909	10,683,834
Deferred Inflows of Resources					
Deferred Loans	-	-	-	11,091,247	11,091,247
Fund Balances					
Restricted	-	3,079,429	5,493,548	5,508,603	14,081,580
Committed	53,360,296	-	-	424,962	53,785,258
Total Fund Balances	53,360,296	3,079,429	5,493,548	5,933,565	67,866,838
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,407,971	\$ 3,079,429	\$ 5,777,798	\$ 17,376,721	\$ 89,641,919

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

CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

	Amount
Total Fund Balances - Total Governmental Funds	\$ 67,866,838
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	231,630,665
Certain loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	11,091,247
Certain deferred grants are not due in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.	(971,676)
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	24,956,554
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(284,250)
The net pension liability (\$42,654,741) and pension related deferred outflows of resources (\$14,305,352) and deferred inflows of resources (\$1,420,690) are not available resources or liabilities for the current period and, therefore, are not reported in the governmental funds.	(33,329,602)
Deferred outflows of resources are not current assets or financial resources and are therefore not reported in the governmental funds. Deferred outflows of resources at year-end consists of:	
Bond Refunding	-
OPEB	171,855
Deferred inflows of resources are not current liabilities or financial resources and are therefore not reported in the governmental funds. Deferred inflows of resources at year-end consists of:	
OPEB	(128,453)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable, Net of Premiums and Discounts	(27,696,192)
Capital Leases Payable	(384,675)
Compensated Absences Payable	(2,748,344)
Net OPEB Liability	(1,896,327)
Net Position of Governmental Activities	\$ 268,277,640

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

CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 37,474,620	\$ 831,569	\$ -	\$ 2,535,049	\$ 40,841,238
Intergovernmental	1,421	-	-	278,752	280,173
Licenses and Permits	124,917	-	-	-	124,917
Fines and Forfeitures	13,162	-	-	100,008	113,170
Charges for Services	7,720,201	-	-	-	7,720,201
Interest and Rentals	2,068,664	111,887	157,263	194,170	2,531,984
Grants	461,829	-	-	693,447	1,155,276
Meals	-	-	-	17,359	17,359
Assessments	81,979	-	-	610,942	692,921
Other	5,162,287	-	-	185,708	5,347,995
Total Revenues	53,109,080	943,456	157,263	4,615,435	58,825,234
Expenditures					
Current					
General Government	6,284,959	-	-	-	6,284,959
Intergovernmental	-	-	13,695	-	13,695
Public Safety	24,680,063	-	-	195,356	24,875,419
Public Works	2,237,096	-	-	-	2,237,096
Community Development	104,530	-	-	1,389,711	1,494,241
Community Services	5,398,733	-	-	1,092,449	6,491,182
Library and Cultural	1,383,045	-	-	-	1,383,045
Capital Outlay	11,856,512	-	-	-	11,856,512
Debt Service					
Principal	99,214	-	-	-	99,214
Interest and Fiscal Charges	29,123	-	897,680	-	926,803
Total Expenditures	52,073,275	-	911,375	2,677,516	55,662,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,035,805	943,456	(754,112)	1,937,919	3,163,068
Other Financing Sources (Uses)					
Payment to Refunded Bonds Escrow Agent	-	-	(1,040,000)	-	(1,040,000)
Bond Premium	-	-	(269,210)	-	(269,210)
Transfers In	4,954,665	-	2,071,180	532,907	7,558,752
Transfers Out	(7,930,827)	(417,147)	-	(3,056,463)	(11,404,437)
Total Other Financing Sources (Uses)	(2,976,162)	(417,147)	761,970	(2,523,556)	(5,154,895)
Change in Fund Balances before Extraordinary Item	(1,940,357)	526,309	7,858	(585,637)	(1,991,827)
Extraordinary Item Extraordinary Gain	(513,556)	-	-	-	(513,556)
Net Change in Fund Balances	(2,453,913)	526,309	7,858	(585,637)	(2,505,383)
Fund Balances - Beginning	55,814,209	2,553,120	5,485,690	6,519,202	70,372,221
Fund Balances - Ending	\$ 53,360,296	\$ 3,079,429	\$ 5,493,548	\$ 5,933,565	\$ 67,866,838

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ (2,505,383)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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 or amortization expense. This is the amount by which capital outlays \$15,637,253 exceeded depreciation and amortization \$(8,447,506) in the current period.</p>	7,189,747
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of prepaid insurance, premiums, original issue discounts, and deferred inflows of resources on bond refunding charge when debt is first issued, whereas these amounts are amortized to interest and expensed over the life of the debt in the Government-Wide Statement of Activities.</p>	
This amount represents long-term debt repayments.	1,139,214
This amount represents amortization of bond discount/premiums.	93,312
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.</p>	
This amount represents costs of compensated absences.	291,813
<p>Interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the interest expense is not reported as an expenditure in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.</p>	14,290
<p>In the Governmental Funds, certain deferred loans receivable from the former component unit are not recognized. In the Government-Wide financial statements, the deferred loan receivable is recognized as a special item.</p>	(240,751)
<p>Changes to the net pension liability and related deferred outflows and inflows of resources do not provide current financial resources and, therefore, are not reported in the Governmental Funds.</p>	(3,559,523)
<p>Changes to net OPEB liability and related deferred outflows of resources do not provide current financial resources and, therefore, are not reported in the governmental funds.</p>	102,431
<p>Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.</p>	2,647,432
Change in Net Position of Governmental Activities	\$ 5,172,582

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

**CITY OF TULARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Assets and Deferred Outflows of Resources								
Current Assets								
Cash and Investments	\$ 1,198,750	\$ 979,896	\$ 9,850,897	\$ 7,078,564	\$ 27,514,686	\$ 499,425	\$ 47,122,218	\$ 14,784,816
Cash and Investments with Fiscal Agent	-	-	8,374	-	68,135,924	-	68,144,298	44,525
Accounts Receivable	11,246	6,187	1,423,001	1,001,477	4,201,171	17,014	6,660,096	87,471
Interest Receivable	7,486	-	-	-	-	-	7,486	14,740
Intergovernmental Receivable	1,966,409	-	-	-	1,592	-	1,968,001	-
Inventories	-	-	-	-	-	-	-	207,988
Advances to Other Funds	-	-	-	1,033,333	-	-	1,033,333	-
Total Current Assets	3,183,891	986,083	11,282,272	9,113,374	99,853,373	516,439	124,935,432	15,139,540
Noncurrent Assets								
Capital Assets								
Nondepreciable								
Land	193,261	-	2,491,682	-	4,588,446	279,215	7,552,604	75,000
Construction in Progress	-	-	22,560,287	-	2,138,669	-	24,698,956	-
Depreciable								
Buildings	4,549,720	-	40,958	-	427,624	161,451	5,179,753	6,187,770
Improvements Other Than Buildings	-	-	62,073,784	8,992	271,941,054	6,675,292	340,699,122	1,648,583
Machinery and Equipment	6,150,117	-	2,017,538	173,755	3,911,843	47,830	12,301,083	24,226,775
Accumulated Depreciation and Amortization	(5,237,125)	-	(25,213,958)	(127,137)	(73,141,279)	(3,559,932)	(107,279,431)	(18,018,661)
Total Noncurrent Assets	5,655,973	-	63,970,291	55,610	209,866,357	3,603,856	283,152,087	14,119,467
Total Assets	8,839,864	986,083	75,252,563	9,168,984	309,719,730	4,120,295	408,087,519	29,259,007
Deferred Outflows of Resources								
Deferred Outflows from Pensions	45,898	658,601	473,531	790,445	769,269	3,423	2,741,167	328,188
Deferred Outflows from OPEB	1,174	13,705	15,244	26,566	21,694	64	78,447	9,659
Deferred Charges	-	-	76,111	-	2,880,532	-	2,956,643	-
Total Deferred Outflows of Resources	47,072	672,306	564,886	817,011	3,671,495	3,487	5,776,257	337,847
Total Assets and Deferred Outflows of Resources	\$ 8,886,936	\$ 1,658,389	\$ 75,817,449	\$ 9,985,995	\$ 313,391,225	\$ 4,123,782	\$ 413,863,776	\$ 29,596,854

(Continued)

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

CITY OF TULARE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds						Governmental	
							Activities	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities and Deferred Inflows of Resources								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 182,572	\$ 138,532	\$ 2,876,700	\$ 303,319	\$ 3,661,764	\$ 3,463	\$ 7,166,350	\$ 548,650
Deposits Payable	-	-	135,450	-	149,132	-	284,582	-
Due to Other Funds	-	-	-	-	-	-	-	36,144
Unearned Revenue	567,706	-	-	-	-	-	567,706	208,746
Other Payables	-	-	9,153	-	-	-	9,153	-
Compensated Absences - Current	3,684	22,942	19,906	29,614	17,855	115	94,116	6,530
Capital Leases Payable - Current	-	-	758,671	-	242,351	-	1,001,022	24,317
Revenue Bonds Payable - Current	-	-	408,287	-	4,122,401	-	4,530,688	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,444,875
Total Current Liabilities	753,962	161,474	4,208,167	332,933	8,193,503	3,578	13,653,617	2,269,262
Noncurrent Liabilities								
Advances from Other Funds	-	-	1,033,333	-	-	-	1,033,333	-
Compensated Absences Payable	42,360	263,071	228,915	340,564	205,329	1,322	1,081,561	75,085
Capital Leases Payable	-	-	2,052,942	-	1,606,108	-	3,659,050	65,735
Net Post-Employment Benefits Liability	40,274	349,438	324,628	560,550	569,539	1,222	1,845,651	212,402
Net Pension Liability	251,132	3,961,526	2,755,383	4,654,793	4,435,495	21,222	16,079,551	1,952,466
Revenue Bonds Payable	-	-	19,505,387	-	231,970,150	-	251,475,537	-
Total Noncurrent Liabilities	333,766	4,574,035	25,900,588	5,555,907	238,786,621	23,766	275,174,683	2,305,688
Total Liabilities	1,087,728	4,735,509	30,108,755	5,888,840	246,980,124	27,344	288,828,300	4,574,950
Deferred Inflows of Resources								
Deferred Inflows from OPEB	1,310	11,367	10,558	18,246	18,516	40	60,037	6,877
Deferred Inflows from Pensions	8,422	116,860	85,058	141,366	138,636	601	490,943	58,473
Total Deferred Outflows of Resources	9,732	128,227	95,616	159,612	157,152	641	550,980	65,350
Total Liabilities and Deferred Inflows of Resources	1,097,460	4,863,736	30,204,371	6,048,452	247,137,276	27,985	289,379,280	4,640,300
Net Position (Deficit)								
Net Investment in Capital Assets	5,655,973	-	41,245,004	55,610	40,061,271	3,603,856	90,621,714	14,029,415
Restricted for Capital Improvements	-	-	159,208	-	12,847,393	-	13,006,601	-
Unrestricted	2,133,503	(3,205,347)	4,208,866	3,881,933	13,345,285	491,941	20,856,181	10,927,139
Total Net Position (Deficit)	\$ 7,789,476	\$ (3,205,347)	\$ 45,613,078	\$ 3,937,543	\$ 66,253,949	\$ 4,095,797	\$ 124,484,496	\$ 24,956,554

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

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

	Business-Type Activities - Enterprise Funds						Governmental	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Operating Revenues								
Charges for Services	\$ 1,739,886	\$ 2,148,526	\$ 14,416,296	\$ 9,606,652	\$ 33,760,882	\$ 112,361	\$ 61,784,603	\$ -
Departmental Charges	-	-	-	-	-	-	-	12,881,018
Connection Fees	-	-	353,734	-	103,491	-	457,225	-
Employee Contributions	-	-	-	-	-	-	-	1,476,447
Other	137,611	211,285	628,733	71,590	3,410,956	21,344	4,481,519	-
Total Operating Revenues	1,877,497	2,359,811	15,398,763	9,678,242	37,275,329	133,705	66,723,347	14,357,465
Operating Expenses								
General Administration	-	-	-	-	-	-	-	270,504
Personnel Services	93,565	2,573,609	1,965,343	3,568,968	3,068,779	13,762	11,284,026	1,137,254
Contractual Services	-	-	-	-	-	-	-	152,897
Maintenance and Supplies	3,292,630	692,615	5,059,684	5,438,931	8,001,727	179,876	22,665,463	-
Equipment Usage and Operation	-	-	-	-	-	-	-	2,106,233
Insurance	-	-	-	-	-	-	-	8,288,843
Depreciation and Amortization	549,130	-	1,338,904	14,065	5,776,040	166,382	7,844,521	1,996,730
Total Operating Expenses	3,935,325	3,266,224	8,363,931	9,021,964	16,846,546	360,020	41,794,010	13,952,461
Operating Income (Loss)	(2,057,828)	(906,413)	7,034,832	656,278	20,428,783	(226,315)	24,929,337	405,004
Nonoperating Revenues (Expenses)								
Interest Income	37,747	38,423	240,215	290,491	1,974,615	19,300	2,600,791	623,800
Interest Expense	-	-	(762,373)	-	(11,801,459)	-	(12,563,832)	-
Grants	2,627,748	-	-	-	-	8,993	2,636,741	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	49,759
Other Income	-	-	-	-	-	-	-	29,423
Total Nonoperating Revenues (Expenses)	2,665,495	38,423	(522,158)	290,491	(9,826,844)	28,293	(7,326,300)	702,982
Income (Loss) Before Transfers	607,667	(867,990)	6,512,674	946,769	10,601,939	(198,022)	17,603,037	1,107,986
Transfers In	-	375,000	22,448,659	541,689	6,869,018	122,107	30,356,473	4,172,156
Transfers Out	-	(2,020)	(20,180,190)	(547,839)	(7,306,078)	(14,107)	(28,050,234)	(2,632,710)
Change in Net Position	607,667	(495,010)	8,781,143	940,619	10,164,879	(90,022)	19,909,276	2,647,432
Net Position (Deficit)	7,181,809	(2,710,337)	36,831,935	2,996,924	56,089,070	4,185,819	104,575,220	22,309,122
Net Position (Deficit), Ending	\$ 7,789,476	\$ (3,205,347)	\$ 45,613,078	\$ 3,937,543	\$ 66,253,949	\$ 4,095,797	\$ 124,484,496	\$ 24,956,554

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

**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers for Current Services	\$ 1,485,106	\$ 2,357,986	\$ 15,249,521	\$ 9,580,264	\$ 36,232,533	\$ 152,471	\$ 65,057,881	\$ -
Cash Paid for Interfund Services Provided	-	-	-	-	-	-	-	14,533,953
Cash Paid for Salaries and Benefits	(146,553)	(2,037,122)	(1,842,764)	(3,260,864)	(3,031,610)	(9,418)	(10,328,331)	(950,925)
Cash Paid for Services and Supplies	(3,240,022)	(676,718)	(4,139,750)	(5,425,032)	(8,890,199)	(180,856)	(22,552,577)	(2,390,789)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(270,504)
Cash Paid for Reported Claims	-	-	-	-	-	-	-	(8,554,682)
Net Cash Provided by (Used for) Operating Activities	(1,901,469)	(355,854)	9,267,007	894,368	24,310,724	(37,803)	32,176,973	2,367,053
Cash Flows from Non-Capital Financing Activities:								
Grants	2,627,748	-	-	-	-	8,993	2,636,741	-
Advances to/from Other Funds	-	-	(103,334)	103,334	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	(32,858)
Other Income	-	-	-	-	-	-	-	29,423
Operating Transfers from Other Funds	-	375,000	22,448,659	541,689	6,869,018	122,107	30,356,473	4,172,156
Operating Transfers to Other Funds	-	(2,020)	(20,180,190)	(547,839)	(7,306,078)	(14,107)	(28,050,234)	(2,632,710)
Net Cash Provided by (Used for) Non-Capital Financing Activities	2,627,748	372,980	2,165,135	97,184	(437,060)	116,993	4,942,980	1,536,011
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Assets	-	-	-	-	-	-	-	51,607
Proceeds from Revenue Bonds	-	-	-	-	-	-	-	-
Payments Made on Capital Leases	-	-	(1,891,380)	-	(227,186)	-	(2,118,566)	(23,261)
Principal and Interest Paid on Long-Term Debt	-	-	-	-	(15,650,459)	-	(15,650,459)	-
Deferred Charges	-	-	2,671	-	117,646	-	120,317	-
Acquisition of Capital Assets	(890,637)	-	(19,090,515)	(41,412)	(7,625,131)	(14,107)	(27,661,802)	(2,640,627)
Net Cash (Used for) Capital and Related Financing Activities	(890,637)	-	(20,979,224)	(41,412)	(23,385,130)	(14,107)	(45,310,510)	(2,612,281)
Cash Flows from Investing Activities:								
Interest Income (Expense), Net	37,747	38,423	240,215	290,491	1,974,615	19,300	2,600,791	623,800
Net Increase (Decrease) in Cash and Cash Equivalents	(126,611)	55,549	(9,306,867)	1,240,631	2,463,149	84,383	(5,589,766)	1,914,583
Cash and Cash Equivalents, Beginning of the Year	1,325,361	924,347	19,166,138	5,837,933	93,187,461	415,042	120,856,282	12,914,758
Cash and Cash Equivalents, End of the Year	\$ 1,198,750	\$ 979,896	\$ 9,859,271	\$ 7,078,564	\$ 95,650,610	\$ 499,425	\$ 115,266,516	\$ 14,829,341

(Continued)

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

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

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Income (Loss)	\$ (2,057,828)	\$ (906,413)	\$ 7,034,832	\$ 656,278	\$ 20,428,783	\$ (226,315)	\$ 24,929,337	\$ 405,004
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation and Amortization	549,130	-	1,338,904	14,065	5,776,040	166,382	7,844,521	1,996,730
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	54,832	(1,825)	(149,242)	(97,978)	(1,041,204)	(6,990)	(1,242,407)	60,987
Decrease in Inventory	-	-	-	-	-	-	-	21,374
(Increase) Decrease in Intergovernmental Receivable	(86,060)	-	-	-	(1,592)	25,756	(61,896)	-
(Increase) Decrease in Accounts Payable and Accrued Liabilities	52,608	15,897	919,934	13,899	(888,472)	(980)	112,886	(153,033)
Increase (Decrease) in Unearned Revenue	(361,163)	-	-	-	-	-	(361,163)	115,501
(Decrease) in Insurance Claims Payable	-	-	-	-	-	-	-	(265,839)
(Decrease) in Net OPEB Liability	(1,045)	(9,065)	(8,419)	(14,550)	(14,765)	(31)	(47,875)	(5,485)
Increase (Decrease) in Net Pension Liability and Related Items	(30,801)	486,109	109,243	327,357	74,011	4,195	970,114	186,826
Increase (Decrease) in Compensated Absences Payable	(21,142)	59,443	21,755	(4,703)	(22,077)	180	33,456	4,988
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,901,469)</u>	<u>\$ (355,854)</u>	<u>\$ 9,267,007</u>	<u>\$ 894,368</u>	<u>\$ 24,310,724</u>	<u>\$ (37,803)</u>	<u>\$ 32,176,973</u>	<u>\$ 2,367,053</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 1,198,750	\$ 979,896	\$ 9,850,897	\$ 7,078,564	\$ 27,514,686	\$ 499,425	\$ 47,122,218	\$ 14,784,816
Cash and Investments with Fiscal Agents	-	-	8,374	-	68,135,924	-	68,144,298	44,525
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 1,198,750</u>	<u>\$ 979,896</u>	<u>\$ 9,859,271</u>	<u>\$ 7,078,564</u>	<u>\$ 95,650,610</u>	<u>\$ 499,425</u>	<u>\$ 115,266,516</u>	<u>\$ 14,829,341</u>

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

**CITY OF TULARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 5,071,551	\$ 10,834,610
Cash and Investments with Fiscal Agent	75	-
Accounts Receivable	735,778	75,264
Interest Receivable	17,697	-
Note Receivable	8,679,274	-
Land Held for Sale	2,607,365	-
	<u>17,111,740</u>	<u>10,909,874</u>
Total Assets		
Deferred Outflows of Resources		
Deferred Outflows from Deferred Loans	273,227	-
	<u>273,227</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 273,227</u>	<u>\$ -</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 328,150	\$ 12,832
Due to Other Fund	-	13,309
Unearned Revenue	1,243,856	-
Deposits Payable	20,250	10,883,733
	<u>1,592,256</u>	<u>10,909,874</u>
Total Current Liabilities		
Noncurrent Liabilities		
Compensated Absences	759	-
Bonds and Advances	36,163,216	-
	<u>36,163,975</u>	<u>-</u>
Total Noncurrent Liabilities		
Total Liabilities	<u>37,756,231</u>	<u>10,909,874</u>
Net Position (Deficit)	<u>\$ (20,371,264)</u>	<u>\$ -</u>

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Private Purpose Trust Fund</u>
Additions	
Grants	\$ 2,190,933
Interest and Rentals	154,980
Other	30,363
Gain from Sale of Property	<u>26,017</u>
Total Additions	<u>2,402,293</u>
Deductions	
Community Development	<u>1,075,784</u>
Total Deductions	<u>1,075,784</u>
Change in Net Position	1,326,509
Net Position (Deficit), Beginning of Year	<u>(21,697,773)</u>
Net Position (Deficit), End of Year	<u><u>\$ (20,371,264)</u></u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Tulare (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2019, and for the year then ended.

A. Description of the Reporting Entity

The City was incorporated as a general law city on April 5, 1888, and became a charter city on May 1, 1923, under the charter laws of the State of California. The City operates under a Council-Administrator form of government and provides the following services: public safety (police and fire), community development, community services, public works, library and cultural, general administrative services, and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. However, elected officials of the City have a continuing accountability for fiscal matters of the other entity. The financial reporting entity consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component unit balances and transactions are reported in a manner similar to the balances and transactions of the City. A component unit is presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. Otherwise, the component unit is presented discretely.

Blended Component Unit:

The Tulare Public Financing Authority (the Authority) is a joint exercise of powers authority duly organized and existing under a Joint Exercise of Powers Agreement dated as of August 15, 1997, by and between the City and the former Tulare Redevelopment Agency. The Authority was formed to assist the City in the financing and refinancing of public capital improvements. The Authority is governed by a five-member board whose members are the same as the City Council. The Authority's financial data and transactions are included in the City's Financing Authority Major Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Government-Wide Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information of all of the nonfiduciary activities of the primary government and its blended component unit. For the most part, eliminations have been made to minimize the double counting on internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. 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 charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs are included as part of the program expense reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and 3) interfund services provided and used. Interfund services provided and used are not eliminated in the process of consolidation. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net position is restricted when constraints placed on it are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the principal operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. For the City, the General Fund includes basic governmental activities such as general government, public safety, public works, and community services. Consequently, it includes reserves and capital funds designated for specific purposes.

Measure R Fund – The Measure R Fund accounts for the City's share of the County-wide ½ cent sales tax for various street projects.

Financing Authority Fund – The Financing Authority Fund accounts for the annual debt service on the 2018 Lease Revenue Bonds. Lease revenues are derived from lease payments made by the City's General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major enterprise funds:

Transit Fund – The Transit Fund accounts for the financial activity of the City's transit system which offers fixed route and dial-a-ride transportation services.

Community & Economic Development Services Fund – The Community & Economic Development Services Fund is a cost center that accounts for inspection, permits, and engineering services.

Water Fund – The Water Fund is used to account for the financial activities of the water utility of the City.

Solid Waste Fund – The Solid Waste Fund is used to account for the financial activities of the collection of solid waste and disposal utility of the City.

Sewer Fund – The Sewer Fund is used to account for financial activities of the sewage collection and wastewater treatment utility of the City.

Aviation Fund – The Aviation Fund accounts for the financial activity of the City's municipal airport.

The City reports the following additional fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Internal Service Funds – Internal Service Funds are used to account for fleet management, insurance, and purchase services provided by one department or agency of the City to another on a cost-reimbursement basis.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to record the assets, liabilities, and the activities of the Successor Agency.

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for development impact fees collected for construction companies and contractors.

C. Basis of Accounting

The government-wide financial statements, proprietary fund financial statements, and the private purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied. Unbilled water utility receivables are not recorded at year-end. However, the amount of unbilled receivables is not material to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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. Revenues and expenses not meeting this definition are reported as nonoperating.

D. Assets, Liabilities, Net Position or Fund Balance, and Other Financial Statement Items

Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

Investments

Investments are stated at fair value (the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale).

Further cash and investment disclosures are presented in Note 2.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Position or Fund Balance, and Other Financial Statement Items (Continued)

Interfund Transactions (Continued)

Interfund transfers are generally recorded as transfers except for the following types of transactions:

- Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as unbilled receivables at the end of the fiscal year.
- Reimbursements for costs of services performed are recorded as a reduction of expenditure in the performing fund and an expenditure of the requesting fund.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include intergovernmental and taxes receivable. Business-type activities report trade and intergovernmental as their major receivables.

Inventory

Inventories of materials and supplies in the proprietary and internal service funds are valued at the lower of cost or market, carried on a first-in, first-out (FIFO) basis. The City follows the consumption method of accounting for inventories.

Land Held for Resale

Land held for resale is recorded at the lower of cost or estimated realizable value. Fund balances are reserved in amounts equal to the carrying value of the land held for resale because such assets are not available to finance the City's current operations.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, land, buildings, improvements, equipment, and construction in progress are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

The City's capitalization threshold, including intangible assets, is \$5,000. In other words, capital assets are capitalized only if they have a cost in excess of \$5,000 and have an expected useful life of three years or more. Capital assets that have a cost below \$5,000 are expensed during the fiscal year they are acquired.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Position or Fund Balance, and Other Financial Statement Items (Continued)

Capital Assets (Continued)

Depreciation and amortization of all exhaustible capital assets are recorded as an allocated expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation and amortization. The range of estimated useful lives by type of asset is as follows:

Infrastructure	20 to 50 years
Buildings	20 to 50 years
Improvements other than buildings	20 to 50 years
Machinery and equipment	5 to 20 years
Intangible assets	2 to 10 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation and amortization are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. All vacation, sick, and compensatory pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For additional information regarding compensated absences, see Note 6.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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. Debt principal payments of both government-wide and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums, discounts, and deferred gains and losses at refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Position or Fund Balance, and Other Financial Statement Items (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances 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/Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and amortization and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted* – This category presents amounts with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This category represents net position of the City, not restricted for any project or other purpose.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City implemented GASB Statement No. 54 beginning with fiscal year ending June 30, 2012. Fund balances for governmental funds are segregated as follows.

- *Nonspendable fund balance* – includes net resources that cannot be spent because of their form or because of legal or contractual limitations; resources must remain intact.
- *Restricted fund balance* – includes net resources that have externally enforceable limitations on their use. These limitations can be established by creditors, grantors, or by laws and regulations.
- *Committed fund balance* – includes amounts with self-imposed limitations and are set in place prior to the end of the fiscal year. Commitments are set forth by the formal action of the City's highest level of decision-making authority, the City Council, and the limitations require that same level of authority to be removed.
- *Assigned fund balance* – includes amounts for which the intended use results in limitations but do not meet the requirements for either the "Restricted" or "Committed" classifications. Intended use can be established by the City Council, a governing committee or board, or by a City official designated as having that authority. The City's Finance Director has been designated to make assignments, through the budget, which is approved by the City Council.
- *Unassigned fund balance* – is the residual balance of the General Fund not included 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Net Position or Fund Balance, and Other Financial Statement Items (Continued)

Net Position/Fund Balances (Continued)

The City Council establishes, modifies, or rescinds fund balance commitments and assignments by passage of a resolution. 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 the committed, assigned, and unassigned resources as they are needed.

Property Taxes

In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County of Tulare (the County) and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt. In the fund financial statements, property tax is recorded as revenue in the period levied to the extent it is collected within 60 days of year-end.

The property tax calendar for the City is as follows:

Lien date	January 1
Levy dates	July 1 through June 30
Due dates	November 1 – 1 st installment February 1 – 2 nd installment
Collection dates	December 10 – 1 st installment April 10 – 2 nd installment

Use of Estimates

The preparation of 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The procedures established by the City Council in adopting the budgetary data reflected in the financial statements are as follows:

On or before the second meeting in May, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing the following July 1st. Following publication and public hearings, the budget is legally enacted by resolution.

The City Manager is authorized to transfer funds appropriated with respect to all classifications within the same department. The City Manager may transfer appropriated funds from any classification within other expenditure categories to existing capital outlay and capital projects classifications within the same department only; however, any revisions that alter the total expenditures of any department or create additional projects must be approved by the City Council.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Supplemental budgetary appropriations were negligible for the year ended June 30, 2019. All unencumbered appropriations lapse at year-end.

For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department. Revenues are budgeted on a line item basis. A comparison of budgeted and actual revenues by line item would be too voluminous for this report.

Budgets for the General, Special Revenue, and Debt Service Funds are presented on a basis consistent with accounting principles generally accepted in the United States of America. No budgets are adopted for the Financing Authority Debt Service Fund or the Proprietary and Fiduciary Fund types.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2019, the City Council approved \$6.1 million of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

F. Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for the net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated.

G. New Accounting Pronouncements – Implemented in the Financial Statements

During the fiscal year ending June 30, 2019, the City implemented the following standards:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The City has elected for early implementation of GASB Statement No. 89 and had recorded its effects on the City's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

I. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

J. Future Accounting Pronouncements

Recently released standards by GASB affecting future years are as follows:

GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has elected not to early implement GASB Statement No. 84 and has not determined its effects on the City's financial statements.

GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The City has elected not to early implement GASB Statement No. 87 and has not determined its effects on the City's financial statements.

GASB Statement No. 90, *Majority Equity Interests*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City has elected not to early implement GASB Statement No. 90 and has not determined its effects on the City's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related to note disclosures. The City has elected not to early implement GASB Statement No. 91 and has not determined its effects on the City's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows and Inflows of Resources

As required by GASB Statements No. 63 and No. 65, the City recognized applicable deferred outflows and inflows of resources in the government-wide and fund financial statements.

The Statements of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources, defined as a consumption of net position by the City that is applicable to a future funding period, or deferred inflows of resources, defined as an acquisition of net position by the City that is applicable to a future funding period. The City has items that qualify for reporting in these categories and are detailed in a separate note disclosure.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Primary Government	
Cash and Investments	\$ 116,337,432
Cash and Investments with Fiscal Agent	72,254,197
Fiduciary Funds:	
Cash and Investments	15,906,161
Cash and Investments with Fiscal Agent	<u>75</u>
Total Cash and Investments	<u>\$ 204,497,865</u>

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

Cash on Hand	\$ 12,690
Deposits with Financial Institutions	822,673
Investments	131,408,230
Cash and Investments with Fiscal Agents	<u>72,254,272</u>
Total Cash and Investments	<u>\$ 204,497,865</u>

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 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 trustees 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/Amount of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	N/A	\$50 million	N/A
Bankers’ Acceptances	180 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City’s Investment Policy
(Continued)

Repurchase Agreements (3)	90 days	N/A	N/A
Medium-Term Notes/Corporate Bonds (1)	5 years	30%	N/A
Money Market Mutual Funds (4)	N/A	15%	N/A
Commercial Paper (6)	N/A	25%	N/A
Zero Coupon Bonds (2)	N/A	N/A	N/A
Passbook Savings Account Demand Deposits (5)	N/A	N/A	N/A

- (1) Must be rated A or better by a nationally recognized rating service and may not exceed 30% of the City’s surplus funds.
- (2) May only be purchased for purposes of bond defeasance or future capital improvement projects.
- (3) Requires physical delivery of the securities backing the repurchase agreements or safekeeping documentation to a qualified safekeeping institution.
- (4) Purchases may not exceed 15% of the City’s surplus funds.
- (5) Requires investing only in Federal Deposit Insurance Corporation (FDIC) savings and loans institutions.
- (6) Purchases may not exceed 25% of the City’s surplus funds.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by the 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 trustees. 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 Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers’ Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

NOTE 2 – CASH AND INVESTMENTS (Continued)

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. None of the City's investments, as shown below, are adversely affected by changes in interest rates.

Investment Type	Amount	Weighted Average Maturity (in years)
Federal Agency Securities	\$ 92,103,307	2.5
Commerical Paper	5,800,000	4.9
Local Agency Investment Fund (LAIF)	33,504,923	N/A
Held by Bond Trustees:		
Money Market Mutual Funds	6,302,657	0.2
Investment Contracts	15,781,563	1.5
U.S. T-Bills	50,125,526	
Held by Insurance Administrator:		
Pooled Investments	44,526	N/A
Total	\$ 203,662,502	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the City's investments (including investments held by bond trustees) are highly sensitive to interest rate fluctuations.

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 year-end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year-End	
				AAA	Unrated
Federal Agency Securities	\$ 92,103,307	N/A	\$ -	\$ 92,103,307	\$ -
Commerical Paper	5,800,000	N/A	-	-	5,800,000
LAIF	33,504,923	Collateralized	-	-	33,504,923
Held by Bond Trustees:					
Money Market Mutual Funds	6,302,657	A	6,302,657	-	-
Investment Contracts	15,781,563	N/A	15,781,563	-	-
U.S. T-Bills	50,125,526	N/A	50,125,526	-	-
Held by Insurance Administrator:					
Pooled Investments	44,526	N/A	44,526	-	-
Total	\$ 203,662,502		\$ 72,254,272	\$ 92,103,307	\$ 39,304,923

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 12,485,060
Federal Farm Credit Banks	Federal Agency Securities	53,408,750
Federal National Mortgage	Federal Agency Securities	26,209,093
	Total Federal Agency Securities	\$ 92,102,903

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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). Collateral for cash deposits is considered to be held in the City's name. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the FDIC. The City, however, has not waived the collateralization requirements.

The carrying amounts of the City's cash deposits were \$0 at June 30, 2019. Bank balances before reconciling items were \$2,814,575 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Investments in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. 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.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The City has the following recurring fair value measurements as of June 30, 2019:

Investments by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities			
Federal Agency Securities	\$ 92,102,903	\$ 92,102,903	\$ -
Commerical Paper	5,800,000	-	5,800,000
Total Investments Measured at Fair Value	<u>97,902,903</u>	<u>\$ 92,102,903</u>	<u>\$ 5,800,000</u>
Investments Measured at Amortized Cost			
LAIF	33,504,923		
Pooled Insurance Investments	44,526		
Money Market Mutual Funds	6,302,657		
Investment Contracts	15,781,563		
U.S. Treasury Bills	50,125,526		
Total Investments Measured at Amortized Cost	<u>105,759,195</u>		
Total Pooled and Directed Investments	<u>\$ 203,662,098</u>		

NOTE 3 – NOTES AND LOANS RECEIVABLE

Notes receivable for the primary government consist of:

Primary Government

Five secured notes receivable for various amounts from **Kawah Management** for properties at 145 No B St, 445 So I St, 361 Beechwood, 484 Beechwood, and 524 Aspenwood. These loans are 55 year notes with affordability agreements. If these notes stay in compliance for the full term, then the notes are forgiven. If not, then notes are due and payable and any funds received back to the City will be forwarded to Tulare County as program income per Federal funding rules for the Neighborhood Stabilization Program (NSP).

	<u>\$ 759,458</u>
Total Primary Government	<u>\$ 759,458</u>

NOTE 3 – NOTES AND LOANS RECEIVABLE (Continued)

Loans receivable consist of:

Primary Government

Home Program (Housing Successor Agency (HSA))	\$ 7,689,210
Housing Community Development Block Grant (CDBG) Loans	1,515,979
Rehabilitation Loans	<u>914,382</u>
Total Primary Government	<u>\$ 10,119,571</u>

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2019, were as follows:

<u>Governmental Activities</u>	Balance July 1, 2018	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2019
Nondepreciable Capital Assets:					
Land	\$ 14,136,887	\$ 178,184	\$ -	\$ -	\$ 14,315,071
Right-of-Way	16,918,922	1,957,207	-	-	18,876,129
Construction in Progress	<u>48,587,557</u>	<u>6,111,096</u>	<u>-</u>	<u>-</u>	<u>54,698,653</u>
Subtotal	<u>79,643,366</u>	<u>8,246,487</u>	<u>-</u>	<u>-</u>	<u>87,889,853</u>
Depreciable Capital Assets:					
Infrastructure	250,125,109	7,278,959	-	-	257,404,068
Structures and Improvements	58,990,661	14,499	-	-	59,005,160
Equipment	<u>29,847,280</u>	<u>2,737,936</u>	<u>(910,511)</u>	<u>-</u>	<u>31,674,705</u>
Subtotal	<u>338,963,050</u>	<u>10,031,394</u>	<u>(910,511)</u>	<u>-</u>	<u>348,083,933</u>
Accumulated Depreciation and Amortization:					
Infrastructure	(136,616,891)	(6,460,523)	-	-	(143,077,414)
Structures and Improvements	(23,680,559)	(1,904,720)	-	-	(25,585,279)
Equipment	<u>(20,390,630)</u>	<u>(2,078,993)</u>	<u>908,662</u>	<u>-</u>	<u>(21,560,961)</u>
Subtotal	<u>(180,688,080)</u>	<u>(10,444,236)</u>	<u>908,662</u>	<u>-</u>	<u>(190,223,654)</u>
Net Capital Assets	<u>\$ 237,918,336</u>	<u>\$ 7,833,645</u>	<u>\$ (1,849)</u>	<u>\$ -</u>	<u>\$ 245,750,132</u>

NOTE 4 – CAPITAL ASSETS (Continued)

Business-Type Activities	Balance July 1, 2018	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2019
Nondepreciable Capital Assets:					
Land	\$ 7,552,604	\$ -	\$ -	\$ -	\$ 7,552,604
Construction in Progress	11,437,586	16,996,845	(3,712,805)	(22,670)	24,698,956
Subtotal	18,990,190	16,996,845	(3,712,805)	(22,670)	32,251,560
Depreciable Capital Assets:					
Buildings	5,054,418	125,336	-	-	5,179,754
Improvements Other Than Buildings	328,318,460	12,878,399	-	(497,737)	346,699,122
Equipment	10,406,647	1,894,436	-	-	12,301,083
Subtotal	343,779,525	14,898,171	-	(497,737)	358,179,959
Accumulated Depreciation and Amortization:					
Buildings	(1,776,539)	(118,187)	-	-	(1,894,726)
Improvements Other Than Buildings	(89,629,508)	(7,188,941)	-	-	(96,818,449)
Equipment	(8,028,864)	(537,393)	-	-	(8,566,257)
Subtotal	(99,434,911)	(7,844,521)	-	-	(107,279,432)
Net Capital Assets	\$ 263,334,806	\$ 24,050,495	\$ (3,712,805)	\$ (520,407)	\$ 283,152,087

Depreciation and amortization expense for the year ended June 30, 2019, was charged to the following activities:

Governmental Activities:	
General Government	\$ 970,193
Public Safety	438,109
Public Works	30,515
Community Development	6,654,155
Library and Cultural	2,351,264
Total Governmental Activities Depreciation and Amortization Expense	<u>\$ 10,444,236</u>
Business-Type Activities:	
Aviation	\$ 166,382
Transit	549,130
Water	1,338,904
Solid Waste	14,065
Sewer	5,776,040
Total Business-Type Activities Depreciation and Amortization Expense	<u>\$ 7,844,521</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2019, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 5,438,182
Financing Authority Fund	284,250
Nonmajor Governmental Funds	149,273
Internal Service Funds	<u>548,650</u>
Total Governmental Activities	<u>\$ 6,420,355</u>
Business-Type Activities:	
Transit	\$ 182,572
Community & Economic Development Services	138,532
Water	2,876,700
Solid Waste	303,319
Sewer	3,661,764
Aviation	<u>3,463</u>
Total Business-Type Activities	<u>\$ 7,166,350</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2019:

Type of Debt	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds Payable	\$ 26,675,000	\$ -	\$ 1,040,000	\$ 25,635,000	\$ 1,085,000
Bond Premium	2,330,402	-	269,210	2,061,192	109,930
Leases Payable	597,202	-	122,475	474,727	127,362
Compensated Absences Payable	<u>3,116,784</u>	<u>152,014</u>	<u>438,839</u>	<u>2,829,959</u>	<u>226,397</u>
Total Governmental Activities	<u>\$ 32,719,388</u>	<u>\$ 152,014</u>	<u>\$ 1,870,524</u>	<u>\$ 31,000,878</u>	<u>\$ 1,548,689</u>
Business-Type Activities:					
Revenue Bonds Payable	\$ 243,933,297	\$ -	\$ 3,605,446	\$ 240,327,851	\$ 3,883,847
Bond Premium	16,325,215	-	646,841	15,678,374	646,841
Leases Payable	5,612,978	-	952,906	4,660,072	1,001,022
Compensated Absences Payable	<u>1,142,221</u>	<u>34,216</u>	<u>760</u>	<u>1,175,677</u>	<u>94,116</u>
Total Business-Type Activities	<u>\$ 267,013,711</u>	<u>\$ 34,216</u>	<u>\$ 5,205,953</u>	<u>\$ 261,841,974</u>	<u>\$ 5,625,826</u>
Type of Debt	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Amounts Due Within One Year
Primary Government:					
Revenue Bonds Payable	\$ 270,608,297	\$ -	\$ 4,645,446	\$ 265,962,851	\$ 4,968,847
Bond Premium	18,655,617	-	916,051	17,739,566	756,771
Leases Payable	6,210,180	-	1,075,381	5,134,799	1,128,384
Compensated Absences Payable	<u>4,259,005</u>	<u>186,230</u>	<u>439,599</u>	<u>4,005,636</u>	<u>320,513</u>
Total Primary Government	<u>\$ 299,733,099</u>	<u>\$ 186,230</u>	<u>\$ 7,076,477</u>	<u>\$ 292,842,852</u>	<u>\$ 7,174,515</u>

NOTE 6 – LONG-TERM DEBT (Continued)

The compensated absences for governmental activities will be paid by the General Fund. The compensated absences for business-type activities will be paid by the respective proprietary funds.

Governmental Activities -

Lease Revenue Bonds (the Authority):

On March 27, 2018, the City issued \$26,675,000 in Lease Revenue Bonds to refund the City's 2008 Lease Revenue Bond with an outstanding balance of \$26,670,000. The reacquisition price exceeded the net carry amount of the old debt by \$5,000. The transaction resulted in an economic gain of \$4,478,415. Due to the advance refunding of the 2008 Lease Revenue Bond, a deferred outflow of resources (refunding of debt) of \$175,898 was calculated and will be amortized over the life of the debt. The bonds are payable in amounts ranging from \$1,040,000 to \$1,700,000 per year on April 1 each year, commencing April 1, 2019, through April 1, 2038, and bear interest at rates ranging from 3.00% to 5.00% depending upon the date of maturity. At June 30, 2019, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 27,696,192

Compensated Absences:

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

\$ 2,829,959

Lease Payable:

Obligation of \$1,345,009 on a capital lease for various energy retrofit capital expenditures: Interest at 4.49% per annum and semi-annual payments range from \$36,417 to \$540,316 until July 2022. At June 30, 2019, the outstanding balance was:

\$ 474,727

The annual requirements to amortize the lease payable outstanding, including interest of \$42,937, are as follows:

Year Ending June 30,	Citi Capital Muni
2020	\$ 147,904
2021	147,904
2022	147,904
2023	73,952
2024	-
	<u>517,664</u>
Less Interest	<u>42,937</u>
Total	<u>\$ 474,727</u>

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities -

Lease Payable:

In September 2006, the City entered into a lease agreement to obtain an obligation of \$8,448,136 on a capital lease for various energy retrofit capital expenditures. The sixteen-year lease bears an interest rate at 4.49% and has semi-annual payments in the range of \$36,417 and \$540,316 each year. At June 30, 2019, the outstanding balance was \$474,727.

The annual requirements to amortize the lease payable outstanding, including interest of \$272,246, are as follows:

<u>Year Ending June 30,</u>	<u>Citi Capital Muni</u>
2020	\$ 932,444
2021	932,444
2022	932,444
2023	466,222
2024	-
	<u>3,263,554</u>
Less Interest	<u>272,248</u>
Total	<u><u>\$ 2,991,306</u></u>

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2019, the outstanding balance was \$2,991,306.

The annual requirements to amortize the lease payable outstanding, including interest of \$334,023, are as follows:

<u>Year Ending June 30,</u>	<u>Bank of America Solar Project</u>
2020	\$ 274,696
2021	278,554
2022	282,386
2023	286,187
2024	289,951
2025-2028	<u>591,015</u>
	2,002,789
Less Interest	<u>334,023</u>
Total	<u><u>\$ 1,668,766</u></u>

2009 Sewer Revenue Bonds:

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principal is payable in amounts ranging from \$780,000 to \$10,590,000 per year on November 15 each year, commencing November 15, 2032, through November 15, 2044, and bear interest at a rate of 8.75%. The bond interest is payable twice a year, on May 15 and November 15 each year. The City is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009 Bonds. At June 30, 2019, the outstanding balance was \$54,775,000.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

2012 Sewer Revenue Refunding Bonds:

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.29%. At June 30, 2019, the outstanding balance was \$6,092,851.

2013 Sewer Revenue Refunding Bonds:

On May 1, 2013, the City issued \$32,855,000 in Sewer Revenue Refunding Bonds to refund the City's 2001 Sewer Revenue Bonds and the 2003 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2013, through November 15, 2033, and bear interest at rates from 2% to 5%. At June 30, 2019, the outstanding balance, including the related unamortized bond premium was \$23,414,872.

2015 Sewer Revenue Refunding Bonds:

In November 2015, the City issued \$84,555,000 in Sewer Revenue Refunding Bonds to refund the City's 2006 Sewer Revenue Bonds with an outstanding principal of \$76,800,000. The reacquisition price exceeded the net carry amount of the old debt by \$7,755,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$7,433,828. Principal and interest payments are due semi-annually commencing on November 15, 2015, through November 15, 2045, and bear interest at rates from 2% to 5%. At June 30, 2019, the outstanding balance, including the related unamortized bond premium, was \$88,818,532.

2016 Sewer Revenue Refunding Bonds:

On July 20, 2016, the City issued \$58,265,000 in Sewer Revenue Refunding Bonds to refund the City's 2010 Sewer Revenue Bonds with an outstanding principal of \$8,375,000. Due to the advance refunding of the 2010 Sewer Revenue Bonds, a deferred outflow of resources (refunding of debt) of \$387,453 was calculated and will be amortized over the life of the debt. The transaction resulted in a reduction of \$1,951,172 in future debt service payments. The economic gain was \$906,004. Principal and interest payments are due semi-annually commencing November 15, 2019, through November 15, 2044, and bear interest at rates from 3% to 5%. At June 30, 2019, the outstanding balance, including unamortized bond premium, was \$62,991,296.

2017 Water Revenue Refunding Bonds:

In 2018, the City issued \$18,155,000 in Water Revenue Refunding Bonds. The bond principal is payable in amounts ranging from \$330,000 to \$1,080,000 per year on December 1 each year, commencing December 1, 2018, through December 1, 2047, and bear interest at rates from 2.00% to 5.00%. The bond interest is payable twice a year, on June 1 and December 1 each year. At June 30, 2019, the outstanding balance, including the related unamortized bond premium, was \$19,913,674.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

The annual requirements to amortize bonded debt and notes payable, including interest, are as follows:

Year Ending June 30,	Primary Government			
	Governmental Activities	Business-Type Activities		
	2018 Lease Revenue Bonds	2009 Sewer Revenue Bonds	2012 Sewer Revenue Refunding Bonds	2013 Sewer Revenue Refunding Bonds
2020	\$ 2,222,000	\$ 4,792,813	\$ 923,355	\$ 2,369,150
2021	2,228,600	4,792,813	923,355	2,371,900
2022	2,228,200	4,792,813	923,355	2,373,150
2023	2,221,000	4,792,813	923,355	1,447,000
2024	2,225,000	4,792,813	923,355	1,448,825
2025-2029	10,207,750	23,964,063	2,308,388	9,177,500
2030-2034	8,853,000	25,421,031	-	9,655,875
2035-2039	7,079,750	33,544,719	-	-
2040-2044	-	42,458,468	-	-
2045-2048	-	11,053,313	-	-
	37,265,300	160,405,659	6,925,163	28,843,400
Less Interest	11,630,300	105,630,659	832,312	7,233,400
Plus Unamortized Premium	2,061,192	-	-	1,804,872
Total	\$ 27,696,192	\$ 54,775,000	\$ 6,092,851	\$ 23,414,872

Year Ending June 30,	Primary Government		
	Business-Type Activities		
	2015 Sewer Revenue Refunding Bonds	2016 Sewer Revenue Refunding Bonds	2017 Water Revenue Refunding Bonds
2020	\$ 4,919,900	\$ 2,490,775	\$ 1,104,850
2021	4,923,750	2,747,850	1,106,325
2022	4,923,250	2,746,300	1,105,825
2023	5,799,750	2,773,950	1,103,200
2024	5,814,125	2,771,650	1,103,300
2025-2029	29,191,125	13,761,975	5,527,550
2030-2034	29,310,875	14,009,000	5,520,650
2035-2039	29,749,768	20,412,500	5,523,625
2040-2044	18,541,240	31,839,451	5,521,250
2045-2048	11,502,500	9,614,200	4,418,376
	144,676,283	103,167,651	32,034,951
Less Interest	62,916,283	44,902,651	14,209,951
Plus Unamortized Premium	7,058,532	4,726,296	2,088,674
Total	\$ 88,818,532	\$ 62,991,296	\$ 19,913,674

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy. At June 30, 2019, the compensated absences payable totaled \$1,175,677 for business-type activities.

NOTE 7 – PENSION PLANS

The City participates in the Miscellaneous Plan, an agent multiple employer defined benefit pension plan of the City of Tulare, and the Safety Fire Plan and Safety Police Plan, cost-sharing multiple employer defined benefit pension plans of the City of Tulare, which are included in the Public Agency portion of CalPERS.

Miscellaneous Plan

A. General Information

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan (the Plan), an agent multiple employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City 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 (COLA), 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 COLA for the Miscellaneous Plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members, as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous Plan 1st and 2nd Tiers are closed to new entrants as of January 1, 2013.

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

	Miscellaneous 1st Tier	Miscellaneous 2nd Tier	Miscellaneous PEPRA
	Prior to January 1, 2011	January 1, 2011 through December 31, 2012	On or after January 1, 2013
Hire Date			
Benefit Formula	2.7%@55	2.5%@55	2.0%@62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50-63	52-67
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	8.00%	8.00%
Required Employer Contribution Rates	10.347%	10.347%	10.347%

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

A. General Information (Continued)

Benefits Provided (Continued)

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

Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>238</u>
Total	<u><u>634</u></u>

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

B. Net Pension Liability

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

Actuarial Assumptions

The total pension liability in the 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% to 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived from CalPERS Membership Data for all Funds (3)

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

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

(3) The mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Changes of Assumptions

In December 2017, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in Public Employees' Retirement Fund (PERF), the inflation assumption was reduced from 2.75 percent to 2.50 percent, and the assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.50 percent.

Discount Rate

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

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

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

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	<u>1.00%</u>	0.00%	-0.92%
Total	<u><u>100.00%</u></u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

NOTE 7 – PENSION PLANS (Continued)**Miscellaneous Plan** (Continued)**C. Changes in Net Pension Liability**

The changes in the net pension liability for the Plan follow:

	Total Pension Liability (1)	Increase (Decrease) in Plan Fiduciary Net Position (2)	Net Pension Liability (Asset) (3) = (1) - (2)
Balance at June 30, 2017	\$ 118,454,758	\$ 82,605,424	\$ 35,849,334
Changes Recognized for the Measurement Period:			
- Service Cost	2,285,059	-	2,285,059
- Interest on the Total Pension Liability	8,338,921	-	8,338,921
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	729,871	-	729,871
- Changes of Assumptions	(886,564)		(886,564)
- Plan to Plan Resource Movement	-	(203)	203
- Contributions from the Employer	-	3,026,404	(3,026,404)
- Contributions from the Employees	-	1,314,215	(1,314,215)
- Net Investment Income	-	6,978,602	(6,978,602)
- Benefit Payments Including Refund of Employee Contributions	(5,624,680)	(5,624,680)	-
- Administrative Expenses	-	(128,722)	128,722
- Other Miscellaneous Income/(Expense) ¹	-	(244,445)	244,445
Net Changes	<u>4,842,607</u>	<u>5,321,171</u>	<u>(478,564)</u>
Balance at June 30, 2018	<u>\$ 123,297,365</u>	<u>\$ 87,926,595</u>	<u>\$ 35,370,770</u>

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

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

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

C. Changes in Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous 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:

<u>MISCELLANEOUS PLAN</u>	<u>Discount Rate - 1%</u> (6.15%)	<u>Current Discount Rate</u> (7.15%)	<u>Discount Rate + 1%</u> (8.15%)
Plan's Net Pension Liability	\$ 51,242,965	\$ 35,370,770	\$ 22,120,378

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2019, the City recognized pension expense of \$5,360,193. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,374,661	\$ -
Differences between actual and expected experience	2,008,898	591,043
Changes in assumptions	486,580	491,386
Net differences between projected and actual earnings on Plan investments	<u>169,869</u>	<u>-</u>
Total	<u>\$ 6,040,008</u>	<u>\$ 1,082,429</u>

\$3,374,661 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ 2,492,013
2021	168,579
2022	(842,668)
2023	<u>(235,006)</u>
Total	<u>\$ 1,582,918</u>

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

E. Payable to the Pension Plan

The City had an outstanding amount of contributions to the pension plan of \$61,978 required for the year ended June 30, 2019.

Safety Police and Safety Fire Plans

A. General Information

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan (Plan) administered by CalPERS. The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors six safety rate plans (three police and three fire). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 COLA, 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 COLAs for the Plans are applied as specified by the PERL.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

A. General Information (Continued)

Benefits Provided (Continued)

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

	Safety - Police 1st Tier	Safety - Police 2nd Tier	Safety - Police PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 through December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	20.556%	17.614%	12.141%
	Safety - Fire 1st Tier	Safety - Fire 2nd Tier	Safety - Fire PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 through December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	20.556%	18.677%	12.141%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,227,872 for the year ended June 30, 2019.

Contributions

Section 20814(c) of the PERL 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 the Plan 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.

The City's contributions to the plan recognized as a part of pension expense for the year ended June 30, 2019, were \$2,549,074.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

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

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$24,205,123.

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, 2018, 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, 2017, rolled forward to June 30, 2018, 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 plans as of June 30, 2017 and 2018, was as follows:

Proportion - June 30, 2017	0.4168%
Proportion - June 30, 2018	0.4125%
Change - Increase (Decrease)	-0.0043%

For the year ended June 30, 2019, the City recognized pension expense of \$5,432,745. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,701,815	\$ -
Changes of assumptions	2,624,601	354,106
Differences between actual and expected experience	574,759	2,180
Net difference between projected and actual earnings on plan investments	181,107	
Change in City's proportion	243,783	328,981
Differences between the City's actual contributions and the City's proportionate share of contributions	630,447	494,611
	<u>630,447</u>	<u>494,611</u>
Total	<u>\$ 6,956,512</u>	<u>\$ 1,179,878</u>

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

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

\$2,701,815 reported as deferred outflows of resources related to contributions subsequent to the measurement date of the net pension liability but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the year ended June 30, 2020, rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2020	\$ 2,575,520
2021	1,552,542
2022	(867,962)
2023	<u>(185,281)</u>
Total	<u>\$ 3,074,819</u>

C. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Age-Entry Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived from CalPERS Membership Data for all Funds (3)

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

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

(3) The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

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

Change of Assumptions

In December 2017, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in Public Employees’ Retirement Fund (PERF), the inflation assumption was reduced from 2.75 percent to 2.50 percent, and the assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.50 percent.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>SAFETY POLICE AND SAFETY FIRE PLANS</u>	<u>Discount Rate -1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate +1% 8.15%</u>
Plans' Net Pension Liability	\$ 38,065,292	\$ 24,205,123	\$ 12,849,196

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plans

The City had an outstanding amount of contributions payable to the pension plan \$131,378 required for the year ended June 30, 2019.

NOTE 8 – RISK MANAGEMENT

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-four (54) cities in the San Joaquin Valley, California, established under the provisions of California Government Code Section 6500, et seq. CSJVRMA provides risk coverage for its members through the pooling of risks and purchased insurance. This coverage extends to workers' compensation and general liability. CSJVRMA is governed by a board consisting of one board member appointed by each member agency and meets three to four times a year. The board has contracted with a management group to supervise and conduct CSJVRMA affairs.

In the event of termination and after all claims have been settled, any excess or deficit will be divided among the agencies in accordance with an approved formula.

General Liability Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city self-insures through the CSJVRMA for the first \$100,000 of each loss. However, this self-insurance retention is funded through annual contributions; therefore, the City effectively has no exposure except for specific limits as described herein. Participating cities then share in the next \$100,000 to \$1,000,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, errors and omissions, and certain other coverage.

Separate deposits are collected from the member cities to cover claims between \$1,000,000 and \$15,000,000. These deposits are also subject to retrospective adjustment.

NOTE 8 – RISK MANAGEMENT (Continued)

Workers' Compensation: The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on the member's own losses up to its retention level plus a pro-rata share of general/administrative expenses and losses between \$100,000 and \$500,000. The City has a retention level of \$100,000, and all claims up to that level are paid by the City. However, this self-insured retention is funded through annual contributions; therefore, the City effectively has no exposure except for specific limits described herein. Benefits from \$100,000 to \$500,000 are covered by the pool. Excess insurance covers claims from \$500,000 up to the statutory benefits schedule under California Workers' Compensation Law.

There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund due from/to other funds at June 30, 2019, were as follows:

	Purpose	Due From Other Funds	Due To Other Funds
Major Governmental Funds			
General Fund	General Operations	\$ 1,021,547	\$ 911,873
Nonmajor Special Revenue Funds			
Senior Services	General Operations	-	4,929
Housing Redevelopment CDBG	General Operations	-	11,825
Traffic Safety	General Operations	-	9,692
Local Law Enforcement Block Grant	General Operations	-	33,694
OTS Grant	General Operations	-	81
Internal Service Funds			
Fleet Maintenance Fund	General Operations	-	36,144
Fiduciary Funds - Agency Fund	General Operations	-	13,309
		<u>\$ 1,021,547</u>	<u>\$ 1,021,547</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers consist of transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2018-19 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<u>Governmental Major Funds</u>			
General Fund			
Special Revenue Funds	For Traffic Safety activity	\$ 121,656	\$ -
Nonmajor Governmental Funds	To reimburse General Fund	-	-
General Fund	To fund activity	407,470	-
Nonmajor Governmental Funds	To fund activity	30,000	-
General Fund	To fund CIP activity	1,043,585	-
Measure R Fund	To fund CIP activity	417,147	-
Nonmajor Governmental Funds	To fund CIP activity	2,934,807	-
General Fund	To reimburse General Fund	-	150,000
Nonmajor Governmental Funds	General Fund contribution	-	1,805,361
Enterprise Funds	General Fund contribution	-	108,000
Financing Authority Fund	For lease revenue bond payment	-	2,071,180
Internal Service Funds	To pay unemployment claims	-	61,310
Nonmajor Governmental Funds	To fund CIP activity	-	677,791
Nonmajor Governmental Funds	To fund CIP activity	-	2,331,087
Nonmajor Governmental Funds	To fund CIP activity	-	115,966
Enterprise Funds	To fund equipment purchase	-	608,132
Internal Service Funds	To fund activity	-	2,000
	Total General Fund	<u>4,954,665</u>	<u>7,930,827</u>
Measure R Fund			
General Fund	To fund CIP activity	<u>-</u>	<u>417,147</u>
Finance Authority Fund			
General Fund	For lease revenue bond payment	<u>2,071,180</u>	<u>-</u>
<u>Governmental Nonmajor Funds</u>			
Special Revenue Funds			
Senior Services	General Fund contribution	319,303	-
Gas Tax	To fund CIP activity	-	2,934,807
Traffic Safety	For traffic safety activity	-	105,673
OTS Grant	For traffic safety activity	-	15,983
	Total Special Revenue Funds	<u>319,303</u>	<u>3,056,463</u>
Capital Projects Funds			
General Fund	To fund CIP activity	185,794	-
Enterprise Funds	To fund CIP activity	<u>27,810</u>	<u>-</u>
	Total Capital Projects Funds	<u>213,604</u>	<u>-</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Proprietary Major Funds

Enterprise Funds

Community & Economic	General Fund contribution	375,000	-
Aviation Fund	General Fund contribution	108,000	-
Aviation Fund	Reimburse for Capital Outlay	14,107	-
Water Fund	Reimburse for Capital Outlay	19,264,439	-
Solid Waste Fund	Reimburse for Capital Outlay	41,689	-
Sewer Fund	Reimburse for Capital Outlay	6,869,018	-
Water Fund	To fund CIP activity	2,576,088	-
Water Fund	To fund CIP activity	608,132	-
Solid Waste Fund	To fund CIP activity	500,000	-
Sewer Fund	To fund CIP activity	-	6,869,018
Solid Waste Fund	To fund CIP activity	-	500,000
Community & Economic	To fund activity	-	2,020
Water Fund	To fund activity	-	670,750
Solid Waste Fund	To fund activity	-	6,150
Sewer Fund	To fund activity	-	437,060
Aviation Fund	Reimburse for Capital Outlay	-	14,107
Water Fund	Reimburse for Capital Outlay	-	19,509,440
Solid Waste Fund	Reimburse for Capital Outlay	-	41,689
		<u>30,356,473</u>	<u>28,050,234</u>
Total Enterprise Funds			

Proprietary Nonmajor Funds

Internal Service Funds

Surface Water	To fund activity	1,360,170	-
Unemployment Insurance	To fund activity	61,310	-
Fleet Maintenance Fund	To fund activity	2,000	-
Fleet Maintenance Fund	Reimburse for Capital Outlay	2,632,710	-
Fleet Maintenance Fund	Reimburse for Capital Outlay	115,966	-
Fleet Maintenance Fund	To fund activity	-	2,632,710
		<u>4,172,156</u>	<u>2,632,710</u>
Total Internal Service Funds			

Totals

\$ 42,087,381 \$ 42,087,381

Interfund advances to/from at June 30, 2019, were as follows:

	<u>Purpose</u>	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
Solid Waste Fund	To Construct Wells	\$ 1,033,333	\$ -
Water Fund	To Construct Wells	-	1,033,333
		<u>\$ 1,033,333</u>	<u>\$ 1,033,333</u>

Advances from Other Funds:

A loan from the Water Fund to the Solid Waste Fund in June 2014 for the construction of Wells: \$1,550,000 original loan in 15 annual payments of \$103,333 plus interest of 2.25%.

\$ 1,033,333

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Plan Administration. The City provides a single-employer OPEB Plan to cover eligible retirees' health care insurance and life insurance costs in accordance with a resolution approved by the City Council.

Benefits Provided. The benefits are provided in the form of:

- An explicit subsidy where the City contributes towards health contributions of those active employees and retirees hired before June 23, 1984;
- An explicit subsidy for OPEB life insurance benefits.

For employees hired before June 24, 1984, the City operates under an agreement to continue to provide health care insurance benefits to all employees who retire after the age of 50 and who have 10 years of service to the City. The retirees are required to pay the employee insurance contribution being charged at the time of their retirement and the City pays the excess of the cost over the amount of the contribution.

The employees' contribution rate is frozen for them; they will never have to pay a larger amount regardless of changes in the City's cost to provide the insurance. At July 1, 2017, members affected by this provision are as follows:

Active Employees	1
Retired Employees	<u>32</u>
Total	<u><u>33</u></u>

In June 1984, in the City's annual memorandum of understanding with employee bargaining units, this agreement was amended for those hired after June 23, 1984: Employees hired after June 23, 1984, must be 55 years old and work 10 years to qualify for the benefits. In addition, for those employees who are hired after June 23, 1984, any increases in contributions after retirement must be borne by the retirees (their rates are not frozen); the City still pays the excess of the cost over the amount of the employees cost of the contribution. The City's obligation under the agreements continues until the death of the employee unless the employee chooses to discontinue the insurance.

Effective August 1, 2006, management employees with more than 20 years of service with the City and attaining age 50 are eligible to continue of the City's health insurance at the same rate as if they were 55.

Plan Membership. At July 1, 2017, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	46
Active plan members	<u>288</u>
Total	<u><u>334</u></u>

Contributions: The OPEB Plan uses the pay-as-you-go method to fund the current cost.

OPEB Assets: The City's OPEB plan did not accumulate any assets in a trust that meets the criteria as defined in paragraph 4 of GASB Statement No. 75.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.62%
Inflation Rate	3.50%
Salary Increases	3.00%
Investment Rate of Return	4.00%
Healthcare Cost Trend Rate	6.00 percent for 2017; 5.00 percent for 2018; 5.00 percent for 2019 and 5.00 percent for 2020 and later years

Pre-retirement and postretirement mortality rates were based on the RP-2014 (adjusted to 2006) Mortality Table for Males or Females, with generational mortality improvements (MP-2017).

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

Discount Rate. GASB Statement No. 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB Plan investments - to the extent that the OPEB Plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher - to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	4.00%	3.13%	3.13%
June 30, 2019	June 30, 2018	4.00%	3.62%	3.62%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Continued)

Changes in the Net OPEB Liability. The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 4,305,149	\$ -	\$ 4,305,149
Changes in the Year:			
Service Cost	524	-	524
Interest on the Total OPEB Liability	130,720	-	130,720
Contributions - Employer	-	259,572	(259,572)
Difference between expected and actual	443	-	443
Change of assumptions	(222,884)	-	(222,884)
Administrative Expenses	-	-	-
Benefit Payments	(259,572)	(259,572)	-
Net Changes	(350,769)	-	(350,769)
Balance at June 30, 2018	\$ 3,954,380	\$ -	\$ 3,954,380

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB Liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Net OPEB Liability (Asset)	\$ 4,431,830	\$ 3,954,380	\$ 3,556,105

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB Liability (Asset)	\$ 3,360,663	\$ 3,954,380	\$ 4,648,742

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Recognition of Deferred Outflows and Deferred Inflows of Resources. Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$103,782. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 259,573	\$ -
Difference Between Expected and Actual Experience	388	-
Changes in Assumptions or Other Inputs	-	195,367
Differences Between Projected and Actual Return Investments	<u>-</u>	<u>-</u>
Total	<u>\$ 259,961</u>	<u>\$ 195,367</u>

The \$259,573 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2020	\$ (27,462)
2021	(27,462)
2022	(27,462)
2022	(27,462)
2023	(27,462)
Thereafter	<u>(57,669)</u>
Total	<u>\$ (194,979)</u>

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2019, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund	
Community Development	\$ 16,970
Principal	4
Nonmajor Fund	
COPS - State Grant	6,737
Auto Theft Deterrence	149
Vehicle Abatement	158

NOTE 12 – COMMITMENTS AND CONTINGENCIES

General Liability

Several claims and suits have been filed against the City in the normal course of business. In the opinion of management and the City Attorney, the potential liability of the City for such claims will not have a material adverse effect on the financial statements of the City. Also, the City has certain commitments under long-term construction projects which will be funded out of future revenues.

NOTE 13 – FUND BALANCES

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

	<u>General Fund</u>	<u>Measure R Fund</u>	<u>Financing Authority Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:					
Public Safety - Police	-	-	-	21,527	21,527
Public Safety - Fire	-	-	-	190,658	190,658
Public Works - Street	-	3,079,429	-	3,569,665	6,649,094
Debt Service	-	-	5,493,548	-	5,493,548
Development Services	-	-	-	1,726,753	1,726,753
Total restricted fund balance	<u>-</u>	<u>3,079,429</u>	<u>5,493,548</u>	<u>5,508,603</u>	<u>14,081,580</u>
Committed to:					
Cash Basis Reserve	-	-	-	-	-
Appropriation for Next Year's Budget	53,360,296	-	-	424,962	53,785,258
Total committed fund balance	<u>53,360,296</u>	<u>-</u>	<u>-</u>	<u>424,962</u>	<u>53,785,258</u>
Total fund balances	<u>\$ 53,360,296</u>	<u>\$ 3,079,429</u>	<u>\$ 5,493,548</u>	<u>\$ 5,933,565</u>	<u>\$ 67,866,838</u>

NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosures is January 28, 2020, which is the date that the financial statements were available to be issued.

On November 5, 2019, the City approved the issuance of \$20 million in Water Revenue Bonds, Series 2019, to be used to fund water system capital improvements and potentially refinance an outstanding equipment lease.

No other material subsequent event items that required recognition or disclosure were identified.

NOTE 15 – DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2019, the following funds had a deficit fund balance or net position:

The Community & Economic Development Services Fund, an Enterprise Fund, had a deficit of \$3,205,347. The Community & Economic Development Services Fund deficit relates to GASB Statement No. 68. The City's plan is to increase the fund balance over time to cover the pension through rate increase and cost savings. This fund was created in the fiscal year 2012-13 and inherited the liability of staff without any consideration of the pension liability.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 35,873,090	\$ 35,873,090	\$ 37,474,620	\$ 1,601,530
Intergovernmental	-	-	1,421	1,421
Licenses and Permits	102,000	102,000	124,917	22,917
Fines and Forfeitures	14,500	14,500	13,162	(1,338)
Charges for Services	3,650,480	5,688,960	7,720,201	2,031,241
Interest and Rentals	418,800	511,300	2,068,664	1,557,364
Grants	448,120	448,120	461,829	13,709
Assessments	-	87,000	81,979	(5,021)
Other	750,960	4,692,330	5,162,287	469,957
Total Revenues	41,257,950	47,417,300	53,109,080	5,691,780
Expenditures				
Current				
General Government	4,834,473	6,909,101	6,284,959	624,142
Public Safety	24,515,499	24,890,239	24,680,063	210,176
Public Works	3,315,350	3,432,549	2,237,096	1,195,453
Community Development	-	87,560	104,530	(16,970)
Community Services	3,904,340	5,599,520	5,398,733	200,787
Library and Cultural	1,443,410	1,443,410	1,383,045	60,365
Capital Outlay	-	35,091,938	11,856,512	23,235,426
Debt Service				
Principal	99,210	99,210	99,214	(4)
Interest and Fiscal Charges	43,740	43,740	29,123	14,617
Total Expenditures	38,156,022	77,597,267	52,073,275	25,523,992
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	3,101,928	(30,179,967)	1,035,805	31,215,772
Other Financing Sources (Uses)				
Transfers In	(180,000)	(6,997,500)	4,954,665	11,952,165
Transfers Out	(4,157,310)	(7,895,310)	(7,930,827)	(35,517)
Total Other Financing Sources (Uses)	(4,337,310)	(14,892,810)	(2,976,162)	11,916,648
Change in Fund Balance Before				
Extraordinary Item	(1,235,382)	(45,072,777)	(1,940,357)	43,132,420
Extraordinary Item				
Extraordinary Gain	-	-	(513,556)	(513,556)
Net Change in Fund Balance	(1,235,382)	(45,072,777)	(2,453,913)	42,618,864
Fund Balance, Beginning	55,814,209	55,814,209	55,814,209	-
Fund Balance, Ending	\$ 54,578,827	\$ 10,741,432	\$ 53,360,296	\$ 42,618,864

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE R FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 831,569	\$ (368,431)
Interest and Rentals	-	-	111,887	111,887
Total Revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>943,456</u>	<u>(256,544)</u>
Other Financing (Uses)				
Transfers Out	<u>(2,109,500)</u>	<u>(2,109,500)</u>	<u>(417,147)</u>	<u>1,692,353</u>
Net Change in Fund Balance	(909,500)	(909,500)	526,309	1,435,809
Fund Balance, Beginning	<u>2,553,120</u>	<u>2,553,120</u>	<u>2,553,120</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,643,620</u></u>	<u><u>\$ 1,643,620</u></u>	<u><u>\$ 3,079,429</u></u>	<u><u>\$ 1,435,809</u></u>

CITY OF TULARE
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019

	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 2,020,696	\$ 1,895,137	\$ 1,881,617	\$ 2,302,467	\$ 2,285,059
Interest on the total pension liability	7,176,661	7,433,900	7,819,665	8,001,199	8,338,921
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(1,775,482)	-	6,473,120	(886,564)
Differences between expected and actual experience	-	(1,397,005)	562,943	(1,583,358)	729,871
Benefit payments, including refunds of employee contributions	(4,290,119)	(4,661,365)	(5,023,725)	(5,205,114)	(5,624,680)
Administrative expenses	-	-	-	-	-
Net change in total pension liability	4,907,238	1,495,185	5,240,500	9,988,314	4,842,607
Total pension liability - beginning	96,823,521	101,730,759	103,225,944	108,466,444	118,454,758
Total pension liability - ending (a)	\$ 101,730,759	\$ 103,225,944	\$ 108,466,444	\$ 118,454,758	\$ 123,297,365
Plan Fiduciary Net Position					
Plan to plan resource movement	\$ -	\$ -	\$ -	\$ -	\$ (203)
Contributions - employer	2,318,875	2,433,522	2,660,488	2,953,750	3,026,404
Contributions - employee	905,841	892,257	938,085	1,173,897	1,314,215
Net investment income	11,296,380	1,680,617	417,640	8,340,246	6,978,602
Administrative expenses	-	(86,194)	(46,628)	(111,403)	(128,722)
Other miscellaneous income/(expense)	-	-	-	-	(244,445)
Benefit payments, including refunds of employee contributions	(4,290,119)	(4,661,365)	(5,023,725)	(5,205,114)	(5,624,680)
Net change in plan fiduciary net position	10,230,977	258,837	(1,054,140)	7,151,376	5,321,171
Plan fiduciary net position - beginning	66,018,374	76,249,351	76,508,188	75,454,048	82,605,424
Plan fiduciary net position - ending (b)	\$ 76,249,351	\$ 76,508,188	\$ 75,454,048	\$ 82,605,424	\$ 87,926,595
Net pension liability - ending (a)-(b)	\$ 25,481,408	\$ 26,717,756	\$ 33,012,396	\$ 35,849,334	\$ 35,370,770
Plan fiduciary net position as a percentage of the total pension liability	74.95%	74.12%	69.56%	69.74%	71.31%
Covered payroll	\$ 10,372,469	\$ 10,614,682	\$ 10,756,983	\$ 11,261,890	\$ 9,499,135
Net pension liability as a percentage of covered payroll	245.66%	251.71%	306.89%	318.32%	372.36%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially required contribution (actuarially determined)	\$ 2,229,666	\$ 2,416,465	\$ 2,663,687	\$ 2,950,052	\$ 3,007,436	\$ 3,374,661
Contributions in relation to the actuarially determined contributions	<u>2,229,666</u>	<u>2,416,465</u>	<u>2,663,687</u>	<u>2,950,052</u>	<u>3,007,436</u>	<u>3,374,661</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,372,469	\$ 10,614,682	\$ 10,756,983	\$ 11,261,890	\$ 9,499,135	\$ 9,287,900
Contributions as a percentage of covered payroll	21.50%	22.77%	24.76%	26.19%	31.66%	36.33%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF TULARE
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019

	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.4487%	0.4443%	0.4316%	0.4168%	0.4125%
Proportionate share of the net pension liability	\$ 16,966,410	\$ 18,307,442	\$ 22,352,131	\$ 24,905,736	\$ 24,205,123
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988	\$ 9,255,346	\$ 8,887,143
Proportionate share of the net pension liability as percentage of covered payroll	196.68%	201.36%	252.60%	269.10%	272.36%
Plan fiduciary net position as a percentage of the total pension liability	77.86%	77.09%	73.74%	73.62%	75.93%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially required contribution (actuarially determined)	\$ 2,917,669	\$ 3,136,890	\$ 3,071,894	\$ 3,368,410	\$ 2,549,074	\$ 2,701,815
Contributions in relation to the actuarially determined contributions	<u>2,917,669</u>	<u>3,136,890</u>	<u>3,071,894</u>	<u>3,368,410</u>	<u>2,549,074</u>	<u>2,701,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988	\$ 9,255,346	\$ 8,887,143	\$ 8,017,645
Contributions as a percentage of covered payroll	33.82%	34.50%	34.71%	36.39%	28.68%	33.70%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF TULARE
SCHEDULE OF CHANGES IN THE NET OTHER POST-EMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30

The following table provides the changes in the City's OPEB Plan net OPEB liability and related ratios:

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 508	\$ 524
Interest	134,199	130,720
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	443
Changes of Assumptions	-	(222,884)
Benefit Payments	<u>(259,568)</u>	<u>(259,572)</u>
Net Change in Total OPEB Liability	(124,861)	(350,769)
Total OPEB Liability - Beginning (a)	<u>4,430,010</u>	<u>4,305,149</u>
Total OPEB Liability Ending (b)	<u><u>\$ 4,305,149</u></u>	<u><u>\$ 3,954,380</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 259,568	\$ 259,572
Net Investment Income	-	-
Benefit Payments	(259,568)	(259,572)
Trustee Fees	-	-
Administrative Expense	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning (c)	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (d)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB Liability Beginning (c) - (a)	<u>\$ 4,430,010</u>	<u>\$ 4,305,149</u>
Net OPEB Liability Ending (d) - (b)	<u><u>\$ 4,305,149</u></u>	<u><u>\$ 3,954,380</u></u>
Total OPEB Liability	\$ 4,305,149	\$ 3,954,380
Covered Payroll	\$ 23,580,458	\$ 25,391,445
Net OPEB Liability as a Percentage of Covered Payroll	18.26%	15.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

Fiscal year 2017-18 was the first year of implementation, therefore, only two fiscal years are shown.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and Investments	\$ 5,112,312	\$ 425,382	\$ 5,537,694
Receivables			
Accounts	27,246	-	27,246
Interest	491,917	-	491,917
Intergovernmental	405,835	-	405,835
Loans	10,119,571	-	10,119,571
Notes	759,458	-	759,458
Land Held for Resale	35,000	-	35,000
	<u>16,951,339</u>	<u>425,382</u>	<u>17,376,721</u>
Total Assets			
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,951,339</u>	<u>\$ 425,382</u>	<u>\$ 17,376,721</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 148,853	\$ 420	\$ 149,273
Due to Other Funds	60,221	-	60,221
Unearned Revenue	142,415	-	142,415
	<u>351,489</u>	<u>420</u>	<u>351,909</u>
Total Liabilities			
Deferred Inflows of Resources			
Deferred Loans	11,091,247	-	11,091,247
	<u>11,091,247</u>	<u>-</u>	<u>11,091,247</u>
Fund Balances			
Restricted	5,508,603	-	5,508,603
Committed	-	424,962	424,962
	<u>5,508,603</u>	<u>424,962</u>	<u>5,933,565</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,951,339</u>	<u>\$ 425,382</u>	<u>\$ 17,376,721</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 2,535,049	\$ -	\$ 2,535,049
Intergovernmental	278,752	-	278,752
Fines and Forfeitures	100,008	-	100,008
Interest and Rentals	194,170	-	194,170
Grants	693,447	-	693,447
Meals	17,359	-	17,359
Assessments	610,942	-	610,942
Other	185,708	-	185,708
Total Revenues	<u>4,615,435</u>	<u>-</u>	<u>4,615,435</u>
Expenditures			
Current			
Public Safety	195,356	-	195,356
Community Development	1,319,350	70,361	1,389,711
Community Services	1,092,449	-	1,092,449
Total Expenditures	<u>2,607,155</u>	<u>70,361</u>	<u>2,677,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,008,280</u>	<u>(70,361)</u>	<u>1,937,919</u>
Other Financing Sources (Uses)			
Transfers In	319,303	213,604	532,907
Transfers Out	<u>(3,056,463)</u>	<u>-</u>	<u>(3,056,463)</u>
Total Other Financing Sources (Uses)	<u>(2,737,160)</u>	<u>213,604</u>	<u>(2,523,556)</u>
Net Change in Fund Balances	(728,880)	143,243	(585,637)
Fund Balances - Beginning	<u>6,237,483</u>	<u>281,719</u>	<u>6,519,202</u>
Fund Balances - Ending	<u>\$ 5,508,603</u>	<u>\$ 424,962</u>	<u>\$ 5,933,565</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Senior Services Fund accounts for receipts of funds from various sources and expenditures to provide meals to senior citizens.

The Home Program Fund accounts for the activities and resources relating to the home loan assistance program, which are Federal block grants provided to local governments designed exclusively to create affordable housing for low-income households.

The Housing Redevelopment CDBG Fund accounts for capital projects relating to the low and moderate income housing program.

The Gas Tax Fund accounts for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106, 2107, and 2107.5 of the State of California.

The Traffic Safety Fund accounts for vehicle code fund revenues and expenditures for traffic safety purposes.

The Citizens Option for Public Safety (COPS) – State Grant Fund accounts for the City's allocation of the State of California COPS program established by Assembly Bill (AB) 3229.

Local Law Enforcement Block Grant Fund accounts for Federal funds received from the U.S. Department of Justice for the purpose of reducing crime and improving public safety.

The Landscape and Lighting Fund accounts for revenues from assessments collected under the 1972 Landscape and Lighting Act and expenditures for maintenance of landscaping in the special assessment districts.

The Office of Traffic and Safety (OTS) Grant Fund accounts for Federal revenues for the comprehensive traffic safety program.

The Auto Theft Deterrence Fund accounts for State revenues for the suppression of auto theft.

The Police Forfeiture Fund accounts for State and Federal revenues for narcotic suppression activities.

The Vehicle Abatement Fund accounts for State and Federal revenues for the abatement of abandoned vehicles.

Rental Rehabilitation Fund accounts for financial assistance to pay for mandatory repairs to self-contained units occupied by low-income tenants.

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ 200	\$ 440,419	\$ 11,819	\$ 3,332,927	\$ -	\$ 70,801
Receivables						
Accounts	(24)	-	26,995	-	-	-
Interest	-	463,187	262	20,790	599	359
Intergovernmental	33,517	-	73,877	215,948	9,094	5,534
Loans	-	7,689,210	1,515,979	-	-	-
Notes	-	-	759,458	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
Total Assets	33,693	8,592,816	2,423,390	3,569,665	9,693	76,694
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 33,693	\$ 8,592,816	\$ 2,423,390	\$ 3,569,665	\$ 9,693	\$ 76,694
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 28,764	\$ 87	\$ 54,711	\$ -	\$ -	\$ 5,798
Due to Other Funds	4,929	-	11,825	-	9,692	-
Unearned Revenue	-	-	46,587	-	-	70,896
Total Liabilities	33,693	87	113,123	-	9,692	76,694
Deferred Inflows of Resources						
Deferred Loans	-	8,592,729	1,515,979	-	-	-
Fund Balances						
Restricted	-	-	794,288	3,569,665	1	-
Total Fund Balances	-	-	794,288	3,569,665	1	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,693	\$ 8,592,816	\$ 2,423,390	\$ 3,569,665	\$ 9,693	\$ 76,694

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ -	\$ 951,489	\$ -	\$ 1,345	\$ 44,557	\$ 190,941
Receivables						
Accounts	-	275	-	-	-	-
Interest	-	4,819	81	8	278	1,191
Intergovernmental	54,818	13,047	-	-	-	-
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	54,818	969,630	81	1,353	44,835	192,132
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 54,818	\$ 969,630	\$ 81	\$ 1,353	\$ 44,835	\$ 192,132
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 21,124	\$ 36,895	\$ -	\$ -	\$ -	\$ 1,474
Due to Other Funds	33,694	-	81	-	-	-
Unearned Revenue	-	-	-	-	24,932	-
Total Liabilities	54,818	36,895	81	-	24,932	1,474
Deferred Inflows of Resources						
Deferred Loans	-	-	-	-	-	-
Fund Balances						
Restricted	-	932,735	-	1,353	19,903	190,658
Total Fund Balances	-	932,735	-	1,353	19,903	190,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,818	\$ 969,630	\$ 81	\$ 1,353	\$ 44,835	\$ 192,132

(Continued)

**CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	Rental Rehabilitation	Total
Assets and Deferred Outflows of Resources		
Assets		
Cash and Investments	\$ 67,814	\$ 5,112,312
Receivables		
Accounts	-	27,246
Interest	343	491,917
Intergovernmental	-	405,835
Loans	914,382	10,119,571
Notes	-	759,458
Land Held for Resale	-	35,000
	<u>982,539</u>	<u>16,951,339</u>
Total Assets		
	<u>982,539</u>	<u>16,951,339</u>
Deferred Outflows of Resources		
	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 982,539</u>	<u>\$ 16,951,339</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ -	\$ 148,853
Due to Other Funds	-	60,221
Unearned Revenue	-	142,415
	<u>-</u>	<u>351,489</u>
Total Liabilities		
	<u>-</u>	<u>351,489</u>
Deferred Inflows of Resources		
Deferred Loans	<u>982,539</u>	<u>11,091,247</u>
Fund Balances		
Restricted	<u>-</u>	<u>5,508,603</u>
Total Fund Balances		
	<u>-</u>	<u>5,508,603</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 982,539</u>	<u>\$ 16,951,339</u>

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 2,535,049	\$ -	\$ -
Intergovernmental	154,717	1,979	122,056	-	-	-
Fines and Forfeitures	-	-	-	-	83,783	-
Interest and Rentals	-	-	3,897	140,311	3,220	2,487
Grants	-	2,745	489,005	-	-	146,460
Meals	17,359	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	18,199	-	70,239	-	-	-
Total Revenues	190,275	4,724	685,197	2,675,360	87,003	148,947
Expenditures						
Current						
Public Safety	-	-	-	-	-	148,947
Community Development	-	4,724	1,210,425	-	-	-
Community Services	509,578	-	-	-	-	-
Total Expenditures	509,578	4,724	1,210,425	-	-	148,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	(319,303)	-	(525,228)	2,675,360	87,003	-
Other Financing Sources (Uses)						
Transfers In	319,303	-	-	-	-	-
Transfers Out	-	-	-	(2,934,807)	(105,673)	-
Total Other Financing Sources (Uses)	319,303	-	-	(2,934,807)	(105,673)	-
Net Change in Fund Balances	-	-	(525,228)	(259,447)	(18,670)	-
Fund Balances - Beginning	-	-	1,319,516	3,829,112	18,671	-
Fund Balances - Ending	\$ -	\$ -	\$ 794,288	\$ 3,569,665	\$ 1	\$ -

(Continued)

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	16,225	-	-	-
Interest and Rentals	-	34,435	458	53	1,745	7,564
Grants	21,124	-	-	-	2,854	31,259
Meals	-	-	-	-	-	-
Assessments	-	610,942	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>21,124</u>	<u>645,377</u>	<u>16,683</u>	<u>53</u>	<u>4,599</u>	<u>38,823</u>
Expenditures						
Current						
Public Safety	-	-	-	-	6,501	39,908
Community Development	-	-	-	6,931	-	-
Community Services	21,124	561,047	700	-	-	-
Total Expenditures	<u>21,124</u>	<u>561,047</u>	<u>700</u>	<u>6,931</u>	<u>6,501</u>	<u>39,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>84,330</u>	<u>15,983</u>	<u>(6,878)</u>	<u>(1,902)</u>	<u>(1,085)</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(15,983)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(15,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>84,330</u>	<u>-</u>	<u>(6,878)</u>	<u>(1,902)</u>	<u>(1,085)</u>
Fund Balances - Beginning	<u>-</u>	<u>848,405</u>	<u>-</u>	<u>8,231</u>	<u>21,805</u>	<u>191,743</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 932,735</u>	<u>\$ -</u>	<u>\$ 1,353</u>	<u>\$ 19,903</u>	<u>\$ 190,658</u>

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Rental Rehabilitation	Total
Revenues		
Taxes	\$ -	\$ 2,535,049
Intergovernmental	-	278,752
Fines and Forfeitures	-	100,008
Interest and Rentals	-	194,170
Grants	-	693,447
Meals	-	17,359
Assessments	-	610,942
Other	97,270	185,708
	<u>97,270</u>	<u>185,708</u>
Total Revenues	<u>97,270</u>	<u>4,615,435</u>
Expenditures		
Current		
Public Safety	-	195,356
Community Development	97,270	1,319,350
Community Services	-	1,092,449
	<u>97,270</u>	<u>2,607,155</u>
Total Expenditures	<u>97,270</u>	<u>2,607,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>2,008,280</u>
Other Financing Sources (Uses)		
Transfers In	-	319,303
Transfers Out	-	(3,056,463)
	<u>-</u>	<u>(2,737,160)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,737,160)</u>
Net Change in Fund Balances	<u>-</u>	<u>(728,880)</u>
Fund Balances - Beginning	<u>-</u>	<u>6,237,483</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 5,508,603</u>

**CITY OF TULARE
 SENIOR SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 154,720	\$ 154,717	\$ (3)
Meals	24,000	17,359	(6,641)
Other	24,000	18,199	(5,801)
Total Revenues	<u>202,720</u>	<u>190,275</u>	<u>(12,445)</u>
Expenditures			
Current			
Community Services	524,430	509,578	14,852
Total Expenditures	<u>524,430</u>	<u>509,578</u>	<u>14,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(321,710)	(319,303)	2,407
Other Financing Sources			
Transfers In	335,010	319,303	(15,707)
Total Other Financing Sources	<u>335,010</u>	<u>319,303</u>	<u>(15,707)</u>
Net Change in Fund Balance	13,300	-	(13,300)
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ 13,300</u>	<u>\$ -</u>	<u>\$ (13,300)</u>

**CITY OF TULARE
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 365,990	\$ 1,979	\$ (364,011)
Grants	(32,210)	2,745	34,955
	<u>333,780</u>	<u>4,724</u>	<u>(329,056)</u>
Total Revenues			
	<u>333,780</u>	<u>4,724</u>	<u>(329,056)</u>
Expenditures			
Current			
Community Development	398,200	4,724	393,476
	<u>398,200</u>	<u>4,724</u>	<u>393,476</u>
Total Expenditures			
	<u>398,200</u>	<u>4,724</u>	<u>393,476</u>
Net Change in Fund Balance	(64,420)	-	64,420
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (64,420)</u>	<u>\$ -</u>	<u>\$ 64,420</u>

**CITY OF TULARE
HOUSING REDEVELOPMENT CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 122,050	\$ 122,056	\$ 6
Interest and Rentals	-	3,897	3,897
Grants	1,181,170	489,005	(692,165)
Other	-	70,239	70,239
	<u>1,303,220</u>	<u>685,197</u>	<u>(618,023)</u>
Total Revenues			
	<u>1,303,220</u>	<u>685,197</u>	<u>(618,023)</u>
Expenditures			
Current			
Community Development	<u>1,701,174</u>	<u>1,210,425</u>	<u>490,749</u>
	<u>1,701,174</u>	<u>1,210,425</u>	<u>490,749</u>
Total Expenditures			
	<u>1,701,174</u>	<u>1,210,425</u>	<u>490,749</u>
Net Change in Fund Balance	(397,954)	(525,228)	(127,274)
Fund Balance - Beginning	<u>1,319,516</u>	<u>1,319,516</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 921,562</u>	<u>\$ 794,288</u>	<u>\$ (127,274)</u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 2,418,790	\$ 2,535,049	\$ 116,259
Interest and Rentals	60,000	140,311	80,311
Total Revenues	<u>2,478,790</u>	<u>2,675,360</u>	<u>196,570</u>
Expenditures			
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,478,790	2,675,360	196,570
Other Financing (Uses)			
Transfers Out	<u>(2,157,580)</u>	<u>(2,934,807)</u>	<u>(777,227)</u>
Net Change in Fund Balance	321,210	(259,447)	(580,657)
Fund Balance, Beginning	<u>3,829,112</u>	<u>3,829,112</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 4,150,322</u></u>	<u><u>\$ 3,569,665</u></u>	<u><u>\$ (580,657)</u></u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 160,000	\$ 83,783	\$ (76,217)
Interest and Rentals	-	3,220	3,220
	<u>160,000</u>	<u>87,003</u>	<u>(72,997)</u>
Expenditures			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	160,000	87,003	(72,997)
Other Financing (Uses)			
Transfers Out	<u>(160,000)</u>	<u>(105,673)</u>	<u>54,327</u>
Net Change in Fund Balance	-	(18,670)	(18,670)
Fund Balance, Beginning	<u>18,671</u>	<u>18,671</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 18,671</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ (18,670)</u></u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 2,487	\$ 2,487
Grants	-	146,460	146,460
Total Revenues	<u>-</u>	<u>148,947</u>	<u>148,947</u>
Expenditures			
Current			
Public Safety	142,210	148,947	(6,737)
Total Expenditures	<u>142,210</u>	<u>148,947</u>	<u>(6,737)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,210)	-	142,210
Other Financing (Uses)			
Transfers Out	-	-	-
Net Change in Fund Balance	(142,210)	-	142,210
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (142,210)</u>	<u>\$ -</u>	<u>\$ 142,210</u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 30,410	\$ 21,124	\$ (9,286)
Total Revenues	<u>30,410</u>	<u>21,124</u>	<u>(9,286)</u>
Expenditures			
Current			
Community Services	<u>30,410</u>	<u>21,124</u>	<u>9,286</u>
Total Expenditures	<u>30,410</u>	<u>21,124</u>	<u>9,286</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
LANDSCAPE AND LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 5,000	\$ 34,435	\$ 29,435
Assessments	<u>622,280</u>	<u>610,942</u>	<u>(11,338)</u>
Total Revenues	<u>627,280</u>	<u>645,377</u>	<u>18,097</u>
Expenditures			
Current			
Community Services	<u>639,590</u>	<u>561,047</u>	<u>78,543</u>
Total Expenditures	<u>639,590</u>	<u>561,047</u>	<u>78,543</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,310)	84,330	(60,446)
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(12,310)	84,330	(60,446)
Fund Balance, Beginning	<u>848,405</u>	<u>848,405</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 836,095</u></u>	<u><u>\$ 932,735</u></u>	<u><u>\$ (60,446)</u></u>

**CITY OF TULARE
OTS GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 20,700	\$ 16,225	\$ (4,475)
Interest and Rentals	-	458	458
	<u>20,700</u>	<u>16,683</u>	<u>(4,017)</u>
Total Revenues			
	<u>20,700</u>	<u>16,683</u>	<u>(4,017)</u>
Expenditures			
Current			
Community Services	700	700	-
	<u>700</u>	<u>700</u>	<u>-</u>
Total Expenditures			
	<u>700</u>	<u>700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	15,983	(4,017)
Other Financing (Uses)			
Transfers Out	(20,000)	(15,983)	4,017
	<u>(20,000)</u>	<u>(15,983)</u>	<u>4,017</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 53	\$ 53
Total Revenues	<u>-</u>	<u>53</u>	<u>53</u>
Expenditures			
Current			
Community Development	6,782	6,931	(149)
Total Expenditures	<u>6,782</u>	<u>6,931</u>	<u>(149)</u>
Net Change in Fund Balance	(6,782)	(6,878)	(96)
Fund Balance, Beginning	<u>8,231</u>	<u>8,231</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,449</u>	<u>\$ 1,353</u>	<u>\$ (96)</u>

**CITY OF TULARE
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 1,745	\$ 1,745
Grants	-	2,854	2,854
	<u>-</u>	<u>4,599</u>	<u>4,599</u>
Expenditures			
Current			
Public Safety	18,500	6,501	11,999
	<u>18,500</u>	<u>6,501</u>	<u>11,999</u>
Net Change in Fund Balance	(18,500)	(1,902)	16,598
Fund Balance, Beginning	<u>21,805</u>	<u>21,805</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,305</u>	<u>\$ 19,903</u>	<u>\$ 16,598</u>

**CITY OF TULARE
VEHICLE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 1,500	\$ 7,564	\$ 6,064
Grants	40,000	31,259	(8,741)
Total Revenues	<u>41,500</u>	<u>38,823</u>	<u>(2,677)</u>
Expenditures			
Current			
Public Safety	<u>39,750</u>	<u>39,908</u>	<u>(158)</u>
Total Expenditures	<u>39,750</u>	<u>39,908</u>	<u>(158)</u>
Net Change in Fund Balance	1,750	(1,085)	(2,835)
Fund Balance, Beginning	<u>191,743</u>	<u>191,743</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 193,493</u></u>	<u><u>\$ 190,658</u></u>	<u><u>\$ (2,835)</u></u>

**CITY OF TULARE
RENTAL REHABILITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other	\$ 128,560	\$ 97,270	\$ (31,290)
Total Revenues	<u>128,560</u>	<u>97,270</u>	<u>(31,290)</u>
Expenditures			
Current			
Community Development	<u>125,560</u>	<u>97,270</u>	<u>28,290</u>
Total Expenditures	<u>125,560</u>	<u>97,270</u>	<u>28,290</u>
Net Change in Fund Balance	3,000	-	(3,000)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (3,000)</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The Technology Construction in Progress (CIP) Fund accounts for the capital projects expenditures related to technology.

**CITY OF TULARE
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2019**

	Technology CIP
Assets	
Cash and Investments	\$ 425,382
Total Assets	\$ 425,382
Liabilities and Fund Balance	
Accounts Payable and Accrued Liabilities	\$ 420
Total Liabilities	420
Fund Balance Committed	424,962
Total Fund Balance	424,962
Total Liabilities and Fund Balance	\$ 425,382

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Technology CIP
Revenues	
Other	\$ -
Total Revenues	-
Expenditures	
Current	
Community Development	70,361
Total Expenditures	70,361
Deficiency of Revenues Under Expenditures	(70,361)
Other Financing Sources	
Transfers In	213,604
Total Other Financing Sources	213,604
Net Change in Fund Balance	143,243
Fund Balance - Beginning	281,719
Fund Balance - Ending	\$ 424,962

**CITY OF TULARE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019		Variance With Final Budget
	Budget	Technology CIP	
Revenues			
Other	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current			
Community Development	174,420	70,361	104,059
Total Expenditures	174,420	70,361	104,059
Deficiency of Revenues Under Expenditures	(174,420)	(70,361)	104,059
Other Financing Sources			
Transfers In	213,600	213,604	(4)
Total Other Financing Sources	213,600	213,604	4
Net Change in Fund Balance	39,180	143,243	104,063
Fund Balance - Beginning	281,719	281,719	-
Fund Balance - Ending	\$ 320,899	\$ 424,962	\$ 104,063

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to another on a cost-reimbursement basis.

The Fleet Maintenance Fund accounts for the costs of maintaining and replacing City vehicles and equipment. Costs are funded by charges to using departments based upon actual usage and rental rates.

The Employee Welfare Fund accounts for the cost of the City's health insurance program. Costs are funded by charges to departments based upon the number of employees and by employee contributions for department coverage.

The Workers' Compensation Fund accounts for the cost of the City's self-insured workers' compensation program. Costs are funded by charges to departments based upon standard workers' compensation rates.

The General Insurance Fund accounts for the cost of the City's self-insured liability and fire insurance program. Costs are funded by charges to departments based upon a combination of number of employees and square footage of buildings factors.

The Unemployment Insurance Fund accounts for the cost of unemployment claims paid and is funded by the General Fund.

The Purchasing Fund accounts for the cost of purchases of inventory items and the department charges for issuance of those items.

Surface Water Management accounts for the cost of flood control, water recharge, capacity enhancement, and pollution control. Costs are funded by the General Fund, Water Fund, and Sewer Fund contributions.

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

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Investments	\$ 4,867,076	\$ 4,244,462	\$ 2,626,511
Cash and Investments with Fiscal Agent	-	-	-
Accounts Receivable	34,471	32,120	16,384
Interest Receivable	-	-	-
Inventories	-	-	-
Total Current Assets	4,901,547	4,276,582	2,642,895
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	75,000	-	-
Depreciable			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	24,213,356	-	-
Accumulated Depreciation and Amortization	(18,005,242)	-	-
Total Noncurrent Assets	14,119,467	-	-
Total Assets	19,021,014	4,276,582	2,642,895
Deferred Outflows of Resources			
Deferred Outflows from Pensions	241,815	17,316	26,373
Deferred Outflows from OPEB	8,223	362	592
Total Deferred Outflows of Resources	250,038	17,678	26,965
Total Assets and Deferred Outflows of Resources	\$ 19,271,052	\$ 4,294,260	\$ 2,669,860
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 54,609	\$ 338,214	\$ 4,678
Due to Other Funds	36,144	-	-
Compensated Absences Payable - Current	4,329	659	771
Capital Leases Payable - Current	24,317	-	-
Unearned Revenue	-	208,746	-
Insurance Claims Payable	-	-	1,444,875
Total Current Liabilities	119,399	547,619	1,450,324
Noncurrent Liabilities			
Capital Leases Payable	65,735	-	-
Compensated Absences Payable	49,781	7,580	8,861
Net Post-Employment Benefits Liability	164,363	7,335	12,621
Net Pension Liability	1,450,202	102,575	148,557
Total Noncurrent Liabilities	1,730,081	117,490	170,039
Total Liabilities	1,849,480	665,109	1,620,363
Deferred Inflows of Resources			
Deferred Inflows from OPEB	5,337	231	405
Deferred Inflows from Pensions	42,955	3,090	4,792
Total Deferred Inflows of Resources	48,292	3,321	5,197
Total Liabilities and Deferred Inflows of Resources	1,897,772	668,430	1,625,560
Net Position			
Net Investment in Capital Assets	14,029,415	-	-
Unrestricted	3,343,865	3,625,830	1,044,300
Total Net Position	\$ 17,373,280	\$ 3,625,830	\$ 1,044,300

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Total</u>
\$ 464,095	\$ 9,118	\$ 210,517	\$ 2,363,037	\$ 14,784,816
44,525	-	-	-	44,525
2,895	-	1,601	-	87,471
-	-	-	14,740	14,740
-	-	207,988	-	207,988
<u>511,515</u>	<u>9,118</u>	<u>420,106</u>	<u>2,377,777</u>	<u>15,139,540</u>
-	-	-	-	75,000
-	-	-	-	6,187,770
-	-	-	-	1,648,583
-	-	13,419	-	24,226,775
-	-	(13,419)	-	(18,018,661)
-	-	-	-	14,119,467
<u>511,515</u>	<u>9,118</u>	<u>420,106</u>	<u>2,377,777</u>	<u>29,259,007</u>
23,757	-	-	18,927	328,188
482	-	-	-	9,659
<u>24,239</u>	<u>-</u>	<u>-</u>	<u>18,927</u>	<u>337,847</u>
<u>\$ 535,754</u>	<u>\$ 9,118</u>	<u>\$ 420,106</u>	<u>\$ 2,396,704</u>	<u>\$ 29,596,854</u>
\$ 3,477	\$ 9,118	\$ 130,723	\$ 7,831	\$ 548,650
-	-	-	-	36,144
771	-	-	-	6,530
-	-	-	-	24,317
-	-	-	-	208,746
-	-	-	-	1,444,875
<u>4,248</u>	<u>9,118</u>	<u>130,723</u>	<u>7,831</u>	<u>2,269,262</u>
-	-	-	-	65,735
8,863	-	-	-	75,085
11,399	-	-	16,684	212,402
137,946	-	-	113,186	1,952,466
<u>158,208</u>	<u>-</u>	<u>-</u>	<u>129,870</u>	<u>2,305,688</u>
<u>162,456</u>	<u>9,118</u>	<u>130,723</u>	<u>137,701</u>	<u>4,574,950</u>
365	-	-	539	6,877
4,271	-	-	3,365	58,473
<u>4,636</u>	<u>-</u>	<u>-</u>	<u>3,904</u>	<u>65,350</u>
<u>167,092</u>	<u>9,118</u>	<u>130,723</u>	<u>141,605</u>	<u>4,640,300</u>
-	-	-	-	14,029,415
368,662	-	289,383	2,255,099	10,927,139
<u>\$ 368,662</u>	<u>\$ -</u>	<u>\$ 289,383</u>	<u>\$ 2,255,099</u>	<u>\$ 24,956,554</u>

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

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Revenues			
Departmental Charges	\$ 2,808,459	\$ 4,112,005	\$ 2,984,319
Employee Contributions	-	1,476,447	-
Total Operating Revenues	<u>2,808,459</u>	<u>5,588,452</u>	<u>2,984,319</u>
Operating Expenses			
General Administration	1,673	60,351	1,761
Personnel Services	813,388	65,507	84,806
Contractual Services	152,897	-	-
Equipment Usage and Operation	201,506	-	-
Insurance	299,190	4,623,403	2,320,179
Depreciation and Amortization	<u>1,996,730</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>3,465,384</u>	<u>4,749,261</u>	<u>2,406,746</u>
Operating Income (Loss)	<u>(656,925)</u>	<u>839,191</u>	<u>577,573</u>
Nonoperating Revenues			
Interest Income	249,934	153,885	96,004
Grants	-	-	-
Other Income	25,780	214	-
Gain on Sale of Assets	<u>49,759</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues	<u>325,473</u>	<u>154,099</u>	<u>96,004</u>
Income (Loss) Before Transfers	<u>(331,452)</u>	<u>993,290</u>	<u>673,577</u>
Transfers In	2,750,676	-	-
Transfers Out	<u>(2,632,710)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(213,486)	993,290	673,577
Net Position, Beginning	<u>17,586,766</u>	<u>2,632,540</u>	<u>370,723</u>
Net Position, Ending	<u>\$ 17,373,280</u>	<u>\$ 3,625,830</u>	<u>\$ 1,044,300</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Total</u>
\$ 1,116,118	\$ -	\$ 1,860,117	\$ -	\$ 12,881,018
-	-	-	-	1,476,447
<u>1,116,118</u>	<u>-</u>	<u>1,860,117</u>	<u>-</u>	<u>14,357,465</u>
15,291	190	-	191,238	270,504
79,851	-	23	93,679	1,137,254
-	-	-	-	152,897
-	-	1,904,727	-	2,106,233
984,951	61,120	-	-	8,288,843
-	-	-	-	1,996,730
<u>1,080,093</u>	<u>61,310</u>	<u>1,904,750</u>	<u>284,917</u>	<u>13,952,461</u>
<u>36,025</u>	<u>(61,310)</u>	<u>(44,633)</u>	<u>(284,917)</u>	<u>405,004</u>
20,119	-	8,001	95,857	623,800
-	-	-	-	-
-	-	3,429	-	29,423
-	-	-	-	49,759
<u>20,119</u>	<u>-</u>	<u>11,430</u>	<u>95,857</u>	<u>702,982</u>
<u>56,144</u>	<u>(61,310)</u>	<u>(33,203)</u>	<u>(189,060)</u>	<u>1,107,986</u>
-	61,310	-	1,360,170	4,172,156
-	-	-	-	(2,632,710)
56,144	-	(33,203)	1,171,110	2,647,432
<u>312,518</u>	<u>-</u>	<u>322,586</u>	<u>1,083,989</u>	<u>22,309,122</u>
<u>\$ 368,662</u>	<u>\$ -</u>	<u>\$ 289,383</u>	<u>\$ 2,255,099</u>	<u>\$ 24,956,554</u>

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

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 2,894,760	\$ 5,693,516	\$ 2,976,576
Cash paid for salaries and benefits	(646,731)	(56,068)	(92,081)
Cash received from (paid for) services and supplies	(463,344)	(20,288)	767
Cash paid for reported claims	(299,190)	(4,623,403)	(2,436,214)
Cash paid for other charges	(1,673)	(60,351)	(1,761)
Net Cash Provided by (Used for) Operating Activities	<u>1,483,822</u>	<u>933,406</u>	<u>447,287</u>
Cash Flows from Non-Capital Financing Activities:			
Due to other funds	(32,858)	-	-
Other income	25,780	214	-
Operating transfers from other funds	2,750,676	-	-
Operating transfers to other funds	(2,632,710)	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>110,888</u>	<u>214</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	51,607	-	-
Payments made on capital leases	(23,261)	-	-
Acquisition of capital assets	(2,640,627)	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(2,612,281)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest income, net	249,934	153,885	96,004
Net Cash Provided by Investing Activities	<u>249,934</u>	<u>153,885</u>	<u>96,004</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(767,637)	1,087,505	543,291
Cash and Cash Equivalents, Beginning of the Year	<u>5,634,713</u>	<u>3,156,957</u>	<u>2,083,220</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 4,867,076</u>	<u>\$ 4,244,462</u>	<u>\$ 2,626,511</u>

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ 1,115,698	\$ -	\$ 1,859,553	\$ (6,150)	\$ 14,533,953
(74,101)	-	-	(81,944)	(950,925)
297	9,118	(1,913,297)	(4,042)	(2,390,789)
(1,134,755)	(61,120)	-	-	(8,554,682)
(15,291)	(190)	-	(191,238)	(270,504)
<u>(108,152)</u>	<u>(52,192)</u>	<u>(53,744)</u>	<u>(283,374)</u>	<u>2,367,053</u>
-	-	-	-	(32,858)
-	-	3,429	-	29,423
-	61,310	-	1,360,170	4,172,156
-	-	-	-	(2,632,710)
<u>-</u>	<u>61,310</u>	<u>3,429</u>	<u>1,360,170</u>	<u>1,536,011</u>
-	-	-	-	51,607
-	-	-	-	(23,261)
-	-	-	-	(2,640,627)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,612,281)</u>
<u>20,119</u>	<u>-</u>	<u>8,001</u>	<u>95,857</u>	<u>623,800</u>
<u>20,119</u>	<u>-</u>	<u>8,001</u>	<u>95,857</u>	<u>623,800</u>
(88,033)	9,118	(42,314)	1,172,653	1,914,583
<u>596,653</u>	<u>-</u>	<u>252,831</u>	<u>1,190,384</u>	<u>12,914,758</u>
<u>\$ 508,620</u>	<u>\$ 9,118</u>	<u>\$ 210,517</u>	<u>\$ 2,363,037</u>	<u>\$ 14,829,341</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (656,925)	\$ 839,191	\$ 577,573
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	1,996,730	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	86,301	(10,437)	(7,743)
Decrease in inventory	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	(108,941)	(20,288)	767
(Decrease) in insurance claims payable	-	-	(116,035)
Increase (Decrease) in compensated absences payable and related items	2,936	990	(261)
(Decrease) in net post-employment benefits liability	(4,256)	(184)	(323)
Increase (Decrease) in net pension liability and related items	167,977	8,633	(6,691)
Increase in unearned revenue	-	115,501	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,483,822</u>	<u>\$ 933,406</u>	<u>\$ 447,287</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Total</u>
\$ 36,025	\$ (61,310)	\$ (44,633)	\$ (284,917)	\$ 405,004
-	-	-	-	1,996,730
(420)	-	(564)	(6,150)	60,987
-	-	21,374	-	21,374
297	9,118	(29,944)	(4,042)	(153,033)
(149,804)	-	-	-	(265,839)
1,323	-	-	-	4,988
(292)	-	-	(430)	(5,485)
4,719	-	23	12,165	186,826
-	-	-	-	115,501
<u>\$ (108,152)</u>	<u>\$ (52,192)</u>	<u>\$ (53,744)</u>	<u>\$ (283,374)</u>	<u>\$ 2,367,053</u>

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FIDUCIARY FUNDS

The Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

The Agency Funds account for receipts and disbursements of the Development Impact Fees.

**CITY OF TULARE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
AGENCY FUND				
Assets				
Cash and Investments	\$ 768,611	\$ 9,955	\$ -	\$ 778,566
Accounts Receivable	1,413	-	535	878
Total Assets	\$ 770,024	\$ 9,955	\$ 535	\$ 779,444
Liabilities				
Accounts Payable	\$ 17,414	\$ -	\$ 4,582	\$ 12,832
Deposits Payable	752,610	14,002	-	766,612
Total Liabilities	\$ 770,024	\$ 14,002	\$ 4,582	\$ 779,444
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 8,694,695	\$ 1,361,349	\$ -	\$ 10,056,044
Accounts Receivable	41,220	33,166	-	74,386
Total Assets	\$ 8,735,915	\$ 1,394,515	\$ -	\$ 10,130,430
Liabilities				
Due to Other Funds	\$ -	\$ 13,309	\$ -	\$ 13,309
Deposits Payable	10,124,471	1,477,474	1,484,824	10,117,121
Total Liabilities	\$ 10,124,471	\$ 1,490,783	\$ 1,484,824	\$ 10,130,430
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 9,463,306	\$ 1,371,304	\$ -	\$ 10,834,610
Accounts Receivable	42,633	33,166	535	75,264
Total Assets	\$ 9,505,939	\$ 1,404,470	\$ 535	\$ 10,909,874
Liabilities				
Accounts Payable	\$ 17,414	\$ -	\$ 4,582	\$ 12,832
Due to Other Funds	-	13,309	-	13,309
Deposits Payable	10,877,081	1,491,476	1,484,824	10,883,733
Total Liabilities	\$ 10,894,495	\$ 1,504,785	\$ 1,489,406	\$ 10,909,874

CITY OF TULARE
SCHEDULE OF EXPENDITURES BY DEPARTMENT –
BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 131,150	\$ 130,150	\$ 123,206	\$ 6,944
City Manager	474,720	474,720	543,439	(68,719)
Finance	1,172,690	1,172,690	1,111,788	60,902
Economic Development	171,150	171,150	149,709	21,441
CIP Administrative	655,165	2,730,793	2,099,377	631,416
IT Division	448,438	448,438	406,443	41,995
Personnel	419,360	419,360	425,982	(6,622)
Non-Departmental	386,010	386,010	467,753	(81,743)
Animal Control	975,790	975,790	957,262	18,528
Total General Government	<u>4,834,473</u>	<u>6,909,101</u>	<u>6,284,959</u>	<u>624,142</u>
Public Safety				
Police	352,490	352,490	493,472	(140,982)
Fire Code Enforcement	24,163,009	24,537,749	24,186,591	351,158
Total Public Safety	<u>24,515,499</u>	<u>24,890,239</u>	<u>24,680,063</u>	<u>210,176</u>
Public Works				
Streets	3,315,350	3,432,549	2,237,096	1,195,453
Storm Drains	-	-	-	-
Total Public Works	<u>3,315,350</u>	<u>3,432,549</u>	<u>2,237,096</u>	<u>1,195,453</u>
Community Development				
Parking and Business Improvement	-	87,560	82,149	5,411
Dangerous Building Abatement	-	-	22,381	(22,381)
Total Community Development	<u>-</u>	<u>87,560</u>	<u>104,530</u>	<u>(16,970)</u>
Community Services				
Parks	2,423,420	2,410,920	2,329,128	81,792
Community Services	1,480,920	3,188,600	3,069,605	118,995
Total Community Services	<u>3,904,340</u>	<u>5,599,520</u>	<u>5,398,733</u>	<u>200,787</u>
Library and Cultural	<u>1,443,410</u>	<u>1,443,410</u>	<u>1,383,045</u>	<u>60,365</u>
Capital Outlay	<u>-</u>	<u>35,091,938</u>	<u>11,856,512</u>	<u>23,235,426</u>
Debt Service				
Principal	99,210	99,210	99,214	(4)
Interest	43,740	43,740	29,123	14,617
Total Debt Service	<u>142,950</u>	<u>142,950</u>	<u>128,337</u>	<u>14,613</u>
Transfers Out	<u>4,157,310</u>	<u>7,895,310</u>	<u>7,930,827</u>	<u>(35,517)</u>
Total General Fund Expenditures	<u>\$ 42,313,332</u>	<u>\$ 85,492,577</u>	<u>\$ 60,004,102</u>	<u>\$ 25,488,475</u>

CITY OF TULARE
MEASURE I SALES TAX REVENUE AND RELATED
EXPENDITURES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 5,300,710	\$ 5,667,757	\$ 367,047
Expenditures			
Measure I - Police	113,740	119,191	(5,451)
Measure I - Fire	4,313,740	3,860,089	453,651
Measure I - Code Enforcement	1,511,510	1,568,406	(56,896)
Total Expenditures	5,938,990	5,547,686	391,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (638,280)	\$ 120,071	\$ 758,351

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2019**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

On June 30, 2010, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Projects Serial Tax Allocation Bonds Series A (Tax-Exempt). Series A bonds totaling \$8,605,000 are payable in amounts ranging from \$45,562 to \$955,156 semiannually on August 1 and February 1, commencing August 1, 2010, through August 1, 2040, and bear interest at rates from 6.00% to 6.25%. Term Bonds of \$2,245,000 are due August 1, 2030, at interest rate 6.00%. Term Bonds of \$2,470,000 are due August 1, 2035, at interest rate 6.125%. Term Bonds of \$3,890,000 are due August 1, 2040, at interest rate 6.25%. The former Redevelopment Agency paid off the remaining balance by issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series A and B (Tax-Exempt).

On June 30, 2010, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Projects Serial Tax Allocation Bonds Series B (Taxable). Series B bonds totaling \$4,915,000 are payable in amounts ranging from \$29,622 to \$640,035 semiannually on August 1 and February 1, commencing August 1, 2010, through August 1, 2023, and bear interest at rates from 4.125% to 7.70%. Term Bonds of \$350,000 are due August 1, 2013, at interest rate 4.125%. Term Bonds of \$365,000 are due August 1, 2014, at interest rate 4.50%. Term Bonds of \$380,000 are due August 1, 2015, at interest rate 5.00%. Term Bonds of \$3,820,000 are due August 1, 2023, at interest rate 7.70%. The former Redevelopment Agency paid off the remaining balance by issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series A and B (Tax-Exempt).

On June 30, 2010, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Projects Serial Tax Allocation Bonds Series C (Taxable). Series C bonds totaling \$9,830,000 are payable in amounts ranging from \$68,853 to \$734,963 semiannually on August 1 and February 1, commencing August 1, 2010, through August 1, 2040, and bear interest at rates from 5.25% to 8.50%. Term Bonds of \$445,000 are due August 1, 2015, at interest rate 5.25%. Term Bonds of \$1,390,000 are due August 1, 2020, at interest rate 7.50%. Term Bonds of \$3,040,000 are due August 1, 2030, at interest rate 8.25%. Term Bonds of \$4,955,000 are due August 1, 2040, at interest rate 8.50%. The former Redevelopment Agency paid off the remaining balance by issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series A and B (Tax-Exempt).

On February 16, 2017, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series A (Tax-Exempt). Series A bonds totaling \$7,915,000 are payable in amounts ranging from \$13,400 to \$752,900 semiannually on August 1 and February 1 commencing August 1, 2017, through August 1, 2040, and bear interest at rates from 2.00% to 5.00%. The transaction resulted in a reduction of \$2,218,010 in future debt service payments. The economic gain was \$646,754. At June 30, 2019, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 7,950,367

On February 16, 2017, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series B (Tax-Exempt). Series A bonds totaling \$14,015,000 are payable in amounts ranging from \$14,130 to \$1,268,902 semiannually on August 1 and February 1 commencing August 1, 2017, through August 1, 2040, and bear interest at rates from 2.00% to 4.71%. The transaction resulted in a reduction of \$6,397,531 in future debt service payments. The economic gain was \$1,292,184. At June 30, 2019, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 12,160,000

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

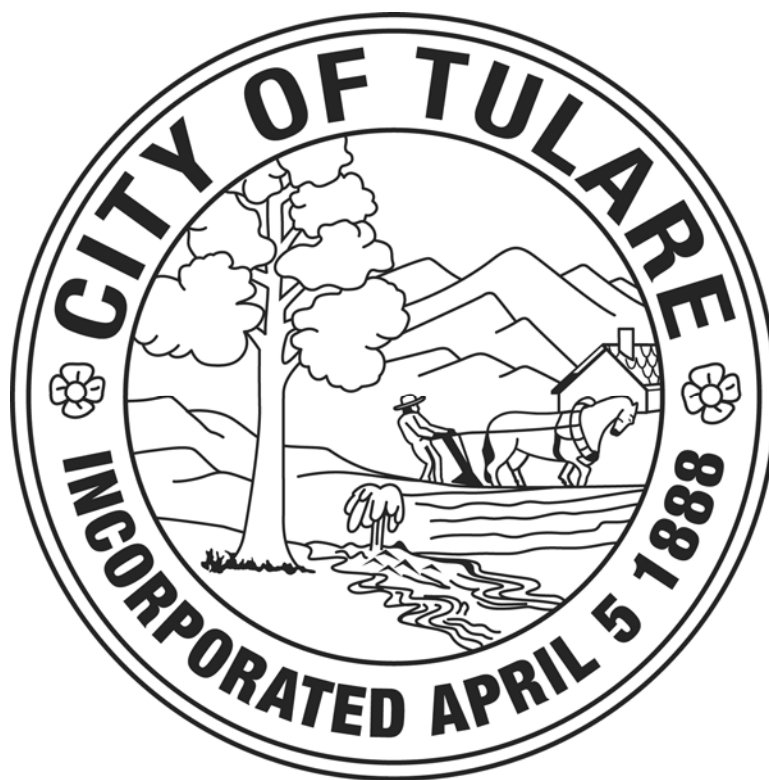
The City advanced funds to the former Redevelopment Agency for operations. These advances date back since inception, and were payable upon demand, with interest accruing at 8% per annum on the unpaid balance. As of June 30, 2009, the remaining balance was approximately \$66 million. On June 29, 2010, the former Redevelopment Agency and the City reached an amended repayment agreement. The City forgave \$44,258,915 to reduce the outstanding principal balance to the City to \$22,052,848. In addition, the former Redevelopment Agency repaid \$6,000,000 and reduced the balance to the amount of \$3,302,059 as of June 30, 2011. The former Redevelopment Agency would make annual payments to the City with the annual interest rate at 3%. Beginning in fiscal year 2010-11, the former Redevelopment Agency was required to make annual payments of interest only to the City. This agreement was to continue through fiscal year 2024-25 and commencing in fiscal year 2025-26, payments of principal and interest were to be due until all amounts due were paid in full. However, in 2013, after the dissolution of the former Redevelopment Agency and when the State took control, the State Controller's Office issued a written finding in regards to an accelerated loan payment made by the City in December 2011, after the effective date of AB 1X 26 and ordered the City to return \$1,634,962 in property taxes to the Successor Agency which increased the advance to \$4,937,021. Included in the \$16,052,849 ending balance as of June 30, 2019, is also \$465,736 in property to be sold to the County Superintendent of Schools. At June 30, 2019, the outstanding balance was:

\$ 16,052,849

The annual requirements to amortize debt payable are as follows:

Year Ending June 30,	Fiduciary Fund - Private Purpose Trust Fund		
	Allocation Bonds - Series A	Allocation Bonds - Series B	From the Primary Government
2020	\$ 360,425	\$ 1,477,687	\$ -
2021	359,075	1,432,962	-
2022	362,400	1,443,763	16,052,849
2023	360,400	1,445,233	-
2024	613,200	1,123,716	-
2025-2029	2,703,750	3,174,045	-
2030-2034	2,765,926	2,938,829	-
2035-2039	3,378,300	3,051,922	-
2040-2044	1,449,700	1,241,160	-
2045-2048	-	-	-
	12,353,176	17,329,317	16,052,849
Less Interest	4,523,175	5,169,317	-
Plus Unamortized Premium	120,366	-	-
Total	\$ 7,950,367	\$ 12,160,000	\$ 16,052,849

STATISTICAL SECTION (UNAUDITED)



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STATISTICAL SECTION (UNAUDITED)

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**CITY OF TULARE
STATISTICAL SECTION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

The statistical section of the City's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

Contents	Pages
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.	132 – 141
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	142 – 149
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	150 – 157
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.	158 – 160
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	161 – 165

**CITY OF TULARE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2010	2011	2012	2013	2014
<u>Governmental Activities:</u>					
Net Investment in Capital Assets	\$ 134,341,017	\$ 151,745,077	\$ 154,050,235	\$ 165,585,033	\$ 177,172,689
Restricted	5,079,552	5,950,633	5,112,388	2,212,182	1,283,898
Unrestricted	48,577,529	41,007,426	49,533,580	46,626,129	47,137,211
Total Governmental Activities Net Position	\$ 187,998,098	\$ 198,703,136	\$ 208,696,203	\$ 214,423,344	\$ 225,593,798
<u>Business-Type Activities:</u>					
Net Investment in Capital Assets	\$ 83,970,647	\$ 87,741,783	\$ 83,851,638	\$ 83,470,628	\$ 85,354,787
Restricted	33,428,794	11,328,132	14,901,129	14,901,128	12,828,344
Unrestricted	(34,593,405)	(16,441,899)	(11,609,337)	(8,501,979)	(7,120,889)
Total Business-Type Activities Net Position	\$ 82,806,036	\$ 82,628,016	\$ 87,143,430	\$ 89,869,777	\$ 91,062,242
<u>Primary Government:</u>					
Net Investment in Capital Assets	\$ 218,311,664	\$ 239,486,860	\$ 237,901,873	\$ 249,055,661	\$ 262,527,476
Restricted	38,508,346	17,278,765	20,013,517	17,113,310	14,112,242
Unrestricted	13,984,124	24,565,527	37,924,243	38,124,150	40,016,322
Total Primary Government Net Position	\$ 270,804,134	\$ 281,331,152	\$ 295,839,633	\$ 304,293,121	\$ 316,656,040

Sources:

CAFR
Statement of Net Position

Fiscal Year				
2015	2016	2017	2018	2019
\$ 207,289,716	\$ 211,461,105	\$ 211,265,222	\$ 208,315,732	\$ 217,579,213
1,164,494	1,198,432	1,168,992	4,006,738	4,109,899
11,560,174	44,306,438	47,705,937	50,782,588	46,588,528
<u>\$ 220,014,384</u>	<u>\$ 256,965,975</u>	<u>\$ 260,140,151</u>	<u>\$ 263,105,058</u>	<u>\$ 268,277,640</u>
\$ 86,153,865	\$ 80,626,706	\$ 79,725,820	\$ 66,846,189	\$ 90,621,714
8,572,997	8,572,997	7,675,730	13,006,601	13,006,601
(6,566,796)	4,481,990	11,706,869	24,722,430	20,856,181
<u>\$ 88,160,066</u>	<u>\$ 93,681,693</u>	<u>\$ 99,108,419</u>	<u>\$ 104,575,220</u>	<u>\$ 124,484,496</u>
\$ 293,443,581	\$ 292,087,811	\$ 290,991,042	\$ 275,161,921	\$ 308,200,927
9,737,491	9,771,429	8,844,722	17,013,339	17,116,500
4,993,378	48,788,428	59,412,806	75,505,018	67,444,709
<u>\$ 308,174,450</u>	<u>\$ 350,647,668</u>	<u>\$ 359,248,570</u>	<u>\$ 367,680,278</u>	<u>\$ 392,762,136</u>

**CITY OF TULARE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses:					
Governmental Activities:					
General Government	\$ 7,227,222	\$ 8,642,445	\$ 8,067,355	\$ 9,010,273	\$ 4,862,056
Intergovernmental	22,198	3,325	4,875	1,850	148,790
Public Safety	18,150,196	18,593,186	18,318,598	19,059,260	19,915,983
Public Works	2,253,586	2,578,473	3,579,669	5,655,689	2,287,781
Community Development	7,548,417	6,750,085	6,997,115	3,122,172	5,968,778
Community Services	4,119,626	3,862,066	2,941,823	3,941,229	4,981,447
Library and Cultural	5,254,822	4,432,456	4,767,847	4,114,378	4,438,440
Interest on Long-Term Debt	1,873,941	1,558,168	1,541,400	1,797,517	1,548,628
Total Governmental Activities Expenses	46,450,008	46,420,204	46,218,682	46,702,368	44,151,903
Business-Type Activities:					
Aviation	377,402	382,051	367,763	293,005	351,636
Transit	2,491,326	2,646,089	2,543,927	2,618,740	2,948,977
Community and Development	-	-	-	1,342,996	2,203,021
Water	5,886,572	6,873,779	5,961,595	6,998,271	6,497,620
Solid Waste	6,630,196	5,413,630	6,170,699	5,562,606	6,346,567
Sewer	23,628,414	22,960,927	23,915,636	26,131,677	27,656,817
Total Business-Type Activities Expenses	39,013,910	38,276,476	38,959,620	42,947,295	46,004,638
Total Primary Government Expenses	85,463,918	84,696,680	85,178,302	89,649,663	90,156,541
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	404,289	471,461	392,699	498,638	274,788
Intergovernmental	261,239	1,656,320	176,929	179,467	103,241
Public Safety	1,311,651	1,275,328	1,226,824	1,285,941	1,330,307
Public Works	126,065	140,660	174,249	312,403	129,298
Community Development	1,506,687	1,938,612	1,899,718	962,594	1,161,062
Community Services	230,451	210,683	143,201	217,701	281,516
Library and Cultural	293,953	241,799	232,086	227,266	250,847
Operating Grants and Contributions	647,282	1,131,073	1,181,916	1,151,910	1,033,917
Capital Grants and Contributions	182,021	4,449,047	10,881,509	9,196,546	8,919,700
Total Governmental Activities Program Revenues	4,963,638	11,514,983	16,309,131	14,032,466	13,484,676
Business-Type Activities:					
Charges for Services:					
Aviation	113,350	110,825	121,495	109,303	115,405
Transit	1,885,297	1,895,852	1,934,546	2,248,152	2,370,665
Community and Development	-	-	-	1,089,516	1,370,618
Water	5,112,671	4,978,664	5,187,429	6,063,775	6,635,639
Solid Waste	6,539,840	7,158,579	7,570,292	8,340,384	8,206,431
Sewer	20,134,580	22,549,039	26,595,579	26,051,737	26,207,894
Operating Grants and Contributions	-	850,130	1,679,277	863,097	2,031,384
Capital Grants and Contributions	2,246,055	-	-	-	-
Total Business-Type Activities Program Revenues	36,031,793	37,543,089	43,088,618	44,765,964	46,938,036
Total Primary Government Program Revenues	40,995,431	49,058,072	59,397,749	58,798,430	60,422,712

(Continued)

		Fiscal Year							
		2015	2016	2017	2018	2019			
\$	5,972,924	\$	4,975,254	\$	2,475,077	\$	5,805,716	\$	4,703,423
	2,001		2,400		-		-		-
	20,543,299		18,978,334		22,434,933		27,123,518		27,945,951
	2,987,540		10,078,440		2,275,960		2,452,434		2,425,727
	4,217,078		10,236,915		5,682,852		8,126,574		5,905,476
	5,106,177		5,749,780		5,927,569		6,834,186		6,510,435
	3,210,010		5,952,134		3,128,200		3,083,550		2,956,417
	1,555,034		1,488,132		1,450,221		598,884		1,088,411
	<u>43,594,063</u>		<u>57,461,389</u>		<u>43,374,812</u>		<u>54,024,862</u>		<u>51,535,840</u>
	251,520		410,647		303,045		421,384		360,020
	3,111,671		3,123,964		3,526,009		3,664,540		3,935,325
	1,956,087		1,573,507		2,275,967		3,329,780		3,266,224
	5,926,633		6,784,595		8,148,054		8,587,085		9,126,304
	6,685,681		7,283,313		7,355,336		8,288,359		9,021,964
	<u>25,267,201</u>		<u>29,281,564</u>		<u>30,471,856</u>		<u>28,290,003</u>		<u>28,648,005</u>
	<u>43,198,793</u>		<u>48,457,590</u>		<u>52,080,267</u>		<u>52,581,151</u>		<u>54,357,842</u>
	<u>86,792,856</u>		<u>105,918,979</u>		<u>95,455,079</u>		<u>106,606,013</u>		<u>105,893,682</u>
	463,179		455,588		264,526		670,136		820,542
	321,569		220		-		56,396		2,428
	1,775,665		1,737,861		2,397,756		3,302,341		4,953,595
	231,673		922,891		243,245		298,589		429,975
	1,114,835		937,402		607,361		989,426		1,046,783
	395,966		526,512		633,515		832,075		1,154,015
	248,925		545,042		334,330		375,428		524,044
	1,240,627		1,782,930		959,415		3,189,647		1,155,276
	<u>12,424,332</u>		<u>7,918,523</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>18,216,771</u>		<u>14,826,969</u>		<u>5,440,148</u>		<u>9,714,038</u>		<u>10,086,658</u>
	118,564		121,172		121,108		125,042		112,361
	2,338,653		1,615,709		1,684,809		1,546,582		1,739,886
	1,924,910		1,963,243		2,173,788		2,257,858		2,148,526
	8,112,880		8,014,181		10,611,372		12,295,297		14,770,030
	8,315,243		8,723,653		8,700,096		8,990,099		9,606,652
	27,054,457		29,436,905		30,349,080		32,200,444		33,864,373
	1,157,482		837,623		3,721,134		1,697,847		2,636,741
	<u>2,221,961</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>51,244,150</u>		<u>50,712,486</u>		<u>57,361,387</u>		<u>59,113,169</u>		<u>64,878,569</u>
	<u>69,460,921</u>		<u>65,539,455</u>		<u>62,801,535</u>		<u>68,827,207</u>		<u>74,965,227</u>

(Continued)

CITY OF TULARE
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

	Fiscal Year				
	2010	2011	2012	2013	2014
Net Revenues (Expenses):					
Governmental Activities	(41,486,370)	(34,905,221)	(29,909,551)	(32,669,902)	(30,667,227)
Business-Type Activities	(2,982,117)	(733,387)	4,128,998	1,818,669	933,398
Total Net Revenues (Expenses)	<u>(44,468,487)</u>	<u>(35,638,608)</u>	<u>(25,780,553)</u>	<u>(30,851,233)</u>	<u>(29,733,829)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Sales Tax/Gas Tax/Measure R Taxes	17,003,577	16,314,384	20,311,365	23,905,777	23,393,201
Property Tax	4,040,713	4,153,674	4,447,600	4,026,662	4,705,679
Utility Tax	5,462,182	5,533,018	5,234,472	5,343,876	5,592,318
Motel/Hotel and Franchise Tax	2,147,819	2,299,093	820,038	1,984,941	2,101,367
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,701,932	4,734,280	4,367,392	4,229,944	4,326,227
Other Taxes	-	-	1,608,623	633,097	660,950
Investment Income	897,402	579,731	652,931	212,232	736,701
Other General Revenues	3,035,817	3,357,639	3,514,588	-	1,708,873
Grants and Contributions Not Restricted to Specific Programs	591,426	265,222	-	-	-
Gain on Sale of Capital Assets	-	17,734	-	-	-
Transfers	-	8,355,484	2,713,404	(304,524)	(728,438)
Total Governmental Activities	<u>37,880,868</u>	<u>45,610,259</u>	<u>43,670,413</u>	<u>40,032,005</u>	<u>42,496,878</u>
Business-Type Activities:					
Investment Income	719,593	656,937	679,628	631,930	692,776
Gain (Loss) on Sale of Capital Assets	41,602	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	(101,570)	(293,211)	275,748	728,438
Total Business-Type Activities	<u>761,195</u>	<u>555,367</u>	<u>386,417</u>	<u>907,678</u>	<u>1,421,214</u>
Total Primary Government	<u>38,642,063</u>	<u>46,165,626</u>	<u>44,056,830</u>	<u>40,939,683</u>	<u>43,918,092</u>
Special Items					
Debt Forgiveness-Governmental Activities	(44,258,915)	-	-	-	-
Extraordinary Gain (Loss) on Dissolution of Redevelopment Agency	-	-	(3,767,795)	(1,634,962)	-
Other	-	-	-	-	-
Extraordinary Gain on Dissolution of Lawsuit Settlement	-	-	-	-	-
Total Special Items	<u>(44,258,915)</u>	<u>-</u>	<u>(3,767,795)</u>	<u>(1,634,962)</u>	<u>-</u>
Changes in Net Position					
Governmental Activities	(47,864,417)	10,705,038	9,993,067	5,727,141	11,829,651
Business-Type Activities	(2,220,922)	(178,020)	4,515,415	2,726,347	2,354,612
Total Primary Government	<u>\$ (50,085,339)</u>	<u>\$ 10,527,018</u>	<u>\$ 14,508,482</u>	<u>\$ 8,453,488</u>	<u>\$ 14,184,263</u>

Sources:

CAFR
Statement of Net Position

Fiscal Year				
2015	2016	2017	2018	2019
(25,377,292)	(42,634,420)	(37,934,664)	(44,310,824)	(41,449,182)
8,045,357	2,254,896	5,281,120	6,532,018	10,520,727
(17,331,935)	(40,379,524)	(32,653,544)	(37,778,806)	(30,928,455)
31,070,736	26,818,588	18,074,636	19,519,868	20,118,217
4,688,189	4,780,267	5,181,172	5,553,078	5,884,742
5,869,634	5,622,124	5,568,461	5,961,321	5,882,716
2,215,176	2,219,734	2,326,641	2,465,042	2,594,469
4,629,563	4,882,755	5,107,399	5,349,628	5,572,329
695,971	726,940	740,839	799,940	788,765
567,673	711,185	140,642	454,925	3,155,785
8,499,838	28,876,448	4,213,419	4,585,416	5,444,536
-	-	-	-	-
-	-	-	-	-
(746,270)	(1,328,598)	570,630	4,334,254	(2,306,639)
57,490,510	73,309,443	41,923,839	49,023,472	47,134,920
636,054	588,133	820,923	1,444,614	2,600,791
-	-	(71,322)	-	-
-	-	-	-	4,481,519
746,270	2,678,598	(570,630)	(662,772)	2,306,239
1,382,324	3,266,731	178,971	781,842	9,388,549
58,872,834	76,576,174	42,102,810	49,805,314	56,523,469
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(513,556)
-	6,276,568	-	-	-
-	6,276,568	-	-	(513,556)
32,113,218	36,951,591	3,989,175	4,712,648	5,172,182
9,427,681	5,521,627	5,460,091	7,313,860	19,909,276
\$ 41,540,899	\$ 42,473,218	\$ 9,449,266	\$ 12,026,508	\$ 25,081,458

CITY OF TULARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Reserved	\$ 26,437,732	\$ -	\$ -	\$ -	\$ -
Unreserved	6,320,602	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	(13,386)	-	8,708	29,077
Committed	-	21,781,536	22,797,424	19,998,080	22,004,228
Assigned	-	-	-	-	-
Unassigned	-	-	(3,951,915)	(1,634,962)	-
Total General Fund	\$ 32,758,334	\$ 21,768,150	\$ 18,845,509	\$ 18,371,826	\$ 22,033,305
All Other Governmental Funds:					
Reserved, Reported in:					
Debt Service Funds	\$ 4,293,093	\$ -	\$ -	\$ -	\$ 2,876,426
Unreserved, Reported in:					
Special Revenue Funds	7,141,590	-	-	-	-
Capital Projects Funds	(253,448)	-	-	-	-
Nonspendable	-	-	-	35,000	35,000
Restricted	-	12,310,686	17,345,677	14,986,150	9,718,237
Committed	-	3,381,226	-	626,408	722,545
Assigned	-	-	(189,068)	-	-
Unassigned	-	-	-	-	(1,082)
Total All Other Governmental Funds	\$ 11,181,235	\$ 15,691,912	\$ 17,156,609	\$ 15,647,558	\$ 13,351,126

Note: In fiscal year 2010-11 the City of Tulare implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

Sources:

CAFR
Balance Sheet – Governmental Funds

Fiscal Year				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
1,431,320	5,268,406	3,210,570	8,255,722	-
21,840,982	46,394,799	47,275,064	47,558,487	53,360,296
-	-	-	-	-
-	-	-	-	-
<u>\$ 23,272,302</u>	<u>\$ 51,663,205</u>	<u>\$ 50,485,634</u>	<u>\$ 55,814,209</u>	<u>\$ 53,360,296</u>
\$ 2,880,133	\$ 2,885,783	\$ 2,590,515	\$ 5,485,690	\$ 5,493,548
-	-	-	-	-
-	-	-	-	-
35,000	35,000	35,000	-	-
8,154,275	7,103,909	6,953,793	8,790,603	8,588,032
744,557	461,054	312,130	281,719	424,962
22,951	-	-	-	-
(624,325)	-	-	-	-
<u>\$ 11,212,591</u>	<u>\$ 10,485,746</u>	<u>\$ 9,891,438</u>	<u>\$ 14,558,012</u>	<u>\$ 14,506,542</u>

CITY OF TULARE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	\$ 33,356,223	\$ 28,300,169	\$ 36,789,494	\$ 40,124,297	\$ 40,779,742
Intergovernmental	259,997	6,390,419	176,692	179,365	94,832
Licenses and Permits	600,944	880,876	839,048	78,939	102,983
Fines and Forfeitures	296,334	261,035	335,121	233,167	204,719
Charges for Services	2,493,574	2,447,307	2,174,778	2,481,343	2,407,782
Interest and Rentals	740,036	502,658	555,667	239,841	648,751
Grants	1,420,729	5,845,341	12,063,425	5,564,425	9,913,617
Meals	35,006	40,879	40,238	26,296	26,416
Assessments	483,486	689,506	720,068	711,196	720,743
Other	2,770,855	2,658,216	2,845,740	4,088,635	1,241,758
Total Revenues	42,457,184	48,016,406	56,540,271	53,727,504	56,141,343
Expenditures:					
Current:					
General Government	3,842,671	4,250,919	4,426,111	3,354,212	3,477,232
Intergovernmental	22,198	3,325	4,875	1,850	80,434
Public Safety	17,119,531	17,934,692	17,592,694	18,458,371	18,951,852
Public Works	2,014,853	2,423,082	3,422,798	5,544,549	2,159,172
Community Development	15,862,715	5,347,788	4,972,369	2,149,595	1,715,725
Community Services	4,027,590	3,806,034	2,874,852	3,884,359	4,915,473
Library and Cultural	822,996	914,157	864,684	794,455	879,266
Capital Outlay	8,785,378	14,714,906	17,196,246	16,668,830	19,376,263
Debt Service:					
Principal	1,352,491	3,128,889	777,332	1,062,010	839,461
Interest and Fiscal Charges	2,266,398	1,758,832	1,677,870	1,753,594	1,605,503
Total Expenditures	56,116,821	54,282,624	53,809,831	53,671,825	54,000,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,659,637)	(6,266,218)	2,730,440	55,679	2,140,962
Other Financing Sources (Uses):					
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-
Bond Premium	-	-	-	-	-
Transfers In	23,144,987	14,415,335	11,796,917	17,031,556	19,122,308
Transfers Out	(23,381,826)	(14,628,624)	(12,217,506)	(17,435,007)	(20,035,107)
Issuance of Bonds	-	-	-	-	-
Total Other Financing Sources (Uses)	(236,839)	(213,289)	(420,589)	(403,451)	(912,799)
Net Change in Fund Balances Before Extraordinary Item	(13,896,476)	(6,479,507)	2,309,851	(347,772)	1,228,163
Extraordinary Item					
Extraordinary (Gain) Loss	-	-	(3,767,795)	(1,634,962)	-
Net Change in Fund Balances	\$ (13,896,476)	\$ (6,479,507)	\$ (1,457,944)	\$ (1,982,734)	\$ 1,228,163
Debt Service as a Percentage					

Fiscal Year				
2015	2016	2017	2018	2019
\$ 49,169,269	\$ 45,050,408	\$ 36,999,148	\$ 39,648,877	\$ 40,841,238
321,414	861,728	269,782	1,340,288	280,173
89,279	100,478	107,543	100,416	124,917
182,604	238,400	167,492	51,536	113,170
3,259,979	3,207,668	3,161,371	4,401,984	7,720,201
491,354	599,787	126,029	379,130	2,531,984
13,664,959	9,652,535	959,415	1,819,203	1,155,276
24,935	23,657	23,722	17,496	17,359
698,536	717,240	774,545	630,167	692,921
8,118,499	28,749,291	4,164,384	4,438,938	5,347,995
<u>76,020,828</u>	<u>89,201,192</u>	<u>46,753,431</u>	<u>52,828,035</u>	<u>58,825,234</u>
5,276,640	4,695,792	4,989,627	6,305,880	6,284,959
2,001	2,400	11,669	463,207	13,695
21,472,541	22,337,198	23,623,776	24,298,006	24,875,419
2,913,300	9,930,778	2,435,929	2,326,161	2,237,096
914,959	1,864,782	781,757	2,045,393	1,494,241
5,075,036	5,682,940	6,356,615	6,802,735	6,491,182
1,185,082	1,307,433	1,170,100	1,415,168	1,383,045
33,103,216	17,604,871	5,088,655	4,316,151	11,856,512
878,069	916,840	955,783	94,318	99,214
1,563,978	1,524,185	1,486,669	684,512	926,803
<u>72,384,822</u>	<u>65,867,219</u>	<u>46,900,580</u>	<u>48,751,531</u>	<u>55,662,166</u>
<u>3,636,006</u>	<u>23,333,973</u>	<u>(147,149)</u>	<u>4,076,504</u>	<u>3,163,068</u>
-	-	-	(27,379,338)	(1,040,000)
-	-	-	-	(269,210)
22,601,066	17,507,010	7,812,006	11,182,672	7,558,752
(25,136,610)	(19,453,493)	(8,621,736)	(6,909,591)	(11,404,437)
-	-	-	29,034,901	-
<u>(2,535,544)</u>	<u>(1,946,483)</u>	<u>(809,730)</u>	<u>5,928,644</u>	<u>(5,154,895)</u>
<u>1,100,462</u>	<u>21,387,490</u>	<u>(956,879)</u>	<u>10,005,148</u>	<u>(1,991,827)</u>
<u>33,384,431</u>	<u>6,276,568</u>	<u>-</u>	<u>(10,000)</u>	<u>(513,556)</u>
<u>\$ 34,484,893</u>	<u>\$ 27,664,058</u>	<u>\$ (956,879)</u>	<u>\$ 9,995,148</u>	<u>\$ (2,505,383)</u>

**CITY OF TULARE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	City			Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Utility	Unsecured		
2010	\$ 3,439,006,802	\$ 3,653,677	\$ 124,029,765	\$ 3,566,690,244	0.14%
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202	0.14%
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871	0.14%
2013	3,265,369,337	3,653,677	133,272,910	3,402,295,924	0.14%
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863	0.14%
2015	3,593,640,822	2,859,722	134,753,531	3,731,254,075	0.14%
2016	3,789,718,353	2,859,722	143,801,821	3,936,379,896	0.14%
2017	3,962,134,430	2,589,722	151,219,467	4,115,943,619	0.14%
2018	4,096,151,430	3,323,768	208,318,421	4,307,793,619	0.14%
2019	4,275,737,413	3,323,768	209,716,581	4,488,777,762	0.14%

(1) Assessed valuations are net of exemptions.

Source:

County of Tulare, Office of the Auditor-Controller

NOTE:

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

**CITY OF TULARE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of assessed value)
CURRENT YEAR AND TEN YEARS AGO**

	<u>2019</u>	<u>2009</u>
City Direct Rates:		
City Basic Rate	<u>0.1410</u>	<u>0.1410</u>
Total Average City Direct Rate	0.1410	0.1410
Overlapping Rates:		
County of Tulare	0.000	0.164
General	1.00000	0.00000
Tulare City Elementary School District	0.00000	0.16500
Tulare Joint Union High School District	0.06400	0.16900
College of the Sequoias	0.02160	0.04700
County Schools Service Fund	0.00000	0.02200
Kaweah Delta Water District	0.00040	0.02200
Tulare Cemetery District	0.00000	0.00200
Tulare County Flood Control District	0.00000	0.00200
Tulare Local Health Care District	0.10030	0.06400
Tulare Memorial District	0.00000	0.01000
Tulare Mosquito District	0.00000	0.01700
Education Revenue Augmentation 1993/94	<u>0.00000</u>	<u>0.23500</u>
Total Average Direct Rate	<u><u>1.327300</u></u>	<u><u>1.060000</u></u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. As a result, the tax rates have been frozen since 1979. The above rates are an average of the total of all tax rate areas within the City of Tulare.

Source:

County of Tulare, Office of the Auditor-Controller

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

Effective Date	End Date	State Mandated Purposes		City Rate	County Rate	Combined Rate
		State Jurisdiction	Local Transportation Fund			
8/1/1933	6/30/1935 (2)	2.50%				2.50%
7/1/1935	6/30/1943	3.00%				3.00%
7/1/1943	6/30/1949	2.50%				2.50%
7/1/1949	12/31/1961	3.00%		1.00%		4.00%
1/1/1962	7/31/1967	4.00%		1.00%		5.00%
8/1/1967	6/30/1972	3.75%	0.25%	1.00%		5.00%
7/1/1972	6/30/1973	4.75%	0.25%	1.00%		6.00%
7/1/1973	9/30/1973	3.75%	0.25%	1.00%		5.00%
10/1/1973	3/31/1974	0.05%	0.25%	1.00%		1.30%
4/1/1974	11/30/1989	5.00%	0.25%	1.00%		6.25%
12/1/1989	12/31/1990	4.75%	0.25%	1.00%		6.00%
1/1/1991	7/14/1991	6.00%	0.25%	1.00%		7.25%
7/15/1991	12/31/2000	5.75%	0.25%	1.00%		7.00%
1/1/2001	12/31/2001	6.00%	0.25%	1.00%		7.25%
1/1/2002	6/30/2004	6.25%	0.25%	0.75% (3)		7.25%
7/1/2004	3/31/2007 (3)	6.25%	0.25%	0.75%		7.25%
4/1/2006		7.25%	0.25%	1.25% (4)		8.75%
4/1/2007		7.25%	0.25%	1.25%	0.50% (5)	9.25%
7/1/2010		6.25%	0.25%	1.25%	0.50%	8.25%
1/1/2017		6.00%	0.25%	1.50%	0.50%	8.25%

Source:

State Board of Equalization, State of California

Notes:

- (1) The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of Equalization to collect the local tax.
- (2) Sales tax only. The use tax was enacted effective July 1, 1955.
- (3) In March 2004, a State ballot measure was passed issuing deficit reduction bonds for State purposes. Funding was provided effective July 1, 2004, by repealing 25% of the local 1% sales tax and then adopting a new ¼-cent sales tax dedicated to repayment of the deficit reduction bonds. Cities and counties would then be “made whole” by the State from increased property allocations via reduced contributions to Education Revenue Augmentation Fund (ERAF). This “triple flip” is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
- (4) In November 2005, voters in the City of Tulare approved a local sales tax measure increasing the City rate by ½% which became effective April 1, 2006. The sales tax measure does not have a sunset period.
- (5) In November 2006, voters in the County of Tulare approved a countywide sales tax measure giving the County a ½% rate increase which became effective April 1, 2007. The sales tax measure has a sunset period of 30 years. The revenue is earmarked for transportation projects (i.e., streets, transit, etc.). The allocation is as follows: 50% - regional projects, 35% - goes to the cities for their street programs, 14% - transportation enhancement programs, and 1% - administration.

**CITY OF TULARE
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2019 (2)		2009 (1)	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese and Protein LLC	\$ 231,831,798	5.42%	\$ 251,666,653	8.20%
Land O Lakes, Inc	174,067,375	4.07%	95,058,925	3.10%
U.S. Cold Storage of California	64,258,157	1.50%	43,945,789	1.43%
Dreyers Grand Ice Cream Inc.	60,401,094	1.41%	46,128,588	1.50%
Garrison Tulare LLC	46,397,158	1.09%	-	N/A
Oscar Mayer Foods Corporation	36,414,000	0.85%	89,636,104	2.92%
Sulphur Springs cultured Specialties LLC	24,398,228	0.57%	-	N/A
Target Corporation	23,603,273	0.55%	23,127,150	0.75%
International Agri-Center Inc.	17,021,396	0.40%	-	N/A
Paul A. Daley Trust (Formerly Daley Ltd Partners)	14,720,770	0.34%	-	N/A
Moyles Central Valley Health Care	13,531,401	0.32%	-	N/A
Store Master funding VII LLC	12,998,877	0.30%	-	N/A
Nomoto Investments LLC (HD Development of Maryland Inc.)	11,900,000	0.28%	-	N/A
Loves Country Stores of California	12,373,440	0.29%	-	N/A
Tulare Village LLC	11,519,224	0.27%	-	N/A
Tulare Oak Valley, LLC	11,038,351	0.26%	-	N/A
Lowes HIW Inc.	11,261,760	0.26%	18,144,740	0.59%
Wal-Mart Real Estate Business Trust	11,344,774	0.27%	-	N/A
Kloeckner Metals Corporation	10,851,064	0.25%	-	N/A
BDC Prosperity LP (Pre/Tulare Holdings LLC)	10,994,085	0.26%	27,025,650	0.88%
Landscape Holding Company, LLC	-	N/A	18,951,000	0.62%
Ennis Land Development, LLC	-	N/A	22,284,438	0.73%
Total taxable assessed value of top thirteen largest taxpayers	<u>\$ 810,926,225</u>	<u>18.97%</u>	<u>\$ 635,969,037</u>	<u>20.71%</u>
Total assessed value of all taxpayers	<u>\$ 4,275,737,413</u>	<u>100.00%</u>	<u>\$ 3,070,164,494</u>	<u>100.00%</u>

Source:

- (1) Tulare County Auditor-Controller Office
- (2) California Municipal Statistics, Inc.

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy			Total Collections to Date		
		Amount (2)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy	
2010	(3) \$ 4,673,554	\$ 3,888,715	83.21%	\$ 80,491	\$ 3,969,206	84.93%	
2011	(4) 4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%	
2012	(5) 5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%	
2013	(6) 4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%	
2014	(7) 4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%	
2015	(8) 4,454,173	3,880,262	87.12%	133,290	4,013,552	90.11%	
2016	(9) 4,715,361	4,237,324	89.86%	146,721	4,384,045	92.97%	
2017	(10) 4,887,339	4,459,365	91.24%	103,452	4,562,817	93.36%	
2018	(11) 5,246,283	4,778,139	91.08%	106,867	4,885,006	93.11%	
2019	(12) 5,527,262	5,034,816	91.09%	108,602	5,143,418	93.06%	

Sources:

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) Reduced approximately \$1,385,911 for the property tax shift to education.
- (4) Reduced approximately \$1,635,368 for the property tax shift to education.
- (5) Reduced approximately \$1,774,310 for the property tax shift to education.
- (6) Reduced approximately \$1,675,639 for the property tax shift to education.
- (7) Reduced approximately \$1,698,640 for the property tax shift to education.
- (8) Reduced approximately \$1,626,244 for the property tax shift to education.
- (9) Reduced approximately \$1,639,505 for the property tax shift to education.
- (10) Reduced approximately \$1,747,188 for the property tax shift to education.
- (11) Reduced approximately \$1,861,417 for the property tax shift to education.
- (12) Reduced approximately \$1,980,278 for the property tax shift to education.

CITY OF TULARE
SCHEDULE OF TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(In Thousands)

	Fiscal Year							
	2010		2011		2012		2013	
Sales:								
General Retail	\$ 1,919	30.44%	\$ 1,909	26.95%	\$ 2,015	25.14%	\$ 2,119	25.69%
Food Products	1,260	19.98%	1,228	17.33%	1,163	14.51%	1,268	15.37%
Transportation	1,541	24.44%	2,266	31.99%	2,735	34.13%	2,849	34.54%
Construction	994	15.77%	1,027	14.50%	1,374	17.14%	1,334	16.17%
Business to Business	531	8.42%	604	8.53%	684	8.54%	628	7.61%
Miscellaneous	60	0.95%	50	0.70%	43	0.54%	51	0.62%
Total	\$ 6,305	100.00%	\$ 7,084	100.00%	\$ 8,014	100.00%	\$ 8,249	100.00%

Source:
MuniServices, LLC

Fiscal Year

2014		2015		2016		2017		2018		2019	
\$ 2,153	24.90%	\$ 2,156	24.40%	\$ 2,154	24.70%	\$ 2,203	24.97%	\$ 1,368	25.51%	\$ 2,450	25.26%
1,261	14.59%	1,280	14.49%	1,336	15.32%	1,417	16.06%	666	12.42%	1,312	13.53%
2,906	33.61%	2,958	33.48%	2,830	32.45%	2,946	33.39%	1,726	32.19%	3,166	32.65%
1,588	18.37%	1,615	18.28%	1,680	19.27%	1,575	17.85%	649	12.10%	1,088	11.22%
686	7.94%	785	8.89%	682	7.82%	637	7.22%	844	15.74%	1,643	16.94%
51	0.59%	41	0.46%	38	0.44%	45	0.51%	109	2.03%	39	0.40%
<u>\$ 8,645</u>	<u>100.00%</u>	<u>\$ 8,835</u>	<u>100.00%</u>	<u>\$ 8,720</u>	<u>100.00%</u>	<u>\$ 8,823</u>	<u>100.00%</u>	<u>\$ 5,362</u>	<u>100.00%</u>	<u>\$ 9,698</u>	<u>100.00%</u>

**CITY OF TULARE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities					
Fiscal Year Ended June 30	Lease Revenue Bonds (1), (3)	Leases Payable	Note Payable	Compensated Absences Payable	Total Governmental Activities
2010	\$ 36,025,061	\$ 1,285,944	\$ -	\$ 2,069,316	\$ 39,380,321
2011	32,883,113	1,273,634	291,000	2,069,316	36,517,063
2012	32,161,165	1,227,504	256,000	2,069,316	35,713,985
2013	31,334,216	1,133,674	-	2,069,316	34,537,206
2014	29,773,588	1,035,583	-	2,069,316	32,878,487
2015	28,951,872	933,039	-	2,069,316	31,954,227
2016	28,095,156	825,839	-	2,069,316	30,990,311
2017	27,203,440	713,771	-	2,069,316	29,986,527
2018	29,005,402	597,202	-	3,116,784	32,719,388
2019	27,696,192	474,727	-	2,829,959	31,000,878

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

- (1) The City issued over \$29 million of new revenue bonds in 2003 and 2004. The City issued \$79 million of new revenue bonds in 2007. The City issued \$55 million of new revenue bonds in 2009.
- (2) Ratio calculated using population for the prior calendar year.
- (3) See the schedule of Demographic and Economic Statistics for personal income and per capital data.

Business-Type Activities

<u>Revenue Bonds Payable (1), (3)</u>	<u>Leases Payable</u>	<u>Notes Payable</u>	<u>Compensated Absences Payable</u>	<u>Total Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Debt per Capita (2)</u>	<u>Percentage of Gross Assessed Valuation</u>	<u>Percentage of Personal Income (3)</u>
\$ 185,330,504	\$ 8,108,519	\$ -	\$ 391,463	\$ 194,221,949	\$ 233,602,270	3,876	6.47%	(a)
202,456,916	12,925,015	-	391,463	216,164,857	252,681,920	4,164	6.93%	(a)
200,218,330	12,190,869	-	391,463	213,192,125	248,906,110	4,106	8.57%	22.65%
197,068,905	11,059,545	-	391,463	208,911,376	243,448,582	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	391,463	204,358,713	237,237,200	3,911	6.73%	20.75%
189,179,833	8,657,524	1,031,886	391,463	199,652,169	231,606,396	3,817	6.13%	20.17%
192,182,638	7,382,888	521,793	391,463	200,870,245	231,860,556	3,627	5.90%	22.92%
243,697,903	6,519,902	-	1,100,516	251,709,784	281,696,311	4,301	6.76%	23.66%
260,258,512	5,612,978	-	1,142,221	267,405,174	300,124,562	4,478	6.86%	24.74%
256,006,225	4,660,072	-	1,175,677	261,841,874	292,842,752	4,480	6.43%	23.19%

CITY OF TULARE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands, Except Per Capita)

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value (1)</u>	<u>Per Capita</u>
2010	\$ -	\$ 24,675	\$ 24,675	0.84%	\$ 414
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	384.32
2013	-	23,250	23,250	0.67%	373.21
2014	-	22,845	22,845	0.66%	369.32
2015	-	22,415	22,415	0.60%	359.42
2016	-	21,810	21,810	0.53%	350.00
2017	-	21,930	21,930	0.53%	339.15
2018	-	26,675	26,675	0.62%	404.28
2019	-	25,635	25,635	0.57%	400.55

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

- (1) Assessed value has been used because the actual value of taxable property is not readily available from the State of California.

**CITY OF TULARE
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2019**

	<u>Total Debt 6/30/19</u>	<u>Percentage Applicable (1)</u>	<u>City's Share of Debt 6/30/19</u>
<u>Overlapping Tax and Assessment Debt:</u>			
College of the Sequoias Tulare School Facilities Improvement District	\$ 32,041,093	48.784%	\$ 15,630,927
Tulare Union High School District	21,235,532	63.202%	13,421,281
Liberty School District	604,691	8.861%	53,582
Buena Vista School District	80,000	0.401%	321
Tulare Local Health Care District	82,855,000	61.441%	<u>50,906,941</u>
Total Overlapping Tax and Assessment Debt			<u>80,013,051</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Tulare County General Fund Obligations	32,315,000	12.831%	4,146,338
Tulare County Pension Obligation Bonds	242,115,000	12.831%	31,065,776
Tulare County Board of Education Certificates of Participation	33,885,000	12.831%	4,347,784
College of the Sequoias General Fund Obligations	5,015,000	13.902%	697,185
Tulare School District General Fund Obligations	8,401,632	94.726%	7,958,530
Liberty School District General Fund Obligations	2,410,000	8.861%	213,550
City of Tulare General Fund Obligations	25,635,000	100.000%	<u>25,635,000</u>
Total Direct and Overlapping General Fund Debt			<u>74,064,163</u>
<u>Overlapping Tax Increment Debt (Successor Agency)</u>	\$ 19,990,000	100.000%	19,990,000
Total Direct Debt			28,170,919
Total Overlapping Debt			<u>148,432,214</u>
Combined Total Debt			<u>\$ 176,603,133</u> ⁽²⁾
<u>Ratios to 2018-19 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.78%		
Total Direct Debt (\$28,365,000)	0.57%		
Combined Total Debt	3.88%		
<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$657,447,673):</u>			
Total Overlapping Tax Increment Debt	3.03%		

Notes:

- (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.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source:

California Municipal Statistics, Inc.

**CITY OF TULARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2010	2011	2012	2013
Assessed Valuation	\$ 3,566,690,244	\$ 3,602,778,202	\$ 3,507,263,871	\$ 3,402,295,924
Debt Margin Ratio	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	133,750,884	135,104,183	131,522,395	127,586,097
Less Outstanding General Obligations	-	-	-	-
Net Debt Margin	<u>\$ 133,750,884</u>	<u>\$ 135,104,183</u>	<u>\$ 131,522,395</u>	<u>\$ 127,586,097</u>

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based on 15% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Sources:

City of Tulare Finance Department
County of Tulare, Office of the Auditor-Controller

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 3,484,810,863	\$ 3,731,254,075	\$ 3,936,379,896	\$ 4,116,213,619	\$ 4,307,793,619	\$ 4,488,777,762
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
130,680,407	139,922,028	147,614,246	154,358,011	161,542,261	168,329,166
-	-	-	-	-	-
<u>\$ 130,680,407</u>	<u>\$ 139,922,028</u>	<u>\$ 147,614,246</u>	<u>\$ 154,358,011</u>	<u>\$ 161,542,261</u>	<u>\$ 168,329,166</u>

**CITY OF TULARE
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30	Sewer Revenue Bonds							
	Total Sewer Revenue	Less Operating Expenses	Net Revenues	2001 Senior Bonds	Senior Debt Coverage	Remaining Net Revenues	Parity (Subordinate) Debt	Parity Debt Coverage
2010	\$ 19,270	\$ 10,786	\$ 8,484	\$ 1,229	\$ 8	\$ 7,255	\$ 6,912	1.26
2011	21,431	8,778	12,653	1,230	11.65	11,423	10,032	1.31
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51
2013	24,963	9,087	15,876	1,056	15.04	14,820	11,076	1.34
2014	25,225	10,981 ⁽¹⁾	14,244	923	15.43	13,321	11,263	1.18
2015	26,023	9,615	16,408	923	17.77	15,485	11,221	1.38
2016	28,308	10,559 ⁽²⁾	17,749	923	19.22	16,826	10,858	1.55
2017	29,556	9,787 ⁽³⁾	19,769	923	21.41	18,846	10,617	1.78
2018	31,650	10,669	20,981	923	22.72	20,058	10,673	1.88
2019	37,071	11,071 ⁽³⁾	26,000	923	28.16	25,077	10,633	2.36

- (1) Operating Expenses in Fiscal Year Ending June 30, 2014, included a number of extraordinary expenses for: a) sludge disposal of approximately 8 years of sludge accumulation, b) roadwork funded from the Capital Improvement Fund but written off as an expense, and c) higher-than-normal natural gas purchases incurred during removal of the Bulk Volume Fermenter cover for repair and during sludge removal.
- (2) Operating Expenses shown for Fiscal Year Ending June 30, 2016, exclude \$1,543,438.74 of bond-funded expenses related to the Series 2015 Bonds and the unamortized portions of the Series 2006 Bonds and Series 2010 Bonds.
- (3) Operating Expenses shown for Fiscal Year Ending June 30, 2018, exclude \$3,163,328.48 of bond funded expenses related to the Series 2016 Bonds and unamortized portion of the Series 2010 Bonds.

Operating Expenses exclude interest expenses and depreciation.

For purposes of calculating debt service coverage, Federal Reimbursable Credits for Build America Bonds are treated as reductions in debt service and are excluded from Sewer Revenues.

Debt service shown on the table is based on total debt payments due and payable each fiscal year and excludes a) payments made from escrow funds, and b) adjustments due to accounting accruals or interest earnings on debt service reserve funds or other bond funds.

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

Source:

Prepared by Bartle Wells Associates based on audited financial information and outstanding debt service schedules.

Water Revenue Bonds

Fiscal Year Ended June 30	Total Water Revenue	Less Operating Expenses	Net Revenues	Debt Service (1)	Debt Coverage
2010	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	12,658	6,795	5,863	379	15.47
2019	15,639	6,924	8,715	1,107	7.88

**CITY OF TULARE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income	Personal Income (amounts expressed in thousands) (4)	Total Personal Income / Per Capita (4)	Assessed Valuation (in thousands) (2)	Per Capita Assessed Valuation	City Unemployment Rate (3)	County Unemployment Rate (3)
2010	59,535	(a)	(a)	(a)	\$ 3,566,690	\$ 59.91	13.50%	15.70%
2011	59,926	(a)	(a)	\$ 17,734	3,602,778	60.12	13.40%	15.60%
2012	60,627	\$ 1,086,557,094	\$ 1,086,557	17,922	3,507,264	57.85	12.90%	15.10%
2013	61,199	1,114,556,188	1,114,556	18,212	3,402,296	55.59	10.90%	12.80%
2014	61,857	1,129,508,820	1,129,508	18,260	3,484,811	56.34	9.80%	11.60%
2015	62,363	1,134,393,312	1,134,393	18,336	3,731,254	59.83	9.20%	10.90%
2016	63,515	1,004,957,149	1,004,957	15,872	3,936,380	61.98	9.10%	10.60%
2017	64,661	1,175,483,033	1,175,483	18,179	4,116,214	63.66	8.90%	10.60%
2018	65,982	1,194,535,485	1,194,535	18,707	4,307,794	65.29	6.40%	9.60%
2019	66,967	1,245,463,575	1,245,464	19,317	4,488,778	67.03	7.00%	10.00%

(a) Information unavailable

Sources:

- (1) State Department of Finance
- (2) Tulare County Auditor-Controller
- (3) State of California Employment Development Department (data shown is for the County)
- (4) U.S. Census Bureau

**CITY OF TULARE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2019		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Saputo Cheese USA, Inc.	872	3.14%	150	0.71%
Land O'Lakes, Inc. (formerly Dairyman's Cooperative Creamery)	436	1.57%	600	2.84%
Haagen Dazs (formerly Nestle Ice Cream Co.)	300	1.08%	300	1.42%
Wal-Mart	225	0.81%	280	1.33%
Kraft USA Tulare	203	0.73%	130	0.62%
Southern Ca Edison Company	120	0.43%	200	0.95%
U.S. Cold Storage of California	148	0.53%	-	n/a
J.D. Heiskell Company	156	0.56%	125	0.59%
Ruan, Inc.	119	0.43%	-	n/a
Morris Levin & Sons Hardware	84	0.30%	170	0.80%
Cheese & Protein International	-	n/a	170	0.80%
Kings County Truck Lines	-	n/a	150	0.71%
Golden Valley Dairy Products	-	n/a	215	1.02%

“Total Employment” as used above represents the total employment of all employers located within City limits.

Sources:

State of California Employment Development Department
Tulare County Economic Development Corporation
Tulare Chamber of Commerce
City of Tulare Economic Development Department

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**CITY OF TULARE
 FULL-TIME AND PART-TIME CITY EMPLOYEES
 BY FUNCTION
 LAST TEN FISCAL YEARS**

Full-Time and Part-Time Employees as of June 30										
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	40	40	48	48	48	46	38	40	37	38
Public Safety	166	166	158	158	156	160	159	124	161	161
Public Works	79	86	86	86	86	88	95	92	103	112
Community Development	24	24	16	16	16	17	15	17	21	21
Community Services	36	36	22	22	22	22	22	26	26	21
Library and Cultural	11	11	10	10	10	10	11	16	12	12
Total	356	363	340	340	338	343	340	315	360	365

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

	Fiscal Year			
	2010	2011	2012	2013
Police:				
Arrests	3,479	3,118	3,046	3,486
Parking Citations Issued	623	308	400	387
(1) Fire:				
Number of Emergency Calls	5,393	5,813	6,216	6,108
Inspections	1,317	2,200	821	1,184
Parks and Recreation:				
Number of Recreation Classes	107	110	107	107
Number of Facility Rentals	1,983	1,989	1,852	1,542
Water:				
New Connections	85	157	101	2
Average Daily Consumption (millions of gallons)	16	16	16	17
Sewer:				
New Connections	101	161	128	14

(1) Information unavailable.

(2) Includes the addition of 323 Trade Accounts, a housing community outside of City limits.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year					
2014	2015	2016	2017	2018	2019
3,824	4,429	3,577	3,345	3,294	3,118
346	246	182	255	35	123
4,754	5,762	5,392	5,496	5,350	5,350
1,993	2,205	1,978	1,447	1,439	1,439
116	320	340	721	989	973
1,338	2,428	2,885	2,469	2,977	2,967
179	211	704 (2)	378	339	382
17	14	12	13	14	14
166	239	280	380	340	382

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

	Fiscal Year			
	2010	2011	2012	2013
Police:				
Stations	1	1	1	1
Fire:				
Fire Stations	3	3	3	3
Public Works:				
Streets (miles)	194.32	194.32	195.02	195.23
Traffic Signals	41	41	41	44
Parks and Recreation:				
Parks	17	18	18	18
Park Acreage	207.81	303.15	341.00	363.00
Water:				
Water Mains (miles)	215.26	215.98	219.26	220.82
Average Daily Consumption (millions of gallons)	15.80	16.04	16.44	17.50
Sewer:				
Sanitary Sewers (miles)	231.82	232.46	235.94	242.40
Average Daily Wastewater Flow (millions of gallon)	11.06	11.64	12.44	11.79

Source:

Various City of Tulare Departments as appropriate

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
3	3	3	3	3	3
211.00 47	215.32 47	220.00 47	221.72 47	223.32 46	223.39 47
18 363.00	18 363.00	18 363.00	18 363.00	18 367.52	18 368.66
227.00 16.99	231.68 14.43	232.16 12.46	234.19 13.31	235.75 13.55	236.63 14.16
239.00 11.74	243.31 11.37	243.76 11.08	245.89 11.24	247.35 11.54	248.53 11.68

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