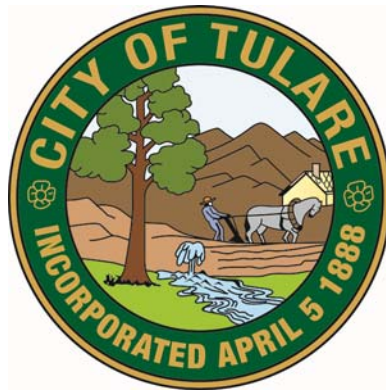

CITY OF
TULARE
CALIFORNIA

Comprehensive Annual

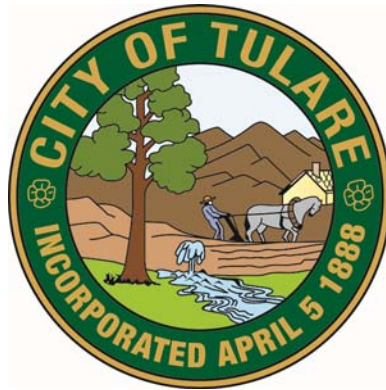


Financial Report

For the Fiscal Year Ended
JUNE 30, 2021

CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2021**

TABLE OF CONTENTS

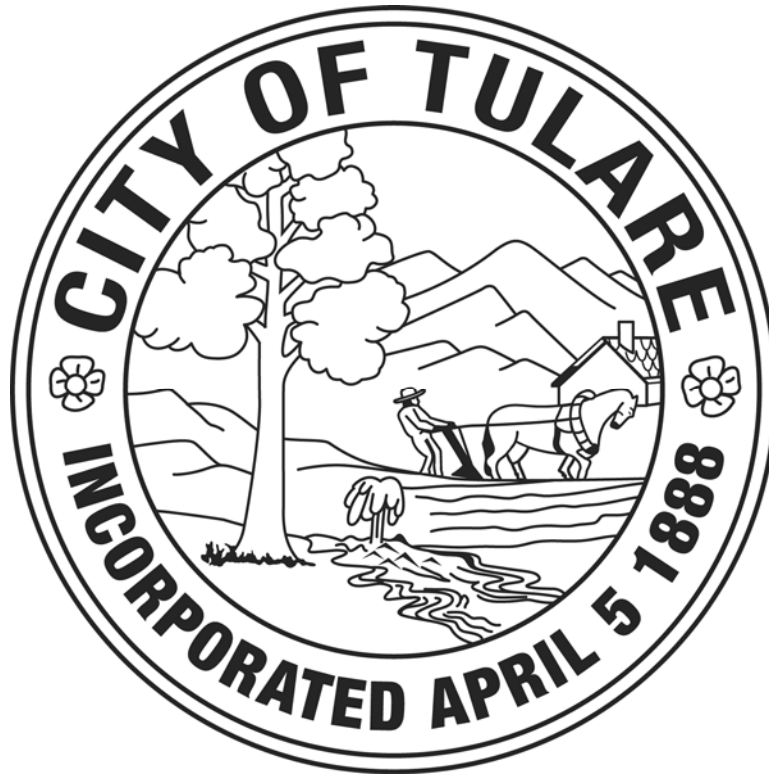
	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Principal City Officials.....	v
Departmental Organization Chart.....	vi
Certificate Achievement for Excellence in Financial Reporting	vii
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	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	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Measure R Fund.....	79
Agent Multiple Employer Defined Benefit Pension Plan Schedule of Changes in the Net Pension Liability and Related Ratios	80
Agent Multiple Employer Defined Benefit Pension Plan Schedule of Contributions.....	81
Cost-Sharing Multiple Employer Defined Benefit Pension Plan Schedule of the City’s Proportionate Share of the Net Pension Liability	82
Cost-Sharing Multiple Employer Defined Benefit Pension Plan Schedule of Contributions.....	83
Schedule of Changes in the Net Other Post-Employment Benefits (OPEB) Liability and Related Ratios.....	84
 <u>OTHER SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	87
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	93
Senior Services Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	96
Home Program Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	97
Housing Redevelopment CDBG Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	98
Gas Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	99
Traffic Safety Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	100
COPS – State Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	101
Local Law Enforcement Block Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	102
Landscape and Lighting Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103

	<u>Page</u>
OTS Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104
Auto Theft Deterrence Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	105
Police Forfeiture Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	106
Vehicle Abatement Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	107
Rental Rehabilitation Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	108
Balance Sheet – Nonmajor Capital Projects Fund	110
Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Capital Projects Fund	111
Capital Projects Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	112
Combining Statement of Net Position – All Internal Service Funds	114
Combining Statement of Revenues, Expenses, and Changes in Net Position – All Internal Service Funds.....	116
Combining Statement of Cash Flows – All Internal Service Funds	118
Schedule of Expenditures by Department – Budgetary Level of Control – Budget and Actual (GAAP Basis) – General Fund	122
Measure I Sales Tax Revenues and Related Expenditures – Budget and Actual.....	123
Long-Term Debt Recorded in Private Purpose Trust Fund	124
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component.....	128
Changes in Net Position	130
Fund Balances of Governmental Funds	134
Changes in Fund Balances of Governmental Funds	136
Assessed Value and Estimated Actual Value of Taxable Property.....	138

	<u>Page</u>
Direct and Overlapping Property Tax Rates	139
Historical Sales and Use Tax Rates.....	140
Principal Property Tax Payers	141
Property Tax Levies and Collections.....	143
Schedule of Taxable Sales by Category.....	144
Ratios of Outstanding Debt by Type	146
Ratio of General Bonded Debt Outstanding	148
Direct and Overlapping Debt	149
Legal Debt Margin Information	150
Pledged-Revenue Coverage	152
Demographic and Economic Statistics	154
Principal Employers	155
Full-Time and Part-Time City Employees by Function.....	157
Operating Indicators by Function	158
Capital Asset Statistics by Function	160

INTRODUCTORY SECTION



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January 26, 2022

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, 2021. 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 69,246 as of January 2021.

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.

The City Council adopted a balanced budget for fiscal year 2020-21 by taking \$3,017,640 from general fund reserves. With staff efforts to control spending, delays in filling or finding people for vacant budgeted positions, receiving CARES Act funding, and residents continue spending online, the City’s deficit turned to a surplus of \$2.91 million. The COVID-19 pandemic has created both a global public health and economic crisis. The COVID-19 pandemic continues to impact our community and our daily lives as businesses continue to have operating restrictions placed on them and schools are only partially opened. The pandemic brought about historic lockdowns and social distancing measures as well as the closures of certain businesses which dramatically affected all aspects of consumer spending thereby reducing revenue to the City.

	2019-2020	2020-2021	Increase/Decrease Over Prior Year	% of Increase/(Decrease)
Sales Tax	\$21,619,073	\$24,252,291	\$2,633,218	12.18
Property Tax	6,194,371	6,664,504	470,133	7.59
Utility Users Tax	5,737,809	6,272,932	535,123	9.33
Motel/Hotel and Franchise Tax	2,544,058	2,708,877	164,819	6.48
Total	\$36,095,311	\$39,898,604	\$3,803,293	

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 6.17%, 4.7%, and 21.3%, 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 466,195. The anticipated growth in population of the Metropolitan Area is approximately 2%. The City’s population for 2021 was 69,246. There are approximately 174,700 jobs in Tulare County. The countywide unemployment rate is about 11.1%, not seasonally adjusted; whereas the City has an unemployment rate of about 7.4% 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 2020-21 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 2020-21 City appropriation limit established as required by State statute was \$61,993,483.

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 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, 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.

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 for the fiscal year ended June 30, 2020. This was the 23rd 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 Comprehensive Annual Financial Report. The Comprehensive Annual Financial Report 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 Comprehensive Annual Financial Report continues to meet these requirements and we are submitting it to the 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, 2021**

City Council

Dennis Mederos	Mayor, District 4
Terry Sayre	Vice Mayor, District 2
Stephen Harrell	Council Member, District 3
Patrick Isherwood	Council Member, District 5
Jose Sigala	Council Member, District 1

Board of Public Utilities Commissioners

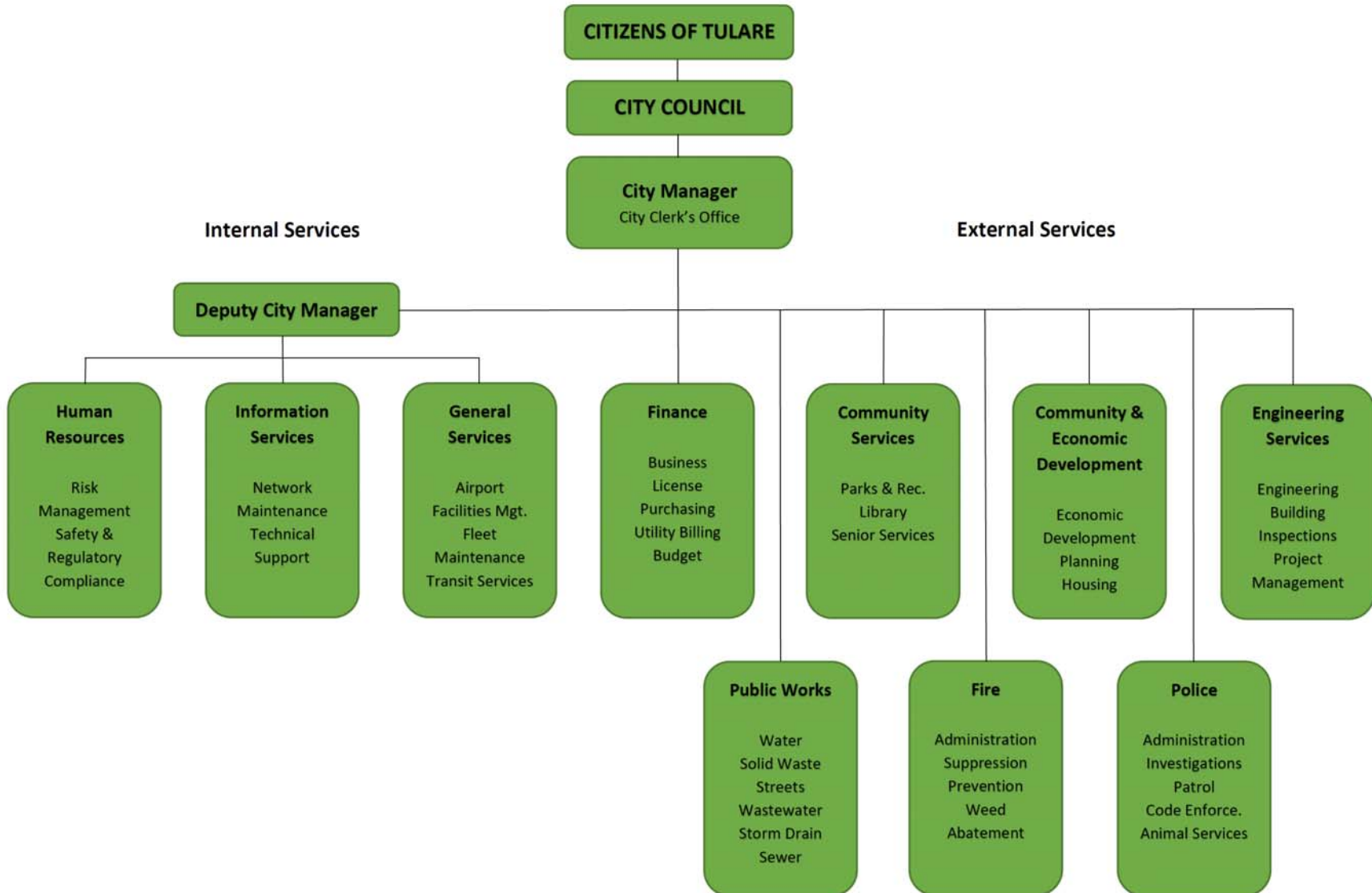
Howard Stroman	President
Ray Fonseca	Vice President
Thomas Griesbach	Commissioner
Rene Soto	Commissioner
Tony Sozinho	Commissioner

Administrative Officials and Department Heads

Rob L. Hunt	City Manager
Janice Avila	Human Resources Director
Jason Glick	Community Services Director
Wesley Hensley	Chief of Police
Joshua McDonnell	Deputy City Manager
Michael Miller	City Engineer
Traci Myers	Community & Economic Development Director
Doyle Sewell	Interim Fire Chief
Darlene J. Thompson	Finance Director/Treasurer
Trisha Whitfield	Public Works Director



DEPARTMENTAL ORGANIZATION CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Tulare
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

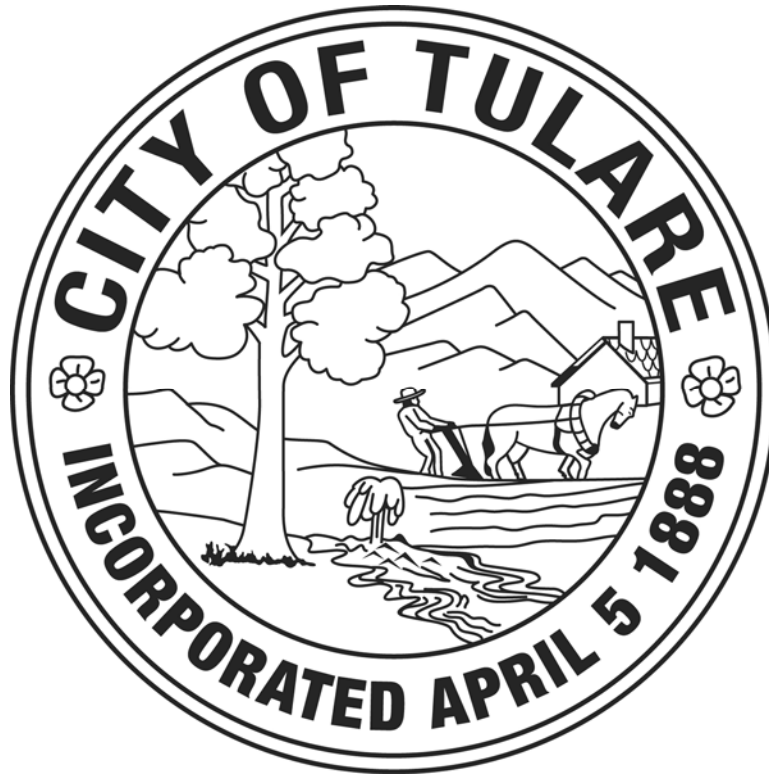
June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



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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, 2021, 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.

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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 26, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 26, 2022

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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, 2021. 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 \$448.16 million (net position). Of this amount, \$109.42 million (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors. The City has \$336.99 million in net investment in capital assets. The total net position includes all major infrastructure networks.
- The City's total net position increased by \$25.04 million over the prior fiscal year. The majority of this increase is attributable to the increase in depreciable capital assets of \$15.26 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$53.30 million, an increase of \$3.36 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances. Of this amount, \$10.52 million is restricted by law or externally imposed requirements and \$42.75 million is committed for specific purposes.
- The City's total outstanding debt showed a net decrease of \$15.25 million (6.31%) during the current fiscal year. The decrease is due to the current year refinancing of bonds not extending the term with reduced rates and sold at a premium, regular annual payments, and the payoff of a lease.

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 Custodial 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 \$448.16 million at the close of the most recent fiscal year, which is a \$25.04 million, or 5.92%, increase in comparison with the prior year.

By far the largest portion of the City’s net position (75.9%) 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, \$760.32 million, approximately 21.06%, \$160.13 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, 2020 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2020 (Restated)	2021	2020	2021	2020	2021
Assets:						
Current and Other Assets	\$ 85,961,839	\$ 95,493,008	\$ 103,463,468	\$ 106,514,770	\$ 189,425,307	\$ 202,007,778
Capital Assets (Net of Depreciation)	260,866,324	258,218,551	293,332,444	300,094,936	554,198,768	558,313,487
Total Assets	346,828,163	353,711,559	396,795,912	406,609,706	743,624,075	760,321,265
Deferred Outflows of Resources:						
Deferred Outflows from Pensions	9,975,730	10,302,578	2,532,468	2,144,883	12,508,198	12,447,461
from Other Post-Employment Benefits (OPEB)	133,607	245,836	60,766	109,890	194,373	355,726
from Deferred Charges	-	-	817,224	973,079	817,224	973,079
Total Deferred Outflows of Resources	10,109,337	10,548,414	3,410,458	3,227,852	13,519,795	13,776,266
Liabilities:						
Current and Other Liabilities	10,644,294	13,418,763	12,252,673	13,024,862	22,896,967	26,443,625
Long-Term Liabilities	77,502,373	81,086,194	228,321,387	215,191,477	305,823,760	296,277,671
Total Liabilities	88,146,667	94,504,957	240,574,060	228,216,339	328,720,727	322,721,296
Deferred Inflows of Resources:						
Deferred Inflows from Pensions	2,086,042	1,703,519	358,687	-	2,444,729	1,703,519
from OPEB	542,306	467,925	242,054	208,851	784,360	676,776
from Grants	742,490	834,978	-	-	742,490	834,978
Total Deferred Inflows of Resources	3,370,838	3,006,422	600,741	208,851	3,971,579	3,215,273
Net Position:						
Net Investment in Capital Assets	233,031,562	232,962,219	88,766,270	104,023,400	321,797,832	336,985,619
Restricted	1,753,750	1,750,803	-	-	1,753,750	1,750,803
Unrestricted	30,634,683	32,035,572	70,265,299	77,388,968	100,899,982	109,424,540
Total Net Position	\$ 265,419,995	\$ 266,748,594	\$ 159,031,569	\$ 181,412,368	\$ 424,451,564	\$ 448,160,962

Governmental Activities – Total assets for governmental activities increased by \$6.88 million, with a current and other assets in governmental activities increase of \$9.53 million and a capital assets decrease of \$2.65 million. Total liabilities increased by \$6.36 thousand with current and other liabilities increasing by \$2.77 million and long-term liabilities increasing by \$3.58 million.

Of the \$1.33 million increase in governmental activities total net position, unrestricted net position increased by \$1.40 million, restricted assets decreased by \$2.95 thousand, and net investment in capital assets decreased by \$69.3 thousand.

Business-Type Activities – Total assets for business-type activities increased by \$9.81 million with a current and other assets increase of \$3.05 million and an increase in capital assets of \$6.76 million. Total liabilities decreased by \$12.36 million with current and other liabilities increasing by \$772 thousand and long-term liabilities decreasing by \$13.13 million. Total net position for business-type activities increased by \$22.38 million. Business-type activities unrestricted net position increased by \$7.12 million.

Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2020 and 2021. The City's total revenues and transfers of \$136.27 million exceeded expenses of \$112.41 million for an increase in net position of \$23.71 million.

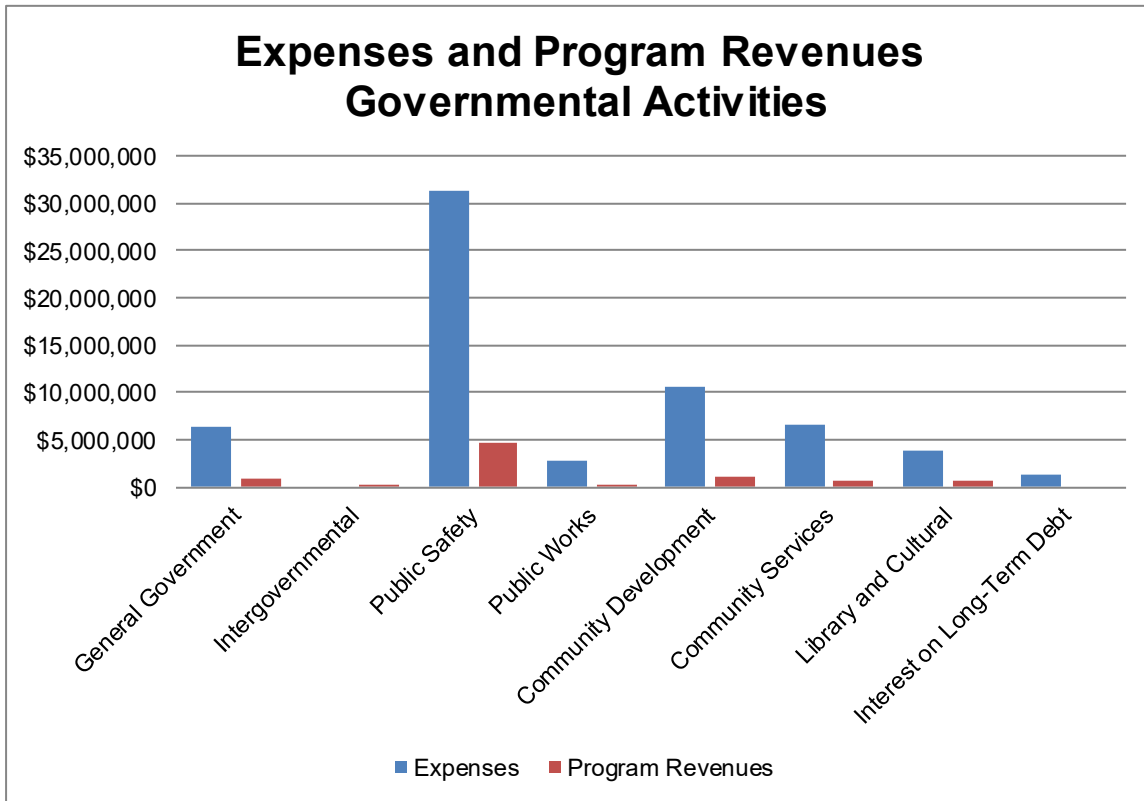
Statement of Activities

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, 2021, than it was at June 30, 2020.

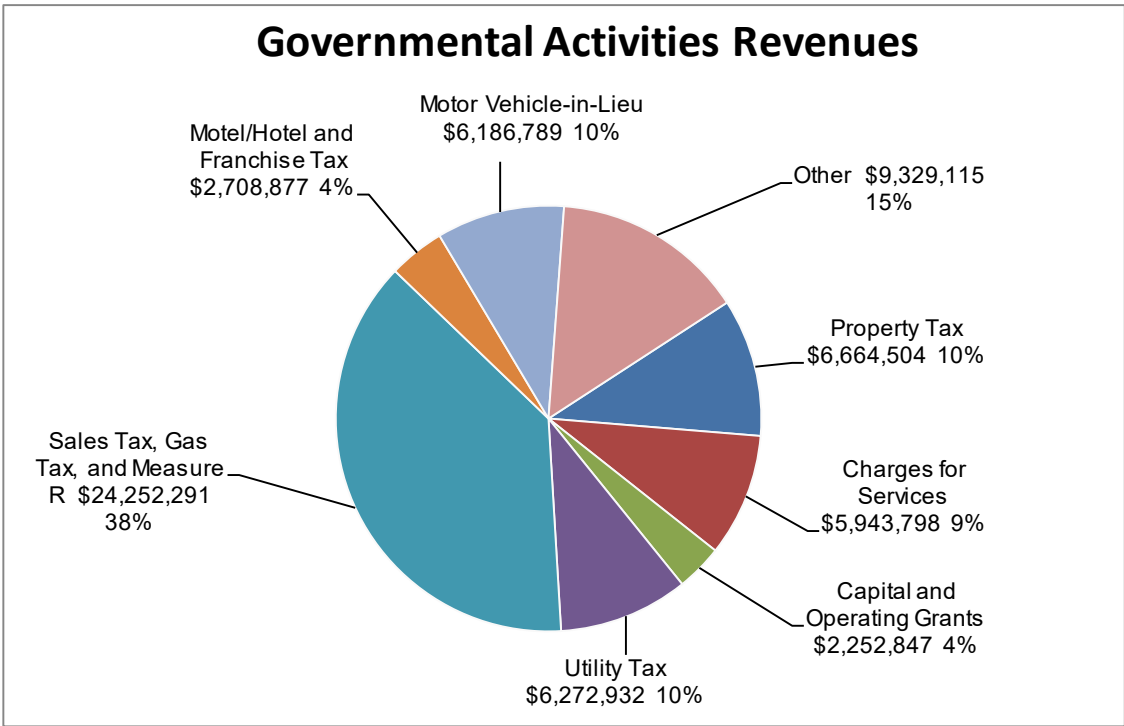
City of Tulare Statement of Activities For the Years Ended June 30, 2020 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2020 (Restated)	2021	2020	2021	2020	2021
REVENUES:						
Program Revenues:						
Charges for Services	\$ 9,487,022	\$ 5,943,798	\$ 64,148,810	\$ 66,170,621	\$ 73,635,832	\$ 72,114,419
Operating Grants and Contributions	3,328,130	2,252,847	5,119,938	3,996,986	8,448,068	6,249,833
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Taxes	42,832,696	46,959,103	-	-	42,832,696	46,959,103
Investment Earnings	1,850,871	(6,098)	1,846,765	(172,985)	3,697,636	(179,083)
Other	4,446,620	8,455,405	3,963,460	6,213,084	8,410,080	14,668,489
TOTAL REVENUES	61,945,339	63,605,055	75,078,973	76,207,706	137,024,312	139,812,761
EXPENSES:						
Governmental Activities:						
General Government	5,829,647	6,365,027	-	-	5,829,647	6,365,027
Public Safety	30,094,565	31,438,950	-	-	30,094,565	31,438,950
Public Works	2,672,177	2,687,512	-	-	2,672,177	2,687,512
Community Development	2,847,502	10,585,221	-	-	2,847,502	10,585,221
Community Services	6,687,290	6,484,755	-	-	6,687,290	6,484,755
Library and Cultural	1,885,453	3,918,457	-	-	1,885,453	3,918,457
Debt Service	1,472,373	1,311,580	-	-	1,472,373	1,311,580
Business-Type Activities:						
Aviation	-	-	378,379	408,388	378,379	408,388
Transit	-	-	3,970,662	4,087,217	3,970,662	4,087,217
Community and Development	-	-	2,508,214	2,829,135	2,508,214	2,829,135
Water	-	-	10,630,882	10,492,761	10,630,882	10,492,761
Solid Waste	-	-	9,382,570	10,035,760	9,382,570	10,035,760
Sewer	-	-	28,308,670	25,308,216	28,308,670	25,308,216
TOTAL EXPENSES	51,489,007	62,791,502	55,179,377	53,161,477	106,668,384	115,952,979
Increase (Decrease) in Net Position Before Transfers and Special Item	10,456,332	813,553	19,899,596	23,046,229	30,355,928	23,859,782
Transfers	(13,313,977)	653,093	14,647,477	(665,430)	1,333,500	(12,337)
Special Item						
Extraordinary Loss on Dissolution of Lawsuit Settlement	-	(138,047)	-	-	-	(138,047)
Change in Net Position	(2,857,645)	1,328,599	34,547,073	22,380,799	31,689,428	23,709,398
Net Position, Beginning, as Restated	268,277,640	265,419,995	124,484,496	159,031,569	392,762,136	424,451,564
Net Position, End of Year	\$ 265,419,995	\$ 266,748,594	\$ 159,031,569	\$ 181,412,368	\$ 424,451,564	\$ 448,160,962

Governmental Activities – Governmental activities increased the City’s net position by \$1.33 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 \$26.70 million. Public Safety programs rely heavily on taxes to support their operations.



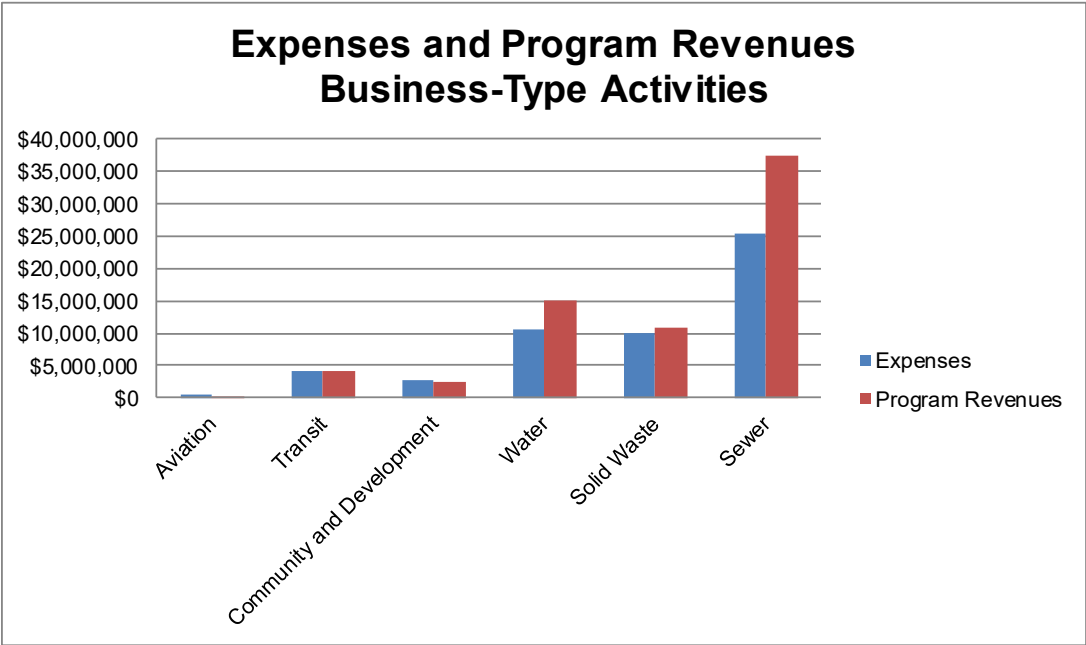
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, gas tax, and Measure R category is the largest revenue source for governmental activities and amounts to \$24.25 million, or 38.13% of the total revenues. Utility user’s tax, motor vehicle-in-lieu tax, and property taxes are also a significant revenue source for the City’s governmental activities, amounting to \$19.12 million or 30.06% of total revenue, and public safety is the largest expense activity, amounting to \$31.17 million or 50.07% of total expenses.



Governmental Activities revenue increased \$1.67 million, a 2.69% increase compared to the previous fiscal year. This decrease is due to the closing of various programs throughout the City due to the pandemic (recreation, library, senior services, etc.)

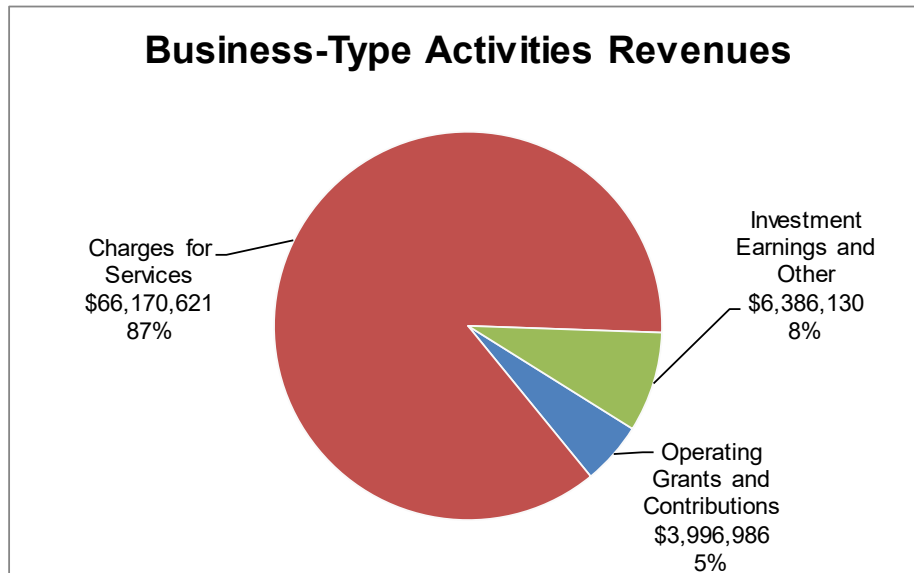
Total expenses in Governmental Activities had an increase of \$11.3 million from the previous fiscal year for an over 21.95% increase. The largest increase of \$7.74 million was in community development due to assistance with the COVID-19 pandemic for businesses and homeowners.

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 \$22.38 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$872 thousand, in Water by \$4.46 million, in Sewer by \$17.0 million, in Community and Economic Development by \$97.64 thousand and in Transit by \$126 thousand. This increase was offset by program expenses exceeding program revenues in Aviation by \$183 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 94.30% of total revenues. Grants and contributions revenue represent 5.70% of total revenue.



Total revenues increased by \$898.86 thousand, and 1.30% over the prior year with the Sewer Fund showing the largest increase of \$1.99 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 \$53.30 million, an increase of \$3.36 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** - \$10.52 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) \$5.30 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$3.17 million for debt service.
- **Committed Fund Balance** - \$42.75 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 increased by 14.87%, or \$5.50 million to \$42.5 million. Of this increase, the majority relates to the committed amounts of fund balance which was due almost entirely to the portion set aside for the subsequent year's budget and various projects. Major factors for this overall increase:

- \$5.11 million increase to Sales Tax Revenue. This represents 13.60% increase over the prior year. The major increase is due to Wayfair court ruling on online sales to collect sales tax.
- \$3.75 million decrease in Capital Outlay. 29.34% decrease over the prior year fiscal year. This decrease accounts for street and various infrastructure throughout the City.

Other Major Governmental Funds

In the Measure R Fund, the total fund balance increased from \$2.23 million to \$3.18 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 Financing Authority Fund, the total fund balance remained consistent due to receiving rental income to cover debt service. Fund balance maintains a balance to cover at least one year of debt service.

Other Nonmajor Governmental Funds

The combined Nonmajor Other Governmental Funds' total fund balance decreased from \$5.14 million to \$4.46 million. The major factor for this overall decrease was a \$665 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 \$11.16 million at the end of the fiscal year, an increase of \$125.8 thousand or 1.15%. Total net position includes \$5.75 million net investment in capital assets, which is not available to cover current expenses. The increase is due to unearned grant funds.

The Community & Economic Development Services Fund has a total net deficit of \$2.88 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 \$68.98 million at the end of the fiscal year, an increase of \$4.46 million over the prior year. Total net position includes \$42.96 million net investment in capital assets, which is not available to cover current expenses. The increase to net position is due to investment in capital assets.

The Solid Waste Fund has total net position of \$6.11 million at the end of the fiscal year, an increase of \$872.37 thousand over the prior year. The net position increase is due to a rate increase.

The Sewer Fund has total net position of \$94.29 million at the end of the fiscal year, an increase of \$17.00 million over the prior year. Total net position is \$51.75 million for net investment in capital assets, which is not available to cover current expenses.

The Aviation Fund has total net position of \$3.75 million at the end of the fiscal year, a decrease of \$183 thousand or 4.65%. Total net position includes \$3.52 million net investment in capital assets, which is not available to cover current expenses. The major factor for this decrease is due to depreciation expense on capital assets.

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, 2021, amounts to \$558.31 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 2020-21 fiscal year. The total increase in the City’s investment in capital assets for the current fiscal year was \$27.1 million. Of this amount, an \$11.5 million increase in Governmental Activities and a \$15.6 million increase in Business-Type Activities. Depreciation expense of \$22.07 million is netted against additions to capital assets by this amount.

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

- Reconstruction of water, sewer, and storm drain lines for \$8.68 million.
- Reconstruction of streets for \$5.43 million.
- Vehicles and equipment purchases for \$910 thousand.

City of Tulare Capital Assets As of June 30, 2020 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land, Right-of-Way, and Construction in Progress	\$ 100,886,113	\$ 97,926,025	\$ 10,948,582	\$ 22,340,590	\$ 111,834,695	\$ 120,266,615
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation and Amortization	158,646,711	160,292,526	282,383,862	277,754,346	441,030,573	438,046,872
Total Capital Assets	<u>\$ 259,532,824</u>	<u>\$ 258,218,551</u>	<u>\$ 293,332,444</u>	<u>\$ 300,094,936</u>	<u>\$ 552,865,268</u>	<u>\$ 558,313,487</u>

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$226,426,483, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt.)

City of Tulare Outstanding Debt As of June 30, 2020 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Lease Revenue Bonds *	\$ 26,501,262	\$ 25,256,332	\$ -	\$ -	\$ 26,501,262	\$ 25,256,332
Lease Payable	-	-	1,474,943	-	1,474,943	-
Revenue Bonds Payable *	-	-	213,702,484	201,170,151	213,702,484	201,170,151
Total Outstanding Debt	<u>\$ 26,501,262</u>	<u>\$ 25,256,332</u>	<u>\$ 215,177,427</u>	<u>\$ 201,170,151</u>	<u>\$ 241,678,689</u>	<u>\$ 226,426,483</u>

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

With respect to the Governmental Activities, the outstanding \$25,256,332 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 and the purchase and renovation of the former County Courthouse located next to City Hall of an additional \$4 million.

Of the \$201,170,151 outstanding debt in the Business-Type Activities, \$165,781,085 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

General Fund – Original and Final Budget Comparison

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

Budgeted total revenues remained the same from original budget to final budget of \$47 million.

Budgeted total expenditures increase by \$2.6 million to a final budget of \$63 million, mainly due to minor projects reported as general government expenditure.

General Fund – Final Budget and Actual Budget Comparison

Total revenue was \$8.41 million higher than the final budgeted amount, as detailed below:

Sales Tax – was \$4.52 million more than budgeted due to the state mandate stay at home due to COVID-19 as it did not affect people spending due to governmental assistance and online buying.

Property Tax – was \$425 thousand more than budgeted as valuation and construction increased more than anticipated.

Utility Use Tax – was \$272 thousand more than budgeted due to the state mandate stay at home due to COVID-19.

Charges for Services – reduced \$593 thousand due to closing of the library and recreation programs due to COVID-19.

Interest and Rentals – was \$736 thousand less than budget due to market value was lower than cost and reclassify to an expenditure account.

Total expenditures were \$9.5 million less than budget. This difference is due to major ongoing street projects not completed but has been budgeted for the total project even though the project may take more than one year to complete and the reallocation of interest income.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2021-22 were:

- General fund contribution to various reserves and CIP funds.
- Increase in CalPERS unfunded liability payment by 15.40%.
- Reduced various revenue and expenditures due to the COVID-19 stay at home mandate.
- Various service changes (recreation, library, etc.) were forecast for only a partial year due to the COVID-19 mandates.
- Increase in health insurance cost to departments by 22%.
- Increase employee's salary of 1.5% for fire employees and all other 3.5% as negotiated.
- County decrease from 2% to 1.036% inflation for property tax value.

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.

**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF TULARE
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 60,505,334	\$ 82,801,230	\$ 143,306,564
Cash and Investments with Fiscal Agent	1,750,803	15,071,293	16,822,096
Receivables:			
Accounts	1,776,011	7,155,853	8,931,864
Interest	650,095	4,543	654,638
Taxes	4,591,143	-	4,591,143
Intergovernmental	4,406,288	1,481,851	5,888,139
Notes	759,458	-	759,458
Inventories	287,040	-	287,040
Due from Agency Funds	1,554	-	1,554
Loans Receivable	10,141,920	-	10,141,920
Land Held for Resale	35,000	-	35,000
Long-Term Receivables	10,588,362	-	10,588,362
Nondepreciable Capital Assets	97,926,025	22,340,590	120,266,615
Depreciable Capital Assets, Net	160,292,526	277,754,346	438,046,872
Total Assets	353,711,559	406,609,706	760,321,265
Deferred Outflows of Resources			
Pensions	10,302,578	2,144,883	12,447,461
Other Post-Employment Benefits (OPEB)	245,836	109,890	355,726
Deferred Charges	-	973,079	973,079
Total Deferred Outflows of Resources	10,548,414	3,227,852	13,776,266
Liabilities			
Accounts Payable and Accrued Liabilities	5,157,623	5,651,588	10,809,211
Accrued Interest Payable	262,050	-	262,050
Deposits Payable	998,970	284,582	1,283,552
Other Payable	42,836	9,152	51,988
Unearned Revenue	3,965,876	707,244	4,673,120
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	256,603	102,168	358,771
Insurance Claims Payable	1,444,875	-	1,444,875
Revenue Bonds Payable	1,289,930	6,270,128	7,560,058
Total Due Within One Year	13,418,763	13,024,862	26,443,625
Due After One Year:			
Compensated Absences Payable	2,942,938	1,206,286	4,149,224
Net Pension Liability	51,837,597	18,041,062	69,878,659
Net Other Post-Employment Benefits (OPEB) Liability	2,339,257	1,044,106	3,383,363
Revenue Bonds Payable	23,966,402	194,900,023	218,866,425
Total Due After One Year	81,086,194	215,191,477	296,277,671
Total Liabilities	94,504,957	228,216,339	322,721,296
Deferred Inflows of Resources			
Pensions	1,703,519	-	1,703,519
Other Post-Employment Benefits (OPEB)	467,925	208,851	676,776
Grants	834,978	-	834,978
Total Deferred Inflows of Resources	3,006,422	208,851	3,215,273
Net Position			
Net Investment in Capital Assets	232,962,219	104,023,400	336,985,619
Restricted for Capital Improvements	1,750,803	-	1,750,803
Unrestricted	32,035,572	77,388,968	109,424,540
Total Net Position	\$ 266,748,594	\$ 181,412,368	\$ 448,160,962

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 6,365,027	\$ 614,639	\$ 343,282	\$ -	\$ 957,921
Intergovernmental	-	724	404	-	1,128
Public Safety	31,438,950	3,039,476	1,697,580	-	4,737,056
Public Works	2,687,512	259,825	-	-	259,825
Community Development	10,585,221	1,023,365	-	-	1,023,365
Community Services	6,484,755	626,938	-	-	626,938
Library and Cultural	3,918,457	378,831	211,581	-	590,412
Interest on Long-Term Debt	1,311,580	-	-	-	-
Total Governmental Activities	62,791,502	5,943,798	2,252,847	-	8,196,645
Business-Type Activities:					
Aviation	408,388	112,193	46,920	-	159,113
Transit	4,087,217	113,645	3,950,066	-	4,063,711
Community and Development	2,829,135	2,445,132	-	-	2,445,132
Water	10,492,761	15,188,361	-	-	15,188,361
Solid Waste	10,035,760	10,876,931	-	-	10,876,931
Sewer	25,308,216	37,434,359	-	-	37,434,359
Total Business-Type Activities	53,161,477	66,170,621	3,996,986	-	70,167,607
Total Primary Government	\$ 115,952,979	\$ 72,114,419	\$ 6,249,833	\$ -	\$ 78,364,252

(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, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities			
General Government	\$ (5,407,106)	\$ -	\$ (5,407,106)
Intergovernmental	1,128	-	1,128
Public Safety	(26,701,894)	-	(26,701,894)
Public Works	(2,427,687)	-	(2,427,687)
Community Development	(9,561,856)	-	(9,561,856)
Community Services	(5,857,817)	-	(5,857,817)
Library and Cultural	(3,328,045)	-	(3,328,045)
Interest on Long-Term Debt	(1,311,580)	-	(1,311,580)
Total Governmental Activities	(54,594,857)	-	(54,594,857)
Business-Type Activities:			
Aviation	-	(249,275)	(249,275)
Transit	-	(23,506)	(23,506)
Community and Development	-	(384,003)	(384,003)
Water	-	4,695,600	4,695,600
Solid Waste	-	841,171	841,171
Sewer	-	12,126,143	12,126,143
Total Business-Type Activities	-	17,006,130	17,006,130
Total Primary Government	\$ (54,594,857)	\$ 17,006,130	\$ (37,588,727)
General Revenues:			
Sales Tax/Gas Tax/Measure R Taxes	\$ 24,252,291	\$ -	\$ 24,252,291
Property Tax	6,664,504	-	6,664,504
Utility Tax	6,272,932	-	6,272,932
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	6,186,789	-	6,186,789
Other Taxes	873,710	-	873,710
Motel/Hotel and Franchise Tax	2,708,877	-	2,708,877
Investment Earnings - Unrestricted	(6,098)	(172,985)	(179,083)
Miscellaneous	8,455,405	6,386,130	14,841,535
Gain (Loss) on Sale of Capital Assets	-	(173,046)	(173,046)
Transfers	653,093	(665,430)	(12,337)
Total General Revenues and Transfers	56,061,503	5,374,669	61,436,172
Change in Net Position Before Extraordinary Item	1,466,646	22,380,799	23,847,445
Extraordinary Loss on Dissolution of Lawsuit Settlement	(138,047)	-	(138,047)
Change in Net Position	1,328,599	22,380,799	23,709,398
Net Position - Beginning of Year	264,086,495	-	264,086,495
Prior Period Adjustments	1,333,500	-	1,333,500
Net Position - Beginning of Year, as Restated	265,419,995	159,031,569	424,451,564
Net Position - End of Year	\$ 266,748,594	\$ 181,412,368	\$ 448,160,962

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, 2021**

	General Fund	Measure R Fund	Financing Authority Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets					
Cash and Investments	\$ 30,124,164	\$ 2,888,757	\$ 1,729,310	\$ 3,954,088	\$ 38,696,319
Cash and Investments with Fiscal Agent	-	-	1,701,628	-	1,701,628
Receivables					
Accounts	1,693,336	-	-	(4)	1,693,332
Interest	61,403	2,620	8	584,026	648,057
Taxes	4,303,888	287,255	-	-	4,591,143
Intergovernmental	3,754,056	-	-	652,232	4,406,288
Loans	-	-	-	10,141,920	10,141,920
Notes	-	-	-	759,458	759,458
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	1,669,300	-	-	-	1,669,300
Long-Term Receivables	10,588,362	-	-	-	10,588,362
Total Assets	52,194,509	3,178,632	3,430,946	16,126,720	74,930,807
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 52,194,509	\$ 3,178,632	\$ 3,430,946	\$ 16,126,720	\$ 74,930,807
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 4,025,569	\$ -	\$ 262,051	\$ 222,342	\$ 4,509,962
Deposits Payable	998,970	-	-	-	998,970
Due to Other Funds	901,159	-	-	331,672	1,232,831
Other Payables	42,836	-	-	-	42,836
Unearned Revenue	3,732,878	-	-	137,460	3,870,338
Total Liabilities	9,701,412	-	262,051	691,474	10,654,937
Deferred Inflows of Resources					
Deferred Loans	-	-	-	10,976,898	10,976,898
Fund Balances					
Nonspendable	-	-	-	35,000	35,000
Restricted	-	3,178,632	3,168,895	4,169,535	10,517,062
Committed	42,493,097	-	-	253,813	42,746,910
Total Fund Balances	42,493,097	3,178,632	3,168,895	4,458,348	53,298,972
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,194,509	\$ 3,178,632	\$ 3,430,946	\$ 16,126,720	\$ 74,930,807

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, 2021**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 53,298,972
 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.	244,392,468
Certain loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	10,976,898
Certain deferred grants are not due in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.	(834,978)
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.	31,237,386
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.	(262,050)
The net pension liability (\$49,549,678) and pension related deferred outflows of resources (\$10,032,125) and deferred inflows of resources (\$1,703,519) are not available resources or liabilities for the current period and, therefore, are not reported in the governmental funds.	(41,221,072)
The net post-employment benefits (OPEB) liability (\$2,223,544) and OPEB related deferred outflows of resources (\$233,363) and deferred inflows of resources (\$444,779) are not available resources or liabilities for the current period and, therefore, are not reported in the governmental funds.	(2,434,962)
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	(25,256,332)
Compensated Absences Payable	(3,147,736)
Net Position of Governmental Activities	\$ 266,748,594

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, 2021

	General Fund	Measure R Fund	Financing Authority Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 42,687,360	\$ 1,547,964	\$ -	\$ 2,723,779	\$ 46,959,103
Intergovernmental	46	-	-	618,719	618,765
Licenses and Permits	106,918	-	-	-	106,918
Fines and Forfeitures	8,884	-	-	72,425	81,309
Charges for Services	4,163,517	-	-	-	4,163,517
Interest and Rentals	-	-	4,385	725	5,110
Grants	773,214	-	-	1,479,634	2,252,848
Meals	-	-	-	22,496	22,496
Assessments	84,729	-	-	888,560	973,289
Other	8,215,911	-	-	140,252	8,356,163
Total Revenues	56,040,579	1,547,964	4,385	5,946,590	63,539,518
Expenditures					
Current					
General Government	7,221,201	6,865	-	-	7,228,066
Intergovernmental	-	-	7,485	-	7,485
Public Safety	27,856,732	-	-	187,928	28,044,660
Public Works	2,475,967	-	-	-	2,475,967
Community Development	98,805	-	-	1,437,682	1,536,487
Community Services	5,365,789	-	-	1,118,966	6,484,755
Library and Cultural	1,510,084	-	-	-	1,510,084
Capital Outlay	9,029,109	-	-	662,549	9,691,658
Debt Service					
Principal	-	-	1,135,000	-	1,135,000
Interest and Fiscal Charges	718	-	1,082,250	-	1,082,968
Total Expenditures	53,558,405	6,865	2,224,735	3,407,125	59,197,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,482,174	1,541,099	(2,220,350)	2,539,465	4,342,388
Other Financing Sources (Uses)					
Transfers In	8,297,470	-	2,217,000	268,502	10,782,972
Transfers Out	(5,142,240)	(595,824)	(2,400,000)	(3,491,041)	(11,629,105)
Total Other Financing Sources (Uses)	3,155,230	(595,824)	(183,000)	(3,222,539)	(846,133)
Change in Fund Balances before Extraordinary Item	5,637,404	945,275	(2,403,350)	(683,074)	3,496,255
Extraordinary Loss on Dissolution of Lawsuit Settlement	(138,047)	-	-	-	(138,047)
Net Change in Fund Balances	5,499,357	945,275	(2,403,350)	(683,074)	3,358,208
Fund Balances - Beginning	36,993,740	2,233,357	5,572,245	5,141,422	49,940,764
Fund Balances - Ending	\$ 42,493,097	\$ 3,178,632	\$ 3,168,895	\$ 4,458,348	\$ 53,298,972

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, 2021**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ 3,358,208
Amounts reported for governmental activities in the Statement of Activities are different because:	
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 depreciation and amortization (\$11,430,280) exceeded capital outlay \$9,711,246 in the current period.	(1,719,034)
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.	
This amount represents long-term debt repayments.	1,135,000
This amount represents amortization of bond discount/premiums.	(239,962)
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.	
This amount represents costs of compensated absences.	174,946
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.	11,350
Changes to the net pension liability and related deferred outflows and inflows of resources do not provide current financial resources or liabilities and, therefore, are not reported in the governmental funds.	(3,713,562)
Changes to net OPEB liability and related deferred outflows and inflows of resources do not provide current financial resources or liabilities and, therefore, are not reported in the governmental funds.	59,297
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.	2,240,007
Change in Net Position of Governmental Activities	\$ 1,328,599

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

**CITY OF TULARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	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	\$ 5,174,611	\$ 1,035,338	\$ 19,938,603	\$ 9,936,785	\$ 46,365,875	\$ 350,018	\$ 82,801,230	\$ 21,809,015
Cash and Investments with Fiscal Agent	-	-	9,972,679	-	5,098,614	-	15,071,293	49,175
Accounts Receivable	16,647	7,219	1,848,968	1,259,399	4,020,864	2,756	7,155,853	82,679
Interest Receivable	4,543	-	-	-	-	-	4,543	2,038
Intergovernmental Receivable	1,480,627	-	-	-	1,224	-	1,481,851	-
Inventories	-	-	-	-	-	-	-	287,040
Advances to Other Funds	-	-	-	826,667	-	-	826,667	-
Total Current Assets	6,676,428	1,042,557	31,760,250	12,022,851	55,486,577	352,774	107,341,437	22,229,947
Noncurrent Assets								
Capital Assets								
Nondepreciable								
Land	193,261	-	2,559,092	-	4,588,446	279,215	7,620,014	75,000
Construction in Progress	-	-	7,520,207	-	6,960,479	239,890	14,720,576	-
Depreciable								
Buildings	4,549,720	-	40,958	-	2,749,659	161,451	7,501,788	6,187,770
Improvements Other Than Buildings	-	-	74,898,462	15,857	277,993,683	6,675,292	359,583,294	1,648,583
Machinery and Equipment	7,290,047	7,587	22,457,155	173,755	5,189,280	47,830	35,165,654	26,487,277
Accumulated Depreciation and Amortization	(6,283,146)	(1,643)	(29,129,787)	(146,008)	(85,052,837)	(3,882,969)	(124,496,390)	(20,572,547)
Total Noncurrent Assets	5,749,882	5,944	78,346,087	43,604	212,428,710	3,520,709	300,094,936	13,826,083
Total Assets	12,426,310	1,048,501	110,106,337	12,066,455	267,915,287	3,873,483	407,436,373	36,056,030
Deferred Outflows of Resources								
Deferred Outflows from Pensions	36,299	447,528	378,609	640,526	637,749	4,172	2,144,883	270,453
Deferred Outflows from OPEB	1,941	19,747	19,416	35,338	33,349	99	109,890	12,473
Deferred Charges - Bonds	-	-	112,492	-	860,587	-	973,079	-
Total Deferred Outflows of Resources	38,240	467,275	510,517	675,864	1,531,685	4,271	3,227,852	282,926
Total Assets and Deferred Outflows of Resources	\$ 12,464,550	\$ 1,515,776	\$ 110,616,854	\$ 12,742,319	\$ 269,446,972	\$ 3,877,754	\$ 410,664,225	\$ 36,338,956

(Continued)

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

CITY OF TULARE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
JUNE 30, 2021

	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	\$ 215,561	\$ 189,866	\$ 1,578,361	\$ 332,802	\$ 3,246,144	\$ 88,854	\$ 5,651,588	\$ 647,661
Deposits Payable	-	-	135,450	-	149,132	-	284,582	-
Due to Other Funds	-	-	-	-	-	-	-	434,915
Unearned Revenue - PTMISEA	707,244	-	-	-	-	-	707,244	-
Unearned Revenue - Other	-	-	-	-	-	-	-	95,538
Other Payables	-	-	9,152	-	-	-	9,152	-
Compensated Absences - Current	3,767	18,234	23,315	40,049	19,443	130	104,938	4,154
Capital Leases Payable - Current	-	-	-	-	-	-	-	-
Revenue Bonds Payable - Current	-	-	1,533,268	-	4,736,860	-	6,270,128	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,444,875
Total Current Liabilities	926,572	208,100	3,279,546	372,851	8,151,579	88,984	13,027,632	2,627,143
Noncurrent Liabilities								
Advances from Other Funds	-	-	826,667	-	-	-	826,667	-
Compensated Absences Payable	43,199	209,125	267,395	459,312	222,990	1,495	1,203,516	47,651
Capital Leases Payable	-	-	-	-	-	-	-	-
Net OPEB Liability	20,976	194,882	184,055	317,021	326,495	677	1,044,106	115,711
Net Pension Liability	310,705	3,744,600	3,183,717	5,415,143	5,350,581	36,316	18,041,062	2,287,919
Revenue Bonds Payable	-	-	33,855,798	-	161,044,225	-	194,900,023	-
Total Noncurrent Liabilities	374,880	4,148,607	38,317,632	6,191,476	166,944,291	38,488	216,015,374	2,451,281
Total Liabilities	1,301,452	4,356,707	41,597,178	6,564,327	175,095,870	127,472	229,043,006	5,078,424
Deferred Inflows of Resources								
Deferred Inflows from OPEB	4,196	38,982	36,816	63,414	65,308	135	208,851	23,146
Deferred Inflows from Pensions	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	4,196	38,982	36,816	63,414	65,308	135	208,851	23,146
Total Liabilities and Deferred Inflows of Resources	1,305,648	4,395,689	41,633,994	6,627,741	175,161,178	127,607	229,251,857	5,101,570
Net Position (Deficit)								
Net Investment in Capital Assets	5,749,882	5,944	42,957,021	43,604	51,746,239	3,520,709	104,023,399	13,826,083
Restricted for Capital Improvements	-	-	-	-	-	-	-	-
Unrestricted	5,409,020	(2,885,857)	26,025,839	6,070,974	42,539,555	229,438	77,388,969	17,411,303
Total Net Position (Deficit)	\$ 11,158,902	\$ (2,879,913)	\$ 68,982,860	\$ 6,114,578	\$ 94,285,794	\$ 3,750,147	\$ 181,412,368	\$ 31,237,386

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, 2021**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Operating Revenues								
Charges for Services	\$ 113,645	\$ 2,445,132	\$ 15,111,907	\$ 10,876,931	\$ 37,428,438	\$ 112,193	\$ 66,088,246	\$ -
Departmental Charges	-	-	-	-	-	-	-	14,120,187
Connection Fees	-	-	76,454	-	5,921	-	82,375	-
Employee Contributions	-	-	-	-	-	-	-	1,466,783
Other	165,312	186,502	531,000	51,302	5,435,009	17,005	6,386,130	-
Total Operating Revenues	278,957	2,631,634	15,719,361	10,928,233	42,869,368	129,198	72,556,751	15,586,970
Operating Expenses								
General Administration	-	-	-	-	-	-	-	231,151
Personnel Services	247,371	1,935,811	2,078,914	4,115,781	3,560,934	25,789	11,964,600	1,186,282
Contractual Services	-	-	-	-	-	-	-	195,259
Maintenance and Supplies	3,307,328	891,807	4,935,985	5,910,515	9,126,437	221,656	24,393,728	-
Equipment Usage and Operation	-	-	-	-	-	-	-	2,145,783
Insurance	-	-	-	-	-	-	-	9,301,151
Depreciation and Amortization	532,518	1,517	2,067,310	9,464	6,025,844	160,943	8,797,596	1,852,101
Total Operating Expenses	4,087,217	2,829,135	9,082,209	10,035,760	18,713,215	408,388	45,155,924	14,911,727
Operating Income (Loss)	(3,808,260)	(197,501)	6,637,152	892,473	24,156,153	(279,190)	27,400,827	675,243
Nonoperating Revenues (Expenses)								
Interest Expense - GASB 31	(15,924)	(2,841)	(57,570)	(9,117)	(86,800)	(733)	(172,985)	(11,208)
Interest Expense	-	-	(1,410,552)	-	(6,595,001)	-	(8,005,553)	-
Grants	3,950,066	-	-	-	-	46,920	3,996,986	-
Loss on Sale of Assets	-	-	(173,046)	-	-	-	(173,046)	36,209
Other Income - Miscellaneous	-	-	-	-	-	-	-	40,537
Total Nonoperating Revenues (Expenses)	3,934,142	(2,841)	(1,641,168)	(9,117)	(6,681,801)	46,187	(4,354,598)	65,538
Income (Loss) Before Transfers	125,882	(200,342)	4,995,984	883,356	17,474,352	(233,003)	23,046,229	740,781
Transfers In	-	300,000	25,393,374	506,865	8,401,935	289,890	34,892,064	2,434,421
Transfers Out	-	(2,020)	(25,924,766)	(517,848)	(8,872,970)	(239,890)	(35,557,494)	(935,195)
Change in Net Position	125,882	97,638	4,464,592	872,373	17,003,317	(183,003)	22,380,799	2,240,007
Net Position (Deficit), Beginning	11,033,020	(2,977,551)	64,518,268	5,242,205	77,282,477	3,933,150	159,031,569	28,997,379
Net Position (Deficit), Ending	\$ 11,158,902	\$ (2,879,913)	\$ 68,982,860	\$ 6,114,578	\$ 94,285,794	\$ 3,750,147	\$ 181,412,368	\$ 31,237,386

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, 2021**

	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	\$ 2,565,345	\$ 2,630,265	\$ 15,239,652	\$ 10,726,750	\$ 42,480,475	\$ 147,634	\$ 73,790,121	\$ -
Cash Received from Interfund Services Provided	-	-	-	-	-	-	-	15,507,280
Cash Paid for Salaries and Benefits	(197,455)	(1,983,648)	(1,963,758)	(3,721,779)	(3,454,708)	(16,555)	(11,337,903)	(1,022,427)
Cash Paid for Services and Supplies	(3,313,216)	(849,035)	(4,535,456)	(5,922,706)	(8,864,695)	(135,728)	(23,620,836)	(2,488,178)
Cash Paid for Reported Claims	-	-	-	-	-	-	-	(9,301,151)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(231,151)
Net Cash Provided by (Used for) Operating Activities	(945,326)	(202,418)	8,740,438	1,082,265	30,161,072	(4,649)	38,831,382	2,464,373
Cash Flows from Non-Capital Financing Activities:								
Grants	3,950,066	-	-	-	-	46,920	3,996,986	-
Advances to/from Other Funds	-	-	(103,333)	103,333	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	267,988
Other Income - Miscellaneous	-	-	-	-	-	-	-	40,537
Transfers from Other Funds	-	300,000	25,393,374	506,865	8,401,935	289,890	34,892,064	2,434,421
Transfers to Other Funds	-	(2,020)	(25,924,766)	(517,848)	(8,872,970)	(239,890)	(35,557,494)	(935,195)
Net Cash Provided by (Used for) Non-Capital Financing Activities	3,950,066	297,980	(634,725)	92,350	(471,035)	96,920	3,331,556	1,807,751
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Assets	-	-	-	-	-	-	-	48,042
Proceeds from Revenue Bonds	-	-	-	-	-	-	-	-
Payments Made on Capital Leases	-	-	(2,883,819)	-	(1,474,943)	-	(4,358,762)	-
Principal and Interest Paid on Long-Term Debt	-	-	-	-	(17,654,067)	-	(17,654,067)	-
Deferred Charges - Bonds	-	-	4,135	-	(159,990)	-	(155,855)	-
Acquisition of Capital Assets	-	-	(6,641,428)	(6,865)	(8,844,950)	(239,891)	(15,733,134)	(935,195)
Net Cash Used for Capital and Related Financing Activities	-	-	(9,521,112)	(6,865)	(28,133,950)	(239,891)	(37,901,818)	(887,153)
Cash Flows from Investing Activities:								
Interest Income (Expense), Net	(15,924)	(2,841)	(57,570)	(9,117)	(86,800)	(733)	(172,985)	(11,208)
Net Increase (Decrease) in Cash and Cash Equivalents	2,988,816	92,721	(1,472,969)	1,158,633	1,469,287	(148,353)	4,088,135	3,373,763
Cash and Cash Equivalents, Beginning of the Year	2,185,795	942,617	31,384,251	8,778,152	49,995,202	498,371	93,784,388	18,484,427
Cash and Cash Equivalents, End of the Year	\$ 5,174,611	\$ 1,035,338	\$ 29,911,282	\$ 9,936,785	\$ 51,464,489	\$ 350,018	\$ 97,872,523	\$ 21,858,190

(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, 2021

	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)	\$ (3,808,260)	\$ (197,501)	\$ 6,637,152	\$ 892,473	\$ 24,156,153	\$ (279,190)	\$ 27,400,827	\$ 675,243
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation and Amortization	532,518	1,517	2,067,310	9,464	6,025,844	160,943	8,797,596	1,852,101
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	1,963,994	(1,369)	(479,709)	(201,483)	(388,872)	18,436	910,997	(6,202)
(Increase) in Inventory	-	-	-	-	-	-	-	(6,223)
(Increase) Decrease in Intergovernmental Receivable	125,857	-	-	-	(21)	-	125,836	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(5,888)	42,772	400,529	(12,191)	261,742	85,928	772,892	(140,923)
Increase (Decrease) in Unearned Revenue	196,537	-	-	-	-	-	196,537	(73,478)
(Decrease) in Net OPEB Liability	(734)	(5,113)	(3,800)	(8,483)	(8,817)	(36)	(26,983)	(3,321)
Increase in Net Pension Liability and Related Items	43,747	7,083	104,308	355,519	100,478	8,750	619,885	158,915
Increase (Decrease) in Compensated Absences Payable	6,903	(49,807)	14,648	46,966	14,565	520	33,795	8,261
Net Cash Provided by (Used for) Operating Activities	<u>\$ (945,326)</u>	<u>\$ (202,418)</u>	<u>\$ 8,740,438</u>	<u>\$ 1,082,265</u>	<u>\$ 30,161,072</u>	<u>\$ (4,649)</u>	<u>\$ 38,831,382</u>	<u>\$ 2,464,373</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 5,174,611	\$ 1,035,338	\$ 19,938,603	\$ 9,936,785	\$ 46,365,875	\$ 350,018	\$ 82,801,230	\$ 21,809,015
Cash and Investments with Fiscal Agents	-	-	9,972,679	-	5,098,614	-	15,071,293	49,175
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 5,174,611</u>	<u>\$ 1,035,338</u>	<u>\$ 29,911,282</u>	<u>\$ 9,936,785</u>	<u>\$ 51,464,489</u>	<u>\$ 350,018</u>	<u>\$ 97,872,523</u>	<u>\$ 21,858,190</u>

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

**CITY OF TULARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	Private Purpose Trust Fund	Custodial Funds
Assets		
Cash and Investments	\$ 4,788,843	\$ 19,824,072
Cash and Investments with Fiscal Agent	2	-
Accounts Receivable	900,179	24,459
Interest Receivable	2,898	-
Note Receivable	8,584,731	-
Land Held for Sale	91,321	-
	<u>14,367,974</u>	<u>19,848,531</u>
Deferred Outflows of Resources		
Deferred Outflows from Deferred Loans	246,018	-
	<u>\$ 246,018</u>	<u>\$ -</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 306,104	\$ 25,703
Due to Other Fund	-	1,554
Unearned Revenue	1,328,138	-
Deposits Payable	20,250	19,821,274
Bonds - Current	1,095,993	-
	<u>2,750,485</u>	<u>19,848,531</u>
Total Current Liabilities		
Noncurrent Liabilities		
Compensated Absences	2,291	-
Bonds and Advances	32,883,498	-
	<u>32,885,789</u>	<u>-</u>
Total Noncurrent Liabilities		
Total Liabilities	<u>35,636,274</u>	<u>19,848,531</u>
Net Position (Deficit)	<u>\$ (21,022,282)</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, 2021**

	Private Purpose Trust Fund	Custodial Funds
Additions		
Grants	\$ 1,649,314	\$ -
Interest and Rentals	49,219	-
Other	12,911	-
Custodial Fund Contributions	-	3,717,985
	<u>1,711,444</u>	<u>3,717,985</u>
Total Additions	<u>1,711,444</u>	<u>3,717,985</u>
Deductions		
Community Development	1,010,860	-
Beneficiary Payments	-	3,717,985
	<u>1,010,860</u>	<u>3,717,985</u>
Total Deductions	<u>1,010,860</u>	<u>3,717,985</u>
Other Financing Sources		
Transfers In	12,347	-
	<u>12,347</u>	<u>-</u>
Total Other Financing Sources	<u>12,347</u>	<u>-</u>
Change in Net Position	712,931	-
Net Position (Deficit), Beginning of Year	<u>(19,219,170)</u>	<u>-</u>
Prior Period Adjustments	<u>(2,516,043)</u>	<u>-</u>
Net Position (Deficit), Beginning of Year, as Restated	<u>(21,735,213)</u>	<u>-</u>
Net Position (Deficit), End of Year	<u><u>\$ (21,022,282)</u></u>	<u><u>\$ -</u></u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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. Interfund services provided and used are not eliminated in the process of consolidation. 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.

Custodial Funds – Custodial 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 cost, 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 governmental 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 on its use 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, 2021. 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, 2021, the City Council approved \$2.6 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 and business-type 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, 2021, the City implemented the following standards:

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2019. The City implemented this change for the fiscal year ended June 30, 2021.

GASB Statement No. 90 – *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The requirements of this statement are effective for periods beginning after December 15, 2019. The City implemented this change for the fiscal year ended June 30, 2021.

H. Future Accounting Pronouncements

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

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for periods beginning after June 15, 2021. The City will implement GASB Statement No. 87 if and where applicable.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement are effective for periods beginning after December 31, 2021. The City will implement GASB Statement No. 89 if and where applicable.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for periods beginning after December 15, 2021. The City will implement GASB Statement No. 91 if and where applicable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Future Accounting Pronouncements (Continued)

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement were originally effective for periods beginning after June 15, 2020. GASB Statement No. 95 delayed the effective date to June 15, 2021. The City will implement GASB Statement No. 92 if and where applicable.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Early application is encouraged. The City will implement GASB Statement No. 93 if and where applicable.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2020, and all reporting periods thereafter. Early application is encouraged. The City will implement GASB Statement No. 94 if and where applicable.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. The City will implement GASB Statement No. 96 if and where applicable.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans*. The requirements in paragraph 4 as it applies to defined contribution plans, defined contribution other post-employment benefit (OPEB) plans, and other employee benefit plans, and paragraph 5 are effective immediately. All other requirements are applicable for fiscal years beginning after June 15, 2021. The City will implement GASB Statement No. 97 if and where applicable.

GASB Statement No. 98 – *The Annual Comprehensive Financial Report*. The Provisions of GASB Statement No. 98 are effective for financial statements beginning after December 15, 2021. The City will implement GASB Statement No. 98 if and where applicable.

I. 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) pension 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.

J. Other Post-Employment 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.

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, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Primary Government	
Cash and Investments	\$ 143,306,564
Cash and Investments with Fiscal Agent	16,822,096
Fiduciary Funds:	
Cash and Investments	24,612,915
Cash and Investments with Fiscal Agent	<u>2</u>
Total Cash and Investments	<u>\$ 184,741,577</u>

Cash and investments as of June 30, 2021, consist of the following:

Cash on Hand	\$ 12,750
Deposits with Financial Institutions	4,797,980
Investments	163,108,749
Cash and Investments with Fiscal Agents	<u>16,822,098</u>
Total Cash and Investments	<u>\$ 184,741,577</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 loan 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	\$ 114,404,708	2.5
Local Agency Investment Fund (LAIF)	48,704,041	N/A
Held by Bond Trustees:		
Money Market Mutual Funds	11,740,238	N/A
Investment Contracts	5,032,685	2.5
Held by Insurance Administrator:		
Pooled Investments	49,175	N/A
Total	\$ 179,930,847	

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	\$ 114,404,708	N/A	\$ -	\$ 114,404,708	\$ -
LAIF	48,704,041	Collateralized	-	-	48,704,041
Held by Bond Trustees:					
Money Market Mutual Funds	11,740,238	A	11,740,238	-	-
Investment Contracts	5,032,685	N/A	5,032,685	-	-
Held by Insurance Administrator:					
Pooled Investments	49,175	N/A	49,175	-	-
Total	\$ 179,930,847		\$ 16,822,098	\$ 114,404,708	\$ 48,704,041

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan	Federal Agency Securities	\$ 90,617,927
Federal Farm Credit Banks	Federal Agency Securities	9,400,455
Federal National Mortgage	Federal Agency Securities	14,386,245
Ginnie Mae II	Federal Agency Securities	81
	Total Federal Agency Securities	<u>\$ 114,404,708</u>

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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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 \$4,797,145 at June 30, 2021. Bank balances before reconciling items were \$5,682,803 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 above.

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 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, 2021:

Investments by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities			
Federal Agency Securities	\$ 114,404,708	\$ 114,404,708	\$ -
Total Investments Measured at Fair Value	114,404,708	\$ 114,404,708	\$ -
Investments Measured at Amortized Cost			
LAIF	48,704,041		
Pooled Insurance Investments	49,175		
Money Market Mutual Funds	11,740,238		
Investment Contracts	5,032,685		
Total Investments Measured at Amortized Cost	65,526,139		
Total Pooled and Directed Investments	\$ 179,930,847		

NOTE 3 – NOTES, LOANS, AND LONG-TERM RECEIVABLES

Notes receivable for the primary government consist of:

Primary Government

Five secured notes receivable for various amounts from **Kaweah 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 the notes are due and payable and any funds returned to the City will be forwarded to Tulare County as program income per Federal funding rules for the Neighborhood Stabilization Program (NSP).

	\$ 759,458
Total Primary Government	\$ 759,458

NOTE 3 – NOTES, LOANS, AND LONG-TERM RECEIVABLES (Continued)

Loans receivable consist of:

Primary Government

Home Program (Housing Successor Agency (HSA))	\$ 7,904,885
Housing Community Development Block Grant (CDBG) Loans	1,153,504
Rehabilitation Loans	<u>1,083,531</u>
Total Primary Government	<u>\$ 10,141,920</u>

On January 5, 2017, the Department of Finance (DOF) approved a loan between the City and Successor Agency for the amount of \$10,588,362. Annual City loan payments cannot exceed 50% of the incremental growth of residual Redevelopment Property Tax Trust Fund (RPTTF) revenues between the previous fiscal year and fiscal year 2012-13. The Successor Agency would like to repay the loan as soon as possible.

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2021, were as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Balance June 30, 2021</u>
Nondepreciable Capital Assets:					
Land	\$ 15,648,571	\$ -	\$ -	\$ -	\$ 15,648,571
Right-of-Way	22,686,635	1,194,641	-	-	23,881,276
Construction in Progress (CIP)	<u>63,884,407</u>	<u>5,376,667</u>	<u>-</u>	<u>(10,864,896)</u>	<u>58,396,178</u>
Subtotal	<u>102,219,613</u>	<u>6,571,308</u>	<u>-</u>	<u>(10,864,896)</u>	<u>97,926,025</u>
Depreciable Capital Assets:					
Infrastructure	267,119,846	3,011,906	-	10,864,896	280,996,648
Structures and Improvements	59,046,904	12,368	-	-	59,059,272
Equipment	<u>34,040,624</u>	<u>1,050,858</u>	<u>(356,016)</u>	<u>-</u>	<u>34,735,466</u>
Subtotal	<u>360,207,374</u>	<u>4,075,132</u>	<u>(356,016)</u>	<u>10,864,896</u>	<u>374,791,386</u>
Accumulated Depreciation and Amortization:					
Infrastructure	(151,684,300)	(9,886,825)	-	-	(161,571,125)
Structures and Improvements	(27,130,182)	(1,372,385)	-	-	(28,502,567)
Equipment	<u>(22,746,181)</u>	<u>(2,023,170)</u>	<u>344,183</u>	<u>-</u>	<u>(24,425,168)</u>
Subtotal	<u>(201,560,663)</u>	<u>(13,282,380)</u>	<u>344,183</u>	<u>-</u>	<u>(214,498,860)</u>
Net Capital Assets	<u>\$ 260,866,324</u>	<u>\$ (2,635,940)</u>	<u>\$ (11,833)</u>	<u>\$ -</u>	<u>\$ 258,218,551</u>

NOTE 4 – CAPITAL ASSETS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2020	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2021
Nondepreciable Capital Assets:					
Land	\$ 7,552,604	\$ 67,410	\$ -	\$ -	\$ 7,620,014
Construction in Progress (CIP)	3,395,978	12,210,222	-	(885,624)	14,720,576
Subtotal	10,948,582	12,277,632	-	(885,624)	22,340,590
Depreciable Capital Assets:					
Buildings	5,187,147	1,606,545	-	708,096	7,501,788
Improvements Other Than Buildings	357,917,317	1,700,441	(211,992)	177,528	359,583,294
Equipment	35,017,140	148,515	-	-	35,165,655
Subtotal	398,121,604	3,455,501	(211,992)	885,624	402,250,737
Accumulated Depreciation and Amortization:					
Buildings	(2,017,199)	(125,093)	-	-	(2,142,292)
Improvements Other Than Buildings	(104,246,705)	(7,655,770)	38,947	-	(111,863,528)
Equipment	(9,473,838)	(1,016,733)	-	-	(10,490,571)
Subtotal	(115,737,742)	(8,797,596)	38,947	-	(124,496,391)
Net Capital Assets	\$ 293,332,444	\$ 6,935,537	\$ (173,045)	\$ -	\$ 300,094,936

Depreciation and amortization expense for the year ended June 30, 2021, was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,524,313
Public Safety	523,490
Public Works	39,400
Community Development	8,879,496
Community Services	-
Library and Cultural	2,315,681
Total Governmental Activities Depreciation and Amortization Expense	<u>\$ 13,282,380</u>
Business-Type Activities:	
Transit	\$ 532,518
Community and Development	1,517
Water	2,067,310
Solid Waste	9,464
Sewer	6,025,844
Aviation	160,943
Total Business-Type Activities Depreciation and Amortization Expense	<u>\$ 8,797,596</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2021, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 4,025,569
Financing Authority Fund	262,051
Nonmajor Governmental Funds	222,342
Internal Service Funds	<u>647,661</u>
Total Governmental Activities	<u>\$ 5,157,623</u>
Business-Type Activities:	
Transit	\$ 215,561
Community and Development	189,866
Water	1,578,361
Solid Waste	332,802
Sewer	3,246,144
Aviation	<u>88,854</u>
Total Business-Type Activities	<u>\$ 5,651,588</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2021:

Type of Debt	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds Payable	\$ 24,550,000	\$ -	\$ 1,135,000	\$ 23,415,000	\$ 1,180,000
Bond Premium	1,951,262	-	109,930	1,841,332	109,930
Compensated Absences Payable	3,016,334	529,681	346,474	3,199,541	256,603
Insurance Claim Payable	1,444,875	-	-	1,444,875	1,444,875
Net Pension Liability	47,255,749	4,581,848	-	51,837,597	-
Net OPEB Liability	<u>2,215,265</u>	<u>123,992</u>	<u>-</u>	<u>2,339,257</u>	<u>-</u>
Total Governmental Activities	<u>\$ 80,433,485</u>	<u>\$ 5,235,521</u>	<u>\$ 1,591,404</u>	<u>\$ 84,077,602</u>	<u>\$ 2,991,408</u>
Business-Type Activities:					
Revenue Bonds Payable	\$ 197,049,005	\$ 37,380,000	\$ 48,629,005	\$ 185,800,000	\$ 5,575,000
Bond Premium	16,653,479	2,664,348	3,947,676	15,370,151	695,128
Leases Payable	1,474,943	-	1,474,943	-	-
Compensated Absences Payable	1,274,659	33,795	-	1,308,454	102,168
Net Pension Liability	16,079,551	1,961,511	-	18,041,062	-
Net OPEB Liability	<u>988,762</u>	<u>55,344</u>	<u>-</u>	<u>1,044,106</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 233,520,399</u>	<u>\$ 42,094,998</u>	<u>\$ 54,051,624</u>	<u>\$ 221,563,773</u>	<u>\$ 6,372,296</u>

NOTE 6 – LONG-TERM DEBT (Continued)

Type of Debt	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Primary Government:					
Revenue Bonds Payable	\$ 221,599,005	\$ 37,380,000	\$ 49,764,005	\$ 209,215,000	\$ 6,755,000
Bond Premium	18,604,741	2,664,348	4,057,606	17,211,483	805,058
Leases Payable	1,474,943	-	1,474,943	-	-
Compensated Absences Payable	4,290,993	563,476	346,474	4,507,995	358,771
Net Pension Liability	63,335,300	6,543,359	-	69,878,659	-
Net OPEB Liability	3,204,027	179,336	-	3,383,363	-
Total Primary Government	<u>\$ 312,509,009</u>	<u>\$ 47,330,519</u>	<u>\$ 55,643,028</u>	<u>\$ 304,196,500</u>	<u>\$ 7,918,829</u>

The liability for pension- related debt, OPEB debt, and compensated absences for governmental activities is primarily liquidated by the General Fund with smaller portions charged to other funds in an amount proportional to the personnel costs incurred. The pension related debt and 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, 2021, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 25,256,332

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.

\$ 3,199,541

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities -

Lease Payable:

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 bore an interest rate of 4.99% and had semi-annual payments in the range of \$148,051 to \$424,860 each year. The City paid off the remaining balance during the fiscal year.

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%. During the year, the City paid off the remaining balance by using the Sewer Revenue Refunding Bonds, Series 2020A and 2020B.

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%. In October 2020, the City paid off the remaining balance by using the Sewer Revenue Refunding Bonds, Series 2020A and 2020B.

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 a rate of 5%. In October 2020, the City paid off a portion of the remaining balance by using the Sewer Revenue Refunding Bonds, Series 2020A and 2020B. At June 30, 2021, the outstanding balance, including the related unamortized bond premium, was \$64,217,056.

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, and the City's 2009 Sewer Revenue Bonds with an outstanding principal of \$54,775,000. 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, 2021, the outstanding balance, including unamortized bond premium, was \$61,630,696.

2017 Water Revenue 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, 2021, the outstanding balance, including the related unamortized bond premium, was \$19,087,102.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

2020 Water Revenue Bonds:

In 2020, the City issued \$15,735,000 in Water Revenue Refunding Bonds. The bond principal is payable in amounts ranging from \$260,000 to \$1,050,000 per year on December 1 each year, commencing December 1, 2020, through December 1, 2049, and bear interest at rates from 4.00% to 5.00%. The bond interest is payable twice a year, on June 1 and December 1 each year. At June 30, 2021, the outstanding balance, including the related unamortized bond premium, was \$17,356,945.

2020A and 2020B Sewer Revenue Refunding Bonds:

In 2021, the City issued \$20,170,000 and \$17,210,000 in Series A and Series B Revenue Refunding Bonds, respectively, to refund the City's 2012 Sewer Revenue Refunding Bond with an outstanding principal of \$5,364,005, 2013 Sewer Revenue Refunding Bonds with an outstanding principal of \$20,060,000, and \$20,000,000 of the 2015 Sewer Revenue Refunding Bonds. Due to the advance refunding of each Sewer Revenue Bonds, a deferred outflow of resources (refunding debt) of \$332,418 was calculated and will be amortized over the life of the debt. The transaction resulted in a reduction of \$10,279,742 in future debt service payments. The economic gain was \$6,927,470. The 2020A bond principal is payable in amounts ranging from \$305,000 to 2,955,000 per year on November 15 each year, commencing November 15, 2021, through November 15, 2041, and bear interest at rates from 4% to 5%. The bond interest is payable twice a year, on May 15 and November 15 each year. At June 30, 2021, the outstanding balance, including the related unamortized premium, was 22,723,333. The 2020B bond principal is payable in amounts ranging from \$805,000 to 2,020,000 per year on November 15 each year, commencing November 15, 2021, through November 15, 2033, and bear interest at rates from .809% to 2.794%. The bond interest is payable twice a year, on May 15 and November 15 each year. At June 30, 2021, the outstanding balance, including the related unamortized premium, was 17,210,000.

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:

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, 2021, the compensated absences payable totaled \$1,308,454 for business-type activities.

Year Ending June 30,	Primary Government			
	Governmental Activities	Business-Type Activities		
	2018 Lease Revenue Bonds	2015 Sewer Revenue Refunding Bonds	2016 Sewer Revenue Refunding Bonds	2017 Water Revenue Refunding Bonds
2022	\$ 2,228,200	\$ 4,123,250	\$ 2,746,300	\$ 1,105,825
2023	2,221,000	4,999,750	2,773,950	1,103,200
2024	2,225,000	5,014,125	2,771,650	1,103,300
2025	2,225,750	5,007,625	2,773,250	1,102,800
2026	2,223,250	4,951,750	2,772,800	1,106,600
2027-2031	9,302,750	24,156,750	13,635,900	5,522,725
2032-2036	8,850,175	23,912,250	16,733,925	5,527,388
2037-2041	3,538,575	9,817,000	20,573,800	5,519,812
2042-2046	-	14,481,000	33,147,451	5,520,500
2047-2051	-	-	-	2,211,625
	32,814,700	96,463,500	97,929,026	29,823,775
Less Interest	9,399,700	37,203,500	40,649,026	12,678,775
Plus Unamortized Premium	1,841,332	4,957,056	4,350,696	1,942,102
Total	\$ 25,256,332	\$ 64,217,056	\$ 61,630,696	\$ 19,087,102

Year Ending June 30,	Primary Government		
	Business-Type Activities		
	2020 Water Revenue Refunding Bonds	2020A Sewer Revenue Refunding Bonds	2020B Sewer Revenue Refunding Bonds
2022	\$ 1,630,650	\$ 1,431,900	\$ 2,052,808
2023	1,629,400	1,431,600	1,122,132
2024	1,191,775	1,430,300	1,124,028
2025	773,900	1,434,275	1,129,236
2026	770,650	1,433,150	1,122,762
2027-2031	3,860,000	3,609,625	9,494,769
2032-2036	3,860,600	3,297,000	3,850,564
2037-2041	3,866,000	15,510,600	-
2042-2046	3,865,750	3,014,100	-
2047-2051	3,861,200	-	-
	25,309,925	32,592,550	19,896,299
Less Interest	9,574,925	12,422,550	2,686,299
Plus Unamortized Premium	1,621,945	2,553,333	-
Total	\$ 17,356,945	\$ 22,723,333	\$ 17,210,000

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 COLAs 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, 2021, are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous 2nd Tier	Miscellaneous PEPRA
Hire Date	Prior to January 1, 2011	January 1, 2011 through December 31, 2012	On or after January 1, 2013
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%	7.00%
Required Employer Contribution Rates	11.566%	11.566%	11.566%

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

A. General Information (Continued)

Benefits Provided (Continued)

Employees Covered – At June 30, 2021, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	308
Inactive employees entitled to but not yet receiving benefits	147
Active employees	<u>241</u>
Total	<u><u>696</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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.625%
Payroll Growth	2.875%
Projected Salary Increase	Varies by Entry Age and Service (1)
Investment Rate of Return	7.25% (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, 2019 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Changes of Assumptions

None in 2019 or 2020. 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:

Asset Class (a)	New Strategic Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
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	100.00%		

(a) In the CalPERS Comprehensive Annual Financial Report, 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.

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, 2019	\$ 130,425,784	\$ 92,241,807	\$ 38,183,977
Changes Recognized for the Measurement Period:			
- Service Cost	2,509,174	-	2,509,174
- Interest on the Total Pension Liability	9,221,043	-	9,221,043
- Differences between Expected and Actual Experience	465,723	-	465,723
- Contributions from the Employer	-	3,910,427	(3,910,427)
- Contributions from the Employees	-	1,621,617	(1,621,617)
- Net Investment Income	-	4,626,622	(4,626,622)
- Contributions	(6,360,937)	(6,360,937)	-
- Administrative Expenses	-	(130,038)	130,038
Net Changes	5,835,003	3,667,691	2,167,312
Balance at June 30, 2020	\$ 136,260,787	\$ 95,909,498	\$ 40,351,289

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

C. Changes in Net Pension Liability

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	\$ 57,541,075	\$ 40,351,289	\$ 26,070,212

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, 2021, the City recognized pension expense of \$3,103,795. At June 30, 2021, 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 Inflows</u> <u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,103,795	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	958,271	-
Net differences between projected and actual earnings on Plan investments	720,673	-
Total	<u>\$ 4,782,739</u>	<u>\$ -</u>

\$3,103,795 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, 2022. 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>	
2022	\$ 455,001
2023	370,518
2024	472,458
2025	380,967
2026	-
Total	<u>\$ 1,678,944</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 \$105,243 required for the year ended June 30, 2021.

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 COLAs, 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)

The Plan's provisions and benefits in effect at June 30, 2021, 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%	13.000%
Required employer contribution rates	23.674%	20.585%	13.044%
	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%	13.000%
Required employer contribution rates	23.674%	21.746%	13.044%

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 \$1,785,491 for the year ended June 30, 2021.

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. 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.

The City's contributions to the Plan recognized as a part of pension expense for the year ended June 30, 2021, were \$3,151,438.

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, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$29,527,370.

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, 2020, 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, 2019, rolled forward to June 30, 2020, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020, was as follows:

Proportion - June 30, 2019	0.4249%
Proportion - June 30, 2020	0.4432%
Change - Increase (Decrease)	0.0183%

For the year ended June 30, 2021, the City recognized pension expense of \$5,889,202. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3,537,773	\$ -
Changes of assumptions	-	98,356
Differences between actual and expected experience	2,289,698	-
Net difference between projected and actual earnings on plan investments	-	-
Change in City's proportion	641,754	31,818
Differences between the City's actual contributions and the City's proportionate share of contributions	1,195,497	1,573,345
Total	<u>\$ 7,664,722</u>	<u>\$ 1,703,519</u>

\$3,537,773 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2022	\$ 429,081
2023	992,364
2024	680,430
2025	321,555
Total	<u>\$ 2,423,430</u>

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

C. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service (1)
Investment Rate of Return	7.15% (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, 2019 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.

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+ 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.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. 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	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS Comprehensive Annual Financial Report, 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.

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	\$ 45,321,244	\$ 29,527,370	\$ 16,567,002

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 Plan

The City had an outstanding amount of contributions payable to the pension plan of \$119,043 required for the year ended June 30, 2021.

G. Pension Expense

Total pension expense for both Plans was \$8,992,997 for the year ended June 30, 2021.

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.

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.

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund due from/to other funds at June 30, 2021, were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds			
General Fund	General Operations	\$ 1,669,300	\$ 901,159
Nonmajor Special Revenue Funds			
Senior Services	General Operations	-	9,930
Housing Redevelopment CDBG	General Operations	-	319,247
DMV - Auto Theft Deterrence	General Operations	-	323
Local Law Enforcement Block Grant	General Operations	-	2,172
Internal Service Funds			
Fleet Maintenance Fund	General Operations	-	434,915
Fiduciary Funds - Custodial Fund	General Operations	-	1,554
		<u>\$ 1,669,300</u>	<u>\$ 1,669,300</u>

Interfund transfers consist of transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2020-21 fiscal year are as follows:

	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Major Funds</u>			
<u>General Fund</u>			
General Fund	For Traffic Safety activity	\$ 66,152	\$ -
General Fund	To reimburse General Fund	300,555	-
General Fund	To reimburse for activity	147,450	-
General Fund	To fund activity	400,000	-
General Fund	General Fund contribution	58,500	-
General Fund	To fund CIP activity	939,100	-
Measure R Fund	To fund CIP activity	595,824	-
Nonmajor Governmental Funds	To fund CIP activity	3,389,889	-
Financing Authority Fund	To fund CIP activity	2,400,000	-
General Fund	To fund activity	-	796,377
General Fund	To reimburse General Fund	-	355,856
General Fund	To fund CIP activity	-	504,100
Enterprise Funds	To fund activity	-	532,799
Financing Authority Fund	For lease revenue bond payment	-	2,217,000
Internal Service Funds	To fund activity	-	345,426
Internal Service Funds	To fund CIP activity	-	200,000
Nonmajor Governmental Funds	General Fund contribution	-	190,682
		<u>8,297,470</u>	<u>5,142,240</u>
Measure R Fund			
General Fund	To fund CIP activity	-	595,824
Finance Authority Fund			
General Fund	For lease revenue bond payment	<u>2,217,000</u>	<u>2,400,000</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Governmental Nonmajor Funds

Special Revenue Funds

General Fund	General Fund contribution	190,682	-
General Fund	To fund CIP activity	-	3,389,889
General Fund	For traffic safety activity	-	66,152

Total Special Revenue Funds		<u>190,682</u>	<u>3,456,041</u>
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Capital Projects Funds

General Fund	To fund CIP activity	50,000	-
Enterprise Funds	To fund CIP activity	27,810	-
Technology Reserve	To fund activity	-	35,000

Total Capital Projects Funds		<u>77,810</u>	<u>35,000</u>
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Proprietary Major Funds

Enterprise Funds

General Fund	General Fund contribution	300,000	-
Aviation Fund	Reimburse for Capital Outlay	239,890	-
Water Fund	Reimburse for Capital Outlay	6,542,512	-
Sewer Fund	Reimburse for Capital Outlay	8,401,935	-
Solid Waste	Reimburse for Capital Outlay	6,865	-
Aviation Fund	To fund CIP activity	50,000	-
General Fund	To fund CIP activity	18,614,196	-
Solid Waste	To fund CIP activity	500,000	-
Water Fund	To fund activity	236,666	-
Sewer Fund	Reimburse for Capital Outlay	-	8,410,680
Solid Waste Fund	Reimburse for Capital Outlay	-	4,833
Solid Waste Fund	To fund CIP activity	-	500,000
Water Fund	To fund CIP activity	-	18,431,397
Aviation Fund	To fund activity	-	239,890
Community and Economic Development Services	To fund activity	-	2,020
Water Fund	To fund activity	-	711,150
Solid Waste Fund	To fund activity	-	13,015
Sewer Fund	To fund activity	-	462,290
Water Fund	Reimburse for Capital Outlay	-	6,782,219

Total Enterprise Funds		<u>34,892,064</u>	<u>35,557,494</u>
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Proprietary Nonmajor Funds

Internal Service Funds

Surface Water	To fund activity	1,425,800	-
Unemployment Insurance	To fund activity	73,426	-
Fleet Maintenance Fund	Reimburse for Capital Outlay	935,195	-
Fleet Maintenance Fund	Reimburse for Capital Outlay	-	935,195

Total Internal Service Funds		<u>2,434,421</u>	<u>935,195</u>
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Trust Funds

Trust Funds

Housing Successor Agency	Requirement by Dept of Finance	12,347	-
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Totals		<u>\$ 48,121,794</u>	<u>\$ 48,121,794</u>
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NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund advances to/from at June 30, 2021, were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
Solid Waste Fund	To Construct Wells	\$ -	\$ 826,667
Water Fund	To Construct Wells	826,667	-
		<u>\$ 826,667</u>	<u>\$ 826,667</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%.	<u>\$ 826,667</u>
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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, 2019, members affected by this provision are as follows:

Active Employees	-
Retired Employees	<u>28</u>
Total	<u><u>28</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.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

Plan Membership. At July 1, 2019, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	48
Active plan members	<u>322</u>
Total	<u><u>370</u></u>

Contributions: The contribution requirements of OPEB Plan members and the City are established and amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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	2.45%
Inflation Rate	3.00%
Salary Increases	3.50%
Investment Rate of Return	4.00%
Healthcare Cost Trend Rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years
Preretirement/Postretirement Mortality	RP-2014 Mortality, adjusted to 2006, fully generational

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

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 OPEB 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, 2020	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2021	June 30, 2020	4.00%	2.45%	2.45%

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, 2019	\$ 3,204,027	\$ -	\$ 3,204,027
Changes in the Year:			
Service Cost	615	-	615
Interest on the Total OPEB Liability	97,955	-	97,955
Contributions - Employer	-	194,036	(194,036)
Difference Between Expected and Actual Experience	-	-	-
Change of Assumptions	232,088	-	232,088
Benefit Payments	(151,322)	(194,036)	42,714
Net Changes	179,336	-	179,336
Balance at June 30, 2020	\$ 3,383,363	\$ -	\$ 3,383,363

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB Liability	\$ 3,781,067	\$ 3,383,363	\$ 3,051,262

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current healthcare cost trend rates:

	1% Decrease (4.90% decreasing to 3.90%)	Trend Rate (5.90% decreasing to 4.90%)	1% Increase (6.90% decreasing to 5.90%)
Net OPEB Liability	\$ 2,871,613	\$ 3,383,363	\$ 3,982,480

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, 2021, the City recognized OPEB expense of \$19,003. As of fiscal year ended June 30, 2021, 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	\$ 151,322	\$ -
Difference Between Expected and Actual Experience	278	521,934
Changes in Assumptions or Other Inputs	204,126	154,842
Differences Between Projected and Actual Return Investments	<u>-</u>	<u>-</u>
Total	<u>\$ 355,726</u>	<u>\$ 676,776</u>

The \$151,322 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

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

<u>Year Ending June 30</u>	
2022	\$ (79,567)
2023	(79,567)
2024	(79,567)
2025	(79,567)
2026	(79,567)
Thereafter	<u>(74,537)</u>
Total	<u>\$ (472,372)</u>

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund	
Interest	718
Major Fund	
Measure R	6,865
Nonmajor Fund	
Senior Services	31,204
Home Program	204,652
Traffic Safety	371
Local Law Enforcement Block Grant	3,152
Auto Theft Deterrence	1,750
Police Forfeiture	2,755
Rental Rehabilitation	62,597

NOTE 12 – COMMITMENTS AND CONTINGENCIESGeneral 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, 2021, is as follows:

	<u>General Fund</u>	<u>Measure R Fund</u>	<u>Financing Authority Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Total nonspendable fund balance	-	-	-	35,000	35,000
Restricted for:					
Public safety - Police	-	-	-	9,976	9,976
Public safety - Fire	-	-	-	168,326	168,326
Public works - Street	-	3,178,632	-	2,114,232	5,292,864
Debt service	-	-	3,168,895	-	3,168,895
Development services	-	-	-	1,877,001	1,877,001
Total restricted fund balance	-	3,178,632	3,168,895	4,169,535	10,517,062
Committed to:					
Appropriation for next year's budget	42,493,097	-	-	253,813	42,746,910
Total committed fund balance	42,493,097	-	-	253,813	42,746,910
Total fund balances	<u>\$42,493,097</u>	<u>\$ 3,178,632</u>	<u>\$ 3,168,895</u>	<u>\$ 4,458,348</u>	<u>\$ 53,298,972</u>

NOTE 14 – DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2021, the following funds had a deficit fund balance or net position:

The Community & Economic Development Services Fund, an Enterprise Fund, had a deficit of \$2,879,913. The Auto Theft Deterrence Fund, a Governmental Fund, had a deficit of \$323. The General Insurance Fund, an Internal Service Fund, had a deficit of \$323,891. 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. The Auto Theft Deterrence Fund deficit relates to funds due to the General Fund. The General Insurance Fund deficit relates to the cost of City's self-insured liability and fire insurance exceeding current year departmental changes.

NOTE 15 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2021, have been evaluated for possible adjustments to the financial statements or disclosures is January 26, 2022, which is the date that the financial statements were available to be issued.

NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

A prior period adjustment was made to Net Position for Fiduciary Funds as follows:

Net Position (Deficit) at July 1, 2020, as Previously Reported	\$ (19,219,170)
Sale and partial transfer of Land Held for Sale not previously recognized	<u>(2,516,043)</u>
Net Position (Deficit) at July 1, 2020, as Restated	<u><u>\$ (21,735,213)</u></u>

A prior period adjustment was made to Net Position for Governmental Activities as follows:

Net Position at July 1, 2020, as Previously Reported	\$ 264,086,495
Transfer of Land Held for Sale from Fiduciary Fund not previously recognized	<u>1,333,500</u>
Net Position at July 1, 2020, as Restated	<u><u>\$ 265,419,995</u></u>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 37,411,240	\$ 37,411,240	\$ 42,687,360	\$ 5,276,120
Intergovernmental	-	-	46	46
Licenses and Permits	130,000	130,000	106,918	(23,082)
Fines and Forfeitures	17,000	17,000	8,884	(8,116)
Charges for Services	4,756,960	4,756,960	4,163,517	(593,443)
Interest and Rentals	736,110	736,110	-	(736,110)
Grants	455,000	587,030	773,214	186,184
Assessments	88,000	88,000	84,729	(3,271)
Other	3,862,190	3,903,090	8,215,911	4,312,821
Total Revenues	47,456,500	47,629,430	56,040,579	8,411,149
Expenditures				
Current				
General Government	7,438,900	8,803,119	7,221,201	1,581,918
Public Safety	28,213,110	28,241,777	27,856,732	385,045
Public Works	2,424,620	2,586,130	2,475,967	110,163
Community Development	88,000	119,290	98,805	20,485
Community Services	6,318,980	6,318,980	5,365,789	953,191
Library and Cultural	1,575,630	1,575,630	1,510,084	65,546
Capital Outlay	14,465,350	15,466,702	9,029,109	6,437,593
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	718	(718)
Total Expenditures	60,524,590	63,111,628	53,558,405	9,553,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,068,090)	(15,482,198)	2,482,174	17,964,372
Other Financing Sources (Uses)				
Transfers In	6,716,820	7,334,420	8,297,470	963,050
Transfers Out	(4,524,820)	(8,023,070)	(5,142,240)	2,880,830
Total Other Financing Sources (Uses)	2,192,000	(688,650)	3,155,230	3,843,880
Change in Fund Balance Before Extraordinary Item	(10,876,090)	(16,170,848)	5,637,404	21,808,252
Extraordinary Item				
Extraordinary Loss	-	-	(138,047)	(138,047)
Net Change in Fund Balance	(10,876,090)	(16,170,848)	5,499,357	21,670,205
Fund Balance, Beginning	36,993,740	36,993,740	36,993,740	-
Fund Balance, Ending	\$ 26,117,650	\$ 20,822,892	\$ 42,493,097	\$ 21,670,205

**CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE R FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,547,964	\$ 347,964
Interest and Rentals	-	-	-	-
Total Revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,547,964</u>	<u>347,964</u>
Expenditures				
Current				
General Government	-	-	6,865	(6,865)
Total Expenditures	<u>-</u>	<u>-</u>	<u>6,865</u>	<u>(6,865)</u>
Other Financing (Uses)				
Transfers Out	<u>(992,020)</u>	<u>(992,020)</u>	<u>(595,824)</u>	<u>396,196</u>
Net Change in Fund Balance	207,980	207,980	945,275	737,295
Fund Balance, Beginning	<u>2,233,357</u>	<u>2,233,357</u>	<u>2,233,357</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 2,441,337</u></u>	<u><u>\$ 2,441,337</u></u>	<u><u>\$ 3,178,632</u></u>	<u><u>\$ 737,295</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, 2021

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service cost	\$ 2,020,696	\$ 1,895,137	\$ 1,881,617	\$ 2,302,467	\$ 2,285,059	\$ 2,383,821	\$ 2,509,174
Interest on the total pension liability	7,176,661	7,433,900	7,819,665	8,001,199	8,338,921	8,830,802	9,221,043
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	2,123,056	465,723
Benefit payments, including refunds of employee contributions	(4,290,119)	(4,661,365)	(5,023,725)	(5,205,114)	(5,624,680)	(6,209,260)	(6,360,937)
Administrative expenses	-	-	-	-	-	-	-
Net change in total pension liability	4,907,238	1,495,185	5,240,500	9,988,314	4,842,607	7,128,419	5,835,003
Total pension liability - beginning	96,823,521	101,730,759	103,225,944	108,466,444	118,454,758	123,297,365	130,425,784
Total pension liability - ending (a)	\$ 101,730,759	\$ 103,225,944	\$ 108,466,444	\$ 118,454,758	\$ 123,297,365	\$ 130,425,784	\$ 136,260,787
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	3,408,537	3,910,427
Contributions - employee	905,841	892,257	938,085	1,173,897	1,314,215	1,431,732	1,621,617
Net investment income	11,296,380	1,680,617	417,640	8,340,246	6,978,602	5,746,746	4,626,622
Administrative expenses	-	(86,194)	(46,628)	(111,403)	(128,722)	(62,543)	(130,038)
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)	(6,209,260)	(6,360,937)
Net change in plan fiduciary net position	10,230,977	258,837	(1,054,140)	7,151,376	5,321,171	4,315,212	3,667,691
Plan fiduciary net position - beginning	66,018,374	76,249,351	76,508,188	75,454,048	82,605,424	87,926,595	92,241,807
Plan fiduciary net position - ending (b)	\$ 76,249,351	\$ 76,508,188	\$ 75,454,048	\$ 82,605,424	\$ 87,926,595	\$ 92,241,807	\$ 95,909,498
Net pension liability (a)-(b)	\$ 25,481,408	\$ 26,717,756	\$ 33,012,396	\$ 35,849,334	\$ 35,370,770	\$ 38,183,977	\$ 40,351,289
Plan fiduciary net position as a percentage of the total pension liability	74.95%	74.12%	69.56%	69.74%	71.31%	70.72%	70.39%
Covered payroll	\$ 10,372,469	\$ 10,614,682	\$ 10,756,983	\$ 11,261,890	\$ 9,499,135	\$ 9,287,900	\$ 10,134,999
Net pension liability as a percentage of covered payroll	245.66%	251.71%	306.89%	318.32%	372.36%	411.12%	398.14%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

In 2018, demographic assumptions and the inflation rate were changed in accordance with 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, 2021**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially required contribution (actuarially determined)	\$ 2,229,666	\$ 2,416,465	\$ 2,663,687	\$ 2,950,052	\$ 3,007,436	\$ 3,374,661	\$ 3,908,531	\$ 3,103,795
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>	<u>3,908,531</u>	<u>3,103,795</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	\$ 10,134,999	\$ 10,448,740
Contributions as a percentage of covered payroll	21.50%	22.77%	24.76%	26.19%	31.66%	36.33%	38.56%	29.70%

* 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, 2021

	2015	2016	2017	2018	2019	2020	2021
Proportion of the net pension liability	0.4487%	0.4443%	0.4316%	0.4168%	0.4125%	42.4900%	44.3200%
Proportionate share of the net pension liability	\$ 16,966,410	\$ 18,307,442	\$ 22,352,131	\$ 24,905,736	\$ 24,205,123	\$ 26,521,847	\$ 29,527,370
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988	\$ 9,255,346	\$ 8,887,143	\$ 8,017,645	\$ 8,384,958
Proportionate share of the net pension liability as a percentage of covered payroll	196.68%	201.36%	252.60%	269.10%	272.36%	330.79%	352.15%
Plan fiduciary net position as a percentage of the total pension liability	77.86%	77.09%	73.74%	73.62%	75.93%	75.79%	74.61%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

In 2018, demographic assumptions and the inflation rate were changed in accordance with 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, 2021**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially required contribution (actuarially determined)	\$ 2,917,669	\$ 3,136,890	\$ 3,071,894	\$ 3,368,410	\$ 2,549,074	\$ 2,701,815	\$ 3,151,438	\$ 3,537,773
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>	<u>3,151,438</u>	<u>3,537,773</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	\$ 8,384,958	\$ 8,637,146
Contributions as a percentage of covered payroll	33.82%	34.50%	34.71%	36.39%	28.68%	33.70%	37.58%	40.96%

* 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>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service Cost	\$ 508	\$ 524	\$ 572	\$ 615
Interest	134,199	130,720	139,688	97,955
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	-	443	(677,736)	-
Changes of Assumptions	-	(222,884)	(18,841)	232,088
Benefit Payments	<u>(259,568)</u>	<u>(259,572)</u>	<u>(194,036)</u>	<u>(151,322)</u>
Net Change in Total OPEB Liability	(124,861)	(350,769)	(750,353)	179,336
Total OPEB Liability - Beginning (a)	<u>4,430,010</u>	<u>4,305,149</u>	<u>3,954,380</u>	<u>3,204,027</u>
Total OPEB Liability - Ending (b)	<u>\$ 4,305,149</u>	<u>\$ 3,954,380</u>	<u>\$ 3,204,027</u>	<u>\$ 3,383,363</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 259,568	\$ 259,572	\$ 194,036	\$ 194,036
Net Investment Income	-	-	-	-
Benefit Payments	(259,568)	(259,572)	(194,036)	(194,036)
Trustee Fees	-	-	-	-
Administrative Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning (c)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (d)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability Beginning (a) - (c)	<u>\$ 4,430,010</u>	<u>\$ 4,305,149</u>	<u>\$ 3,954,380</u>	<u>\$ 3,204,027</u>
Net OPEB Liability Ending (b) - (d)	<u>\$ 4,305,149</u>	<u>\$ 3,954,380</u>	<u>\$ 3,204,027</u>	<u>\$ 3,383,363</u>
Covered-Employee Payroll	\$ 23,580,458	\$ 25,391,445	\$ 26,066,514	\$ 26,850,953
Net OPEB Liability as a Percentage of Covered-Employee Payroll	18.26%	15.57%	12.29%	12.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%

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

Note to Required Supplementary Information

The OPEB schedule presented relates solely to the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	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	\$ 3,690,834	\$ 263,254	\$ 3,954,088
Receivables			
Accounts	(4)	-	(4)
Interest	584,026	-	584,026
Intergovernmental	652,232	-	652,232
Loans	10,141,920	-	10,141,920
Notes	759,458	-	759,458
Land Held for Resale	35,000	-	35,000
	<u>15,863,466</u>	<u>263,254</u>	<u>16,126,720</u>
Total Assets			
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 15,863,466</u>	<u>\$ 263,254</u>	<u>\$ 16,126,720</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 212,901	\$ 9,441	\$ 222,342
Due to Other Funds	331,672	-	331,672
Unearned Revenue	137,460	-	137,460
	<u>682,033</u>	<u>9,441</u>	<u>691,474</u>
Total Liabilities			
Deferred Inflows of Resources			
Deferred Loans	10,976,898	-	10,976,898
	<u>10,976,898</u>	<u>-</u>	<u>10,976,898</u>
Fund Balances			
Nonspendable	35,000	-	35,000
Restricted	4,169,535	-	4,169,535
Committed	-	253,813	253,813
	<u>4,204,535</u>	<u>253,813</u>	<u>4,458,348</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,863,466</u>	<u>\$ 263,254</u>	<u>\$ 16,126,720</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 2,723,779	\$ -	\$ 2,723,779
Intergovernmental	618,719	-	618,719
Fines and Forfeitures	72,425	-	72,425
Interest and Rentals	725	-	725
Grants	1,479,634	-	1,479,634
Meals	22,496	-	22,496
Assessments	888,560	-	888,560
Other	140,252	-	140,252
Total Revenues	<u>5,946,590</u>	<u>-</u>	<u>5,946,590</u>
Expenditures			
Current			
Intergovernmental	-	-	-
Public Safety	187,928	-	187,928
Community Development	1,335,447	102,235	1,437,682
Community Services	1,118,966	-	1,118,966
Capital Outlay	633,049	29,500	662,549
Total Expenditures	<u>3,275,390</u>	<u>131,735</u>	<u>3,407,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,671,200</u>	<u>(131,735)</u>	<u>2,539,465</u>
Other Financing Sources (Uses)			
Transfers In	190,692	77,810	268,502
Transfers Out	(3,456,041)	(35,000)	(3,491,041)
Total Other Financing Sources (Uses)	<u>(3,265,349)</u>	<u>42,810</u>	<u>(3,222,539)</u>
Net Change in Fund Balances	(594,149)	(88,925)	(683,074)
Fund Balances - Beginning	<u>4,798,684</u>	<u>342,738</u>	<u>5,141,422</u>
Fund Balances - Ending	<u>\$ 4,204,535</u>	<u>\$ 253,813</u>	<u>\$ 4,458,348</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, 2021**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ 116	\$ 105,246	\$ -	\$ 1,883,364	\$ -	\$ 103,831
Receivables						
Accounts	(4)	-	-	-	-	-
Interest	-	580,725	-	1,707	51	94
Intergovernmental	26,423	162,372	216,363	229,161	6,196	1,998
Loans	-	7,904,885	1,153,504	-	-	-
Notes	-	-	759,458	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
Total Assets	26,535	8,753,228	2,164,325	2,114,232	6,247	105,923
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 26,535	\$ 8,753,228	\$ 2,164,325	\$ 2,114,232	\$ 6,247	\$ 105,923
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 16,589	\$ 26,426	\$ 118,004	\$ -	\$ -	\$ 6,139
Due to Other Funds	9,930	-	319,247	-	-	-
Unearned Revenue	-	-	3,620	-	-	99,784
Total Liabilities	26,519	26,426	440,871	-	-	105,923
Deferred Inflows of Resources						
Deferred Loans	-	8,726,802	1,153,503	-	-	-
Fund Balances (Deficits)						
Nonspendable	-	-	35,000	-	-	-
Restricted	16	-	534,951	2,114,232	6,247	-
Total Fund Balances (Deficits)	16	-	569,951	2,114,232	6,247	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 26,535	\$ 8,753,228	\$ 2,164,325	\$ 2,114,232	\$ 6,247	\$ 105,923

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	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	\$ -	\$ 1,371,063	\$ -	\$ -	\$ 44,315	\$ 169,849
Receivables						
Accounts	-	-	-	-	-	-
Interest	-	1,234	10	-	40	153
Intergovernmental	4,296	5,423	-	-	-	-
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	4,296	1,377,720	10	-	44,355	170,002
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 4,296	\$ 1,377,720	\$ 10	\$ -	\$ 44,355	\$ 170,002
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)						
Liabilities						
Accounts Payable and						
Accrued Liabilities	\$ 2,124	\$ 41,943	\$ -	\$ -	\$ -	\$ 1,676
Due to Other Funds	2,172	-	-	323	-	-
Unearned Revenue	-	-	-	-	34,056	-
Total Liabilities	4,296	41,943	-	323	34,056	1,676
Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	-
Restricted	-	1,335,777	10	(323)	10,299	168,326
Total Fund Balances (Deficits)	-	1,335,777	10	(323)	10,299	168,326
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 4,296	\$ 1,377,720	\$ 10	\$ -	\$ 44,355	\$ 170,002

(Continued)

**CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	<u>Rental Rehabilitation</u>	<u>Total</u>
Assets and Deferred Outflows of Resources		
Assets		
Cash and Investments	\$ 13,050	\$ 3,690,834
Receivables		
Accounts	-	(4)
Interest	12	584,026
Intergovernmental	-	652,232
Loans	1,083,531	10,141,920
Notes	-	759,458
Land Held for Resale	-	35,000
	<u>1,096,593</u>	<u>15,863,466</u>
Total Assets		
	<u>1,096,593</u>	<u>15,863,466</u>
Deferred Outflows of Resources		
	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,096,593</u>	<u>\$ 15,863,466</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)		
Liabilities		
Accounts Payable and Accrued Liabilities	\$ -	\$ 212,901
Due to Other Funds	-	331,672
Unearned Revenue	-	137,460
	<u>-</u>	<u>682,033</u>
Total Liabilities		
	<u>-</u>	<u>682,033</u>
Deferred Inflows of Resources		
Deferred Loans	<u>1,096,593</u>	<u>10,976,898</u>
Fund Balances (Deficits)		
Nonspendable	-	35,000
Restricted	-	4,169,535
	<u>-</u>	<u>4,204,535</u>
Total Fund Balances (Deficits)		
	<u>-</u>	<u>4,204,535</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,096,593</u>	<u>\$ 15,863,466</u>

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 2,723,779	\$ -	\$ -
Intergovernmental	168,942	12,741	437,036	-	-	-
Fines and Forfeitures	-	-	-	-	62,397	-
Interest and Rentals	-	-	221	470	-	-
Grants	80,500	191,911	1,032,028	-	-	144,636
Meals	22,496	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	14,530	-	-	-	-	-
Total Revenues	286,468	204,652	1,469,285	2,724,249	62,397	144,636
Expenditures						
Current						
Public Safety	-	-	-	-	371	144,636
Community Development	-	204,652	1,065,046	-	-	-
Community Services	477,144	-	-	-	-	-
Capital Outlay	-	-	576,169	-	-	-
Total Expenditures	477,144	204,652	1,641,215	-	371	144,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,676)	-	(171,930)	2,724,249	62,026	-
Other Financing Sources (Uses)						
Transfers In	190,692	-	-	-	-	-
Transfers Out	-	-	-	(3,389,889)	(55,779)	-
Total Other Financing Sources (Uses)	190,692	-	-	(3,389,889)	(55,779)	-
Net Change in Fund Balances (Deficits)	16	-	(171,930)	(665,640)	6,247	-
Fund Balances (Deficits) - Beginning	-	-	741,881	2,779,872	-	-
Fund Balances (Deficits) - Ending	\$ 16	\$ -	\$ 569,951	\$ 2,114,232	\$ 6,247	\$ -

(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, 2021

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	10,028	-	-	-
Interest and Rentals	-	-	-	34	-	-
Grants	7,448	-	-	-	2,466	20,645
Meals	-	-	-	-	-	-
Assessments	-	888,560	-	-	-	-
Other	-	-	-	63,125	-	-
Total Revenues	7,448	888,560	10,028	63,159	2,466	20,645
Expenditures						
Current						
Public Safety	-	-	-	-	2,755	40,166
Community Development	3,152	-	-	-	-	-
Community Services	4,296	637,881	(355)	-	-	-
Capital Outlay	-	-	-	56,880	-	-
Total Expenditures	7,448	637,881	(355)	56,880	2,755	40,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	250,679	10,383	6,279	(289)	(19,521)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(10,373)	-	-	-
Total Other Financing Sources (Uses)	-	-	(10,373)	-	-	-
Net Change in Fund Balances (Deficits)	-	250,679	10	6,279	(289)	(19,521)
Fund Balances (Deficits) - Beginning	-	1,085,098	-	(6,602)	10,588	187,847
Fund Balances (Deficits) - Ending	\$ -	\$ 1,335,777	\$ 10	\$ (323)	\$ 10,299	\$ 168,326

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Rental Rehabilitation	Total
Revenues		
Taxes	\$ -	\$ 2,723,779
Intergovernmental	-	618,719
Fines and Forfeitures	-	72,425
Interest and Rentals	-	725
Grants	-	1,479,634
Meals	-	22,496
Assessments	-	888,560
Other	62,597	140,252
	<u>62,597</u>	<u>140,252</u>
Total Revenues	<u>62,597</u>	<u>5,946,590</u>
Expenditures		
Current		
Public Safety	-	187,928
Community Development	62,597	1,335,447
Community Services	-	1,118,966
Capital Outlay	-	633,049
	<u>-</u>	<u>633,049</u>
Total Expenditures	<u>62,597</u>	<u>3,275,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>2,671,200</u>
Other Financing Sources (Uses)		
Transfers In	-	190,692
Transfers Out	-	(3,456,041)
	<u>-</u>	<u>(3,456,041)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,265,349)</u>
Net Change in Fund Balances (Deficits)	-	(594,149)
Fund Balances (Deficits) - Beginning	<u>-</u>	<u>4,798,684</u>
Fund Balances (Deficits) - Ending	<u>\$ -</u>	<u>\$ 4,204,535</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, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 134,720	\$ 168,942	\$ 34,222
Grants	-	80,500	80,500
Meals	20,000	22,496	2,496
Other	18,000	14,530	(3,470)
Total Revenues	<u>172,720</u>	<u>286,468</u>	<u>113,748</u>
Expenditures			
Current			
Community Services	445,940	477,144	(31,204)
Total Expenditures	<u>445,940</u>	<u>477,144</u>	<u>(31,204)</u>
Deficiency of Revenues Under Expenditures	<u>(273,220)</u>	<u>(190,676)</u>	<u>82,544</u>
Other Financing Sources			
Transfers In	273,220	190,692	(82,528)
Total Other Financing Sources	<u>273,220</u>	<u>190,692</u>	<u>(82,528)</u>
Net Change in Fund Balance	-	16	16
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 12,741	\$ 12,741
Grants	-	191,911	191,911
	<u>-</u>	<u>204,652</u>	<u>204,652</u>
Total Revenues	<u>-</u>	<u>204,652</u>	<u>204,652</u>
Expenditures			
Current			
Community Development	-	204,652	(204,652)
	<u>-</u>	<u>204,652</u>	<u>(204,652)</u>
Total Expenditures	<u>-</u>	<u>204,652</u>	<u>(204,652)</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
HOUSING REDEVELOPMENT CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ -	\$ 437,036	\$ 437,036
Grants	1,452,910	1,032,028	(420,882)
Interest and Rentals	-	221	221
Total Revenues	<u>1,452,910</u>	<u>1,469,285</u>	<u>16,375</u>
Expenditures			
Current			
Community Development	1,510,070	1,065,046	445,024
Capital Outlay	<u>202,920</u>	<u>576,169</u>	<u>(373,249)</u>
Total Expenditures	<u>1,712,990</u>	<u>1,641,215</u>	<u>71,775</u>
Net Change in Fund Balance	(260,080)	(171,930)	88,150
Fund Balance - Beginning	<u>741,881</u>	<u>741,881</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 481,801</u></u>	<u><u>\$ 569,951</u></u>	<u><u>\$ 88,150</u></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, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 2,701,590	\$ 2,723,779	\$ 22,189
Interest and Rentals	50,000	470	(49,530)
Total Revenues	<u>2,751,590</u>	<u>2,724,249</u>	<u>(27,341)</u>
Expenditures			
Interest	-	-	-
Excess of Revenues Over Expenditures	<u>2,751,590</u>	<u>2,724,249</u>	<u>(27,341)</u>
Other Financing (Uses)			
Transfers Out	<u>(3,236,790)</u>	<u>(3,389,889)</u>	<u>(153,099)</u>
Net Change in Fund Balance	(485,200)	(665,640)	(180,440)
Fund Balance, Beginning	<u>2,779,872</u>	<u>2,779,872</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 2,294,672</u></u>	<u><u>\$ 2,114,232</u></u>	<u><u>\$ (180,440)</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 100,000	\$ 62,397	\$ (37,603)
Total Revenues	<u>100,000</u>	<u>62,397</u>	<u>(37,603)</u>
Expenditures			
Current			
Public Safety	-	371	(371)
Excess of Revenues Over Expenditures	<u>100,000</u>	<u>62,026</u>	<u>(37,974)</u>
Other Financing (Uses)			
Transfers Out	<u>(100,000)</u>	<u>(55,779)</u>	<u>44,221</u>
Net Change in Fund Balance	-	6,247	6,247
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 6,247</u>	<u>\$ 6,247</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 150,000	\$ 144,636	\$ (5,364)
Total Revenues	<u>150,000</u>	<u>144,636</u>	<u>(5,364)</u>
Expenditures			
Current			
Public Safety	152,810	144,636	8,174
Total Expenditures	<u>152,810</u>	<u>144,636</u>	<u>8,174</u>
Net Change in Fund Balance (Deficit)	(2,810)	-	2,810
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (2,810)</u>	<u>\$ -</u>	<u>\$ 2,810</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 15,650	\$ 7,448	\$ (8,202)
Total Revenues	<u>15,650</u>	<u>7,448</u>	<u>(8,202)</u>
Expenditures			
Current			
Community Development	-	3,152	(3,152)
Community Services	15,650	4,296	11,354
Total Expenditures	<u>15,650</u>	<u>7,448</u>	<u>8,202</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 10,000	\$ -	\$ (10,000)
Assessments	<u>677,670</u>	<u>888,560</u>	<u>210,890</u>
Total Revenues	<u>687,670</u>	<u>888,560</u>	<u>200,890</u>
Expenditures			
Current			
Community Services	<u>825,490</u>	<u>637,881</u>	<u>187,609</u>
Total Expenditures	<u>825,490</u>	<u>637,881</u>	<u>187,609</u>
Net Change in Fund Balance	(137,820)	250,679	13,281
Fund Balance, Beginning	<u>1,085,098</u>	<u>1,085,098</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 947,278</u></u>	<u><u>\$ 1,335,777</u></u>	<u><u>\$ 13,281</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 15,000	\$ 10,028	\$ (4,972)
Interest and Rentals	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>15,000</u>	<u>10,028</u>	<u>(4,972)</u>
Expenditures			
Current			
Community Services	<u>(410)</u>	<u>(355)</u>	<u>(55)</u>
Total Expenditures	<u>(410)</u>	<u>(355)</u>	<u>(55)</u>
Excess of Revenues Over Expenditures	<u>15,410</u>	<u>10,383</u>	<u>(5,027)</u>
Other Financing (Uses)			
Transfers Out	<u>(15,000)</u>	<u>(10,373)</u>	<u>4,627</u>
Net Change in Fund Balance	410	10	(400)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 410</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ (400)</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 34	\$ 34
Other	55,130	63,125	7,995
	<u>55,130</u>	<u>63,125</u>	<u>7,995</u>
Total Revenues	<u>55,130</u>	<u>63,159</u>	<u>8,029</u>
Expenditures			
Capital Outlay	55,130	56,880	(1,750)
	<u>55,130</u>	<u>56,880</u>	<u>(1,750)</u>
Total Expenditures	<u>55,130</u>	<u>56,880</u>	<u>(1,750)</u>
Net Change in Fund Balance (Deficit)	-	6,279	6,279
Fund Balance (Deficit), Beginning	<u>(6,602)</u>	<u>(6,602)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (6,602)</u>	<u>\$ (323)</u>	<u>\$ 6,279</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ -	\$ 2,466	\$ 2,466
Total Revenues	<u>-</u>	<u>2,466</u>	<u>2,466</u>
Expenditures			
Current			
Public Safety	-	2,755	(2,755)
Total Expenditures	<u>-</u>	<u>2,755</u>	<u>(2,755)</u>
Net Change in Fund Balance	-	(289)	(289)
Fund Balance, Beginning	<u>10,588</u>	<u>10,588</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 10,588</u>	<u>\$ 10,299</u>	<u>\$ (289)</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 1,500	\$ -	\$ (1,500)
Grants	40,000	20,645	(19,355)
Total Revenues	<u>41,500</u>	<u>20,645</u>	<u>(20,855)</u>
Expenditures			
Current			
Public Safety	41,150	40,166	984
Total Expenditures	<u>41,150</u>	<u>40,166</u>	<u>984</u>
Net Change in Fund Balance	350	(19,521)	(19,871)
Fund Balance, Beginning	<u>187,847</u>	<u>187,847</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 188,197</u>	<u>\$ 168,326</u>	<u>\$ (19,871)</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other	\$ -	\$ 62,597	\$ 62,597
Total Revenues	<u>-</u>	<u>62,597</u>	<u>62,597</u>
Expenditures			
Current			
Community Development	-	62,597	(62,597)
Total Expenditures	<u>-</u>	<u>62,597</u>	<u>(62,597)</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>

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, 2021**

	Technology CIP
Assets	
Cash and Investments	\$ 263,254
Total Assets	\$ 263,254
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 9,441
Total Liabilities	9,441
Fund Balance	
Committed	253,813
Total Fund Balance	253,813
Total Liabilities and Fund Balance	\$ 263,254

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Technology CIP
Revenues	
Other	\$ -
Total Revenues	-
Expenditures	
Current	
Community Development	102,235
Capital Outlay	29,500
Total Expenditures	131,735
Deficiency of Revenues	
Under Expenditures	(131,735)
Other Financing Sources (Uses)	
Transfers In	77,810
Transfers Out	(35,000)
Total Other Financing Sources (Uses)	42,810
Net Change in Fund Balance	(88,925)
Fund Balance - Beginning	342,738
Fund Balance - Ending	\$ 253,813

**CITY OF TULARE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Technology CIP		Variance With Final Budget
	Budget	Actual	
Revenues			
Other	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current			
Community Development	105,000	102,235	2,765
Capital Outlay	29,500	29,500	-
Total Expenditures	134,500	131,735	2,765
Deficiency of Revenues Under Expenditures	(134,500)	(131,735)	2,765
Other Financing Sources (Uses)			
Transfers In	77,810	77,810	-
Transfers Out	(35,000)	(35,000)	-
Total Other Financing Sources (Uses)	42,810	42,810	-
Net Change in Fund Balance	(91,690)	(88,925)	2,765
Fund Balance - Beginning	342,738	342,738	-
Fund Balance - Ending	\$ 251,048	\$ 253,813	\$ 2,765

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.

The Surface Water Management Fund 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, 2021

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Investments	\$ 6,855,270	\$ 5,853,234	\$ 5,281,811
Cash and Investments with Fiscal Agent	-	4,650	-
Accounts Receivable	13,286	64,477	4,788
Interest Receivable	-	-	-
Inventories	-	-	-
Total Current Assets	6,868,556	5,922,361	5,286,599
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	75,000	-	-
Depreciable			
Buildings	6,187,770	-	-
Improvements Other Than Buildings	1,648,583	-	-
Machinery and Equipment	26,464,037	-	-
Accumulated Depreciation and Amortization	(20,556,673)	-	-
Total Noncurrent Assets	13,818,717	-	-
Total Assets	20,687,273	5,922,361	5,286,599
Deferred Outflows of Resources			
Deferred Outflows from Pensions	196,653	11,824	17,134
Deferred Outflows from OPEB	10,230	458	649
Total Deferred Outflows of Resources	206,883	12,282	17,783
Total Assets and Deferred Outflows of Resources	\$ 20,894,156	\$ 5,934,643	\$ 5,304,382
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 72,186	\$ 328,238	\$ 3,646
Due to Other Funds	206,069	-	-
Compensated Absences - Current	3,017	257	440
Unearned Revenue - Other	-	95,538	-
Insurance Claims Payable	-	-	1,444,875
Total Current Liabilities	281,272	424,033	1,448,961
Noncurrent Liabilities			
Compensated Absences Payable	34,607	2,944	5,050
Net OPEB Liability	90,674	4,061	6,428
Net Pension Liability	1,662,473	100,878	141,230
Total Noncurrent Liabilities	1,787,754	107,883	152,708
Total Liabilities	2,069,026	531,916	1,601,669
Deferred Inflows of Resources			
Deferred Inflows from OPEB	18,138	812	1,286
Deferred Inflows from Pensions	-	-	-
Total Deferred Inflows of Resources	18,138	812	1,286
Total Liabilities and Deferred Inflows of Resources	2,087,164	532,728	1,602,955
Net Position (Deficit)			
Net Investment in Capital Assets	13,818,717	-	-
Unrestricted	4,988,275	5,401,915	3,701,427
Total Net Position (Deficit)	\$ 18,806,992	\$ 5,401,915	\$ 3,701,427

CITY OF TULARE
COMBINING STATEMENT OF NET POSITION (Continued)
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2021

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ -	\$ 4,689	\$ 141,582	\$ 3,672,429	\$ 21,809,015
44,525	-	-	-	49,175
-	-	128	-	82,679
-	-	-	2,038	2,038
-	-	287,040	-	287,040
<u>44,525</u>	<u>4,689</u>	<u>428,750</u>	<u>3,674,467</u>	<u>22,229,947</u>
-	-	-	-	75,000
-	-	-	-	6,187,770
-	-	-	-	1,648,583
-	-	13,419	9,821	26,487,277
-	-	(13,419)	(2,455)	(20,572,547)
-	-	-	7,366	13,826,083
<u>44,525</u>	<u>4,689</u>	<u>428,750</u>	<u>3,681,833</u>	<u>36,056,030</u>
16,607	-	-	28,235	270,453
566	-	-	570	12,473
<u>17,173</u>	<u>-</u>	<u>-</u>	<u>28,805</u>	<u>282,926</u>
<u>\$ 61,698</u>	<u>\$ 4,689</u>	<u>\$ 428,750</u>	<u>\$ 3,710,638</u>	<u>\$ 36,338,956</u>
\$ 3,933	\$ 4,689	\$ 224,924	\$ 10,045	\$ 647,661
228,846	-	-	-	434,915
440	-	-	-	4,154
-	-	-	-	95,538
-	-	-	-	1,444,875
<u>233,219</u>	<u>4,689</u>	<u>224,924</u>	<u>10,045</u>	<u>2,627,143</u>
5,050	-	-	-	47,651
5,075	-	-	9,473	115,711
<u>141,230</u>	<u>-</u>	<u>-</u>	<u>242,108</u>	<u>2,287,919</u>
<u>151,355</u>	<u>-</u>	<u>-</u>	<u>251,581</u>	<u>2,451,281</u>
<u>384,574</u>	<u>4,689</u>	<u>224,924</u>	<u>261,626</u>	<u>5,078,424</u>
1,015	-	-	1,895	23,146
-	-	-	-	-
<u>1,015</u>	<u>-</u>	<u>-</u>	<u>1,895</u>	<u>23,146</u>
<u>385,589</u>	<u>4,689</u>	<u>224,924</u>	<u>263,521</u>	<u>5,101,570</u>
-	-	-	7,366	13,826,083
(323,891)	-	203,826	3,439,751	17,411,303
<u>\$ (323,891)</u>	<u>\$ -</u>	<u>\$ 203,826</u>	<u>\$ 3,447,117</u>	<u>\$ 31,237,386</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Revenues			
Departmental Charges	\$ 2,945,770	\$ 4,403,428	\$ 3,793,458
Employee Contributions	-	1,466,783	-
Total Operating Revenues	<u>2,945,770</u>	<u>5,870,211</u>	<u>3,793,458</u>
Operating Expenses			
General Administration	328	76,883	1,247
Personnel Services	799,032	67,909	61,152
Contractual Services	195,259	-	-
Equipment Usage and Operation	304,209	-	-
Insurance	361,471	5,032,878	2,216,587
Depreciation and Amortization	1,850,698	-	-
Total Operating Expenses	<u>3,510,997</u>	<u>5,177,670</u>	<u>2,278,986</u>
Operating Income (Loss)	<u>(565,227)</u>	<u>692,541</u>	<u>1,514,472</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense) - GASB 31	30,935	(16,918)	(18,382)
Grants	-	-	-
Other Income (Expense) - Miscellaneous	37,866	8	-
Gain on Sale of Assets	36,209	-	-
Total Nonoperating Revenues (Expenses)	<u>105,010</u>	<u>(16,910)</u>	<u>(18,382)</u>
Income (Loss) Before Transfers	<u>(460,217)</u>	<u>675,631</u>	<u>1,496,090</u>
Transfers In	935,195	-	-
Transfers Out	<u>(935,195)</u>	<u>-</u>	<u>-</u>
Change in Net Position	(460,217)	675,631	1,496,090
Net Position, Beginning	<u>19,267,209</u>	<u>4,726,284</u>	<u>2,205,337</u>
Net Position, Ending	<u>\$ 18,806,992</u>	<u>\$ 5,401,915</u>	<u>\$ 3,701,427</u>

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ 1,240,381	\$ -	\$ 1,737,150	\$ -	\$ 14,120,187
-	-	-	-	1,466,783
<u>1,240,381</u>	<u>-</u>	<u>1,737,150</u>	<u>-</u>	<u>15,586,970</u>
15,445	-	-	137,248	231,151
89,129	-	-	169,060	1,186,282
-	-	-	-	195,259
-	-	1,841,574	-	2,145,783
1,616,819	73,396	-	-	9,301,151
-	-	-	1,403	1,852,101
<u>1,721,393</u>	<u>73,396</u>	<u>1,841,574</u>	<u>307,711</u>	<u>14,911,727</u>
<u>(481,012)</u>	<u>(73,396)</u>	<u>(104,424)</u>	<u>(307,711)</u>	<u>675,243</u>
34	-	(465)	(6,412)	(11,208)
-	-	-	-	-
-	(30)	2,693	-	40,537
-	-	-	-	36,209
<u>34</u>	<u>(30)</u>	<u>2,228</u>	<u>(6,412)</u>	<u>65,538</u>
<u>(480,978)</u>	<u>(73,426)</u>	<u>(102,196)</u>	<u>(314,123)</u>	<u>740,781</u>
-	73,426	-	1,425,800	2,434,421
-	-	-	-	(935,195)
<u>(480,978)</u>	<u>-</u>	<u>(102,196)</u>	<u>1,111,677</u>	<u>2,240,007</u>
<u>157,087</u>	<u>-</u>	<u>306,022</u>	<u>2,335,440</u>	<u>28,997,379</u>
<u>\$ (323,891)</u>	<u>\$ -</u>	<u>\$ 203,826</u>	<u>\$ 3,447,117</u>	<u>\$ 31,237,386</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Cash Flows from Operating Activities:			
Cash Received from Interfund Services Provided	\$ 2,978,160	\$ 5,748,648	\$ 3,797,951
Cash Paid for Salaries and Benefits	(689,180)	(54,654)	(72,607)
Cash Received From (Paid for) Services and Supplies	(569,561)	(99,821)	(778)
Cash Paid for Reported Claims	(361,471)	(5,032,878)	(2,216,587)
Cash Paid for Other Charges	(328)	(76,883)	(1,247)
Net Cash Provided by (Used for) Operating Activities	1,357,620	484,412	1,506,732
Cash Flows from Non-Capital Financing Activities:			
Due to Other Funds	39,142	-	-
Grants	-	-	-
Other Income (Expense) - Miscellaneous	37,866	8	-
Transfers from Other Funds	935,195	-	-
Transfers to Other Funds	(935,195)	-	-
Net Cash Provided by Non-Capital Financing Activities	77,008	8	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the Sale of Assets	48,042	-	-
Payments Made on Capital Leases	-	-	-
Acquisition of Capital Assets	(935,195)	-	-
Net Cash Used for Capital and Related Financing Activities	(887,153)	-	-
Cash Flows from Investing Activities:			
Interest Income (Expense), net	30,935	(16,918)	(18,382)
Net Cash Provided by (Used for) Investing Activities	30,935	(16,918)	(18,382)
Net Increase (Decrease) in Cash and Cash Equivalents	578,410	467,502	1,488,350
Cash and Cash Equivalents, Beginning of the Year	6,276,860	5,390,382	3,793,461
Cash and Cash Equivalents, End of the Year	\$ 6,855,270	\$ 5,857,884	\$ 5,281,811

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS (Continued)
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ 1,240,958	\$ -	\$ 1,737,431	\$ 4,132	\$ 15,507,280
(73,373)	-	-	(132,613)	(1,022,427)
88	(53,377)	(1,764,934)	205	(2,488,178)
(1,616,819)	(73,396)	-	-	(9,301,151)
(15,445)	-	-	(137,248)	(231,151)
<u>(464,591)</u>	<u>(126,773)</u>	<u>(27,503)</u>	<u>(265,524)</u>	<u>2,464,373</u>
228,846	-	-	-	267,988
-	-	-	-	-
-	(30)	2,693	-	40,537
-	73,426	-	1,425,800	2,434,421
-	-	-	-	(935,195)
<u>228,846</u>	<u>73,396</u>	<u>2,693</u>	<u>1,425,800</u>	<u>1,807,751</u>
-	-	-	-	48,042
-	-	-	-	-
-	-	-	-	(935,195)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(887,153)</u>
34	-	(465)	(6,412)	(11,208)
<u>34</u>	<u>-</u>	<u>(465)</u>	<u>(6,412)</u>	<u>(11,208)</u>
(235,711)	(53,377)	(25,275)	1,153,864	3,373,763
<u>280,236</u>	<u>58,066</u>	<u>166,857</u>	<u>2,518,565</u>	<u>18,484,427</u>
<u>\$ 44,525</u>	<u>\$ 4,689</u>	<u>\$ 141,582</u>	<u>\$ 3,672,429</u>	<u>\$ 21,858,190</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

	<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)	\$ (565,227)	\$ 692,541	\$ 1,514,472
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	1,850,698	-	-
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	32,390	(48,085)	4,493
(Increase) in Inventory	-	-	-
Increase (Decrease) in Accounts Payable and accrued liabilities	(70,093)	(99,821)	(778)
Increase in Compensated Absences Payable	3,673	1,270	1,659
(Decrease) in net OPEB liability	(2,460)	(156)	(152)
Increase (Decrease) in net pension liability and related items	108,639	12,141	(12,962)
(Decrease) in unearned revenue	-	(73,478)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,357,620</u>	<u>\$ 484,412</u>	<u>\$ 1,506,732</u>
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Statement of Net Position:			
Cash and Investments	\$ 6,855,270	\$ 5,853,234	\$ 5,281,811
Cash and Investments with Fiscal Agents	-	4,650	-
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 6,855,270</u>	<u>\$ 5,857,884</u>	<u>\$ 5,281,811</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Total</u>
\$ (481,012)	\$ (73,396)	\$ (104,424)	\$ (307,711)	\$ 675,243
-	-	-	1,403	1,852,101
577	10	281	4,132	(6,202)
-	-	(6,223)	-	(6,223)
88	(53,387)	82,863	205	(140,923)
1,659	-	-	-	8,261
(184)	-	-	(369)	(3,321)
14,281	-	-	36,816	158,915
-	-	-	-	(73,478)
<u>\$ (464,591)</u>	<u>\$ (126,773)</u>	<u>\$ (27,503)</u>	<u>\$ (265,524)</u>	<u>\$ 2,464,373</u>
\$ -	\$ 4,689	\$ 141,582	\$ 3,672,429	\$ 21,809,015
44,525	-	-	-	49,175
<u>\$ 44,525</u>	<u>\$ 4,689</u>	<u>\$ 141,582</u>	<u>\$ 3,672,429</u>	<u>\$ 21,858,190</u>

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 118,780	\$ 118,780	\$ 108,288	\$ 10,492
City Manager	577,810	577,810	531,917	45,893
Finance	1,458,420	1,458,420	1,346,808	111,612
Economic Development	177,990	177,990	165,627	12,363
CIP Administrative	2,689,100	4,053,319	2,757,107	1,296,212
IT Division	523,170	523,170	498,751	24,419
Personnel	494,400	494,400	464,665	29,735
Non-Departmental	439,620	439,620	428,048	11,572
Animal Control	959,610	959,610	919,990	39,620
Total General Government	7,438,900	8,803,119	7,221,201	1,581,918
Public Safety				
Police	16,550,190	16,550,187	15,825,644	724,543
Fire Code Enforcement	11,662,920	11,691,590	12,031,088	(339,498)
Total Public Safety	28,213,110	28,241,777	27,856,732	385,045
Public Works				
Streets	2,424,620	2,586,130	2,475,967	110,163
Storm Drains	-	-	-	-
Total Public Works	2,424,620	2,586,130	2,475,967	110,163
Community Development				
Parking and Business Improvement	88,000	88,000	78,873	9,127
Dangerous Building Abatement	31,290	31,290	19,932	11,358
Total Community Development	119,290	119,290	98,805	20,485
Community Services				
Parks	2,605,420	2,605,420	2,381,706	223,714
Community Services	3,713,560	3,713,560	2,984,083	729,477
Total Community Services	6,318,980	6,318,980	5,365,789	953,191
Library and Cultural	1,575,630	1,575,630	1,510,084	65,546
Capital Outlay	14,465,350	15,466,702	9,029,109	6,437,593
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	718	(718)
Total Debt Service	-	-	718	(718)
Transfers Out	4,524,820	8,023,070	5,142,240	2,880,830
Total General Fund Expenditures	\$ 65,080,700	\$ 71,134,698	\$ 58,700,645	\$ 12,434,053

**CITY OF TULARE
 MEASURE I SALES TAX REVENUES AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 5,252,000	\$ 7,089,013	\$ 1,837,013
Expenditures			
Measure I - Police	144,210	135,945	8,265
Measure I - Fire	5,027,540	4,476,814	550,726
Measure I - Code Enforcement	1,749,250	1,880,174	(130,924)
Total Expenditures	6,921,000	6,492,933	428,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,669,000)	\$ 596,080	\$ 2,265,080

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2021**

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 were 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 bore interest at rates from 6.00% to 6.25%. Term Bonds of \$2,245,000 were due August 1, 2030, at interest rate 6.00%. Term Bonds of \$2,470,000 were due August 1, 2035, at interest rate 6.125%. Term Bonds of \$3,890,000 were 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 were 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 bore interest at rates from 4.125% to 7.70%. Term Bonds of \$350,000 were due August 1, 2013, at interest rate 4.125%. Term Bonds of \$365,000 were due August 1, 2014, at interest rate 4.50%. Term Bonds of \$380,000 were due August 1, 2015, at interest rate 5.00%. Term Bonds of \$3,820,000 were 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 were 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 bore interest at rates from 5.25% to 8.50%. Term Bonds of \$445,000 were due August 1, 2015, at interest rate 5.25%. Term Bonds of \$1,390,000 were due August 1, 2020, at interest rate 7.50%. Term Bonds of \$3,040,000 were due August 1, 2030, at interest rate 8.25%. Term Bonds of \$4,955,000 were 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, 2021, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 7,848,380

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, 2021, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 10,140,000

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

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 \$15,991,111 ending balance as of June 30, 2021, is also \$465,736 in property to be sold to the County Superintendent of Schools. At June 30, 2021, the outstanding balance was:

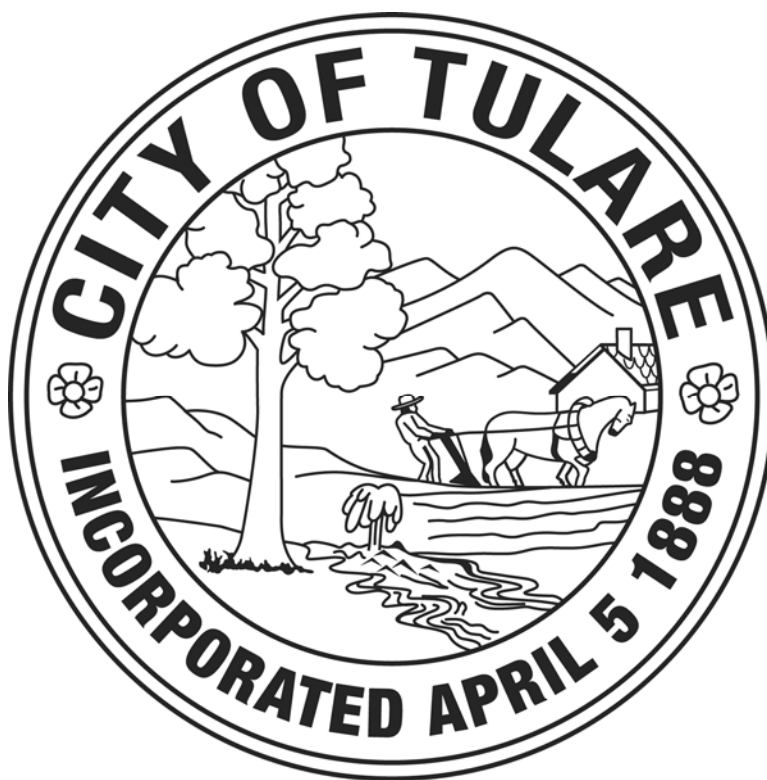
\$ 15,991,111

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
2022	\$ 362,400	\$ 1,443,763	\$ -
2023	360,400	1,445,233	15,991,111
2024	613,200	1,123,716	-
2025	889,900	903,847	-
2026	434,500	562,888	-
2027-2031	2,398,138	2,863,965	-
2032-2036	3,087,438	2,998,967	-
2037-2040	3,487,700	3,076,295	-
	11,633,676	14,418,674	15,991,111
Less Interest	3,893,676	4,278,674	-
Plus Unamortized Premium	108,380	-	-
Total	<u>\$ 7,848,380</u>	<u>\$ 10,140,000</u>	<u>\$ 15,991,111</u>

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STATISTICAL SECTION (UNAUDITED)

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**CITY OF TULARE
STATISTICAL SECTION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

The statistical section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says 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.	128 – 137
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.	138 – 145
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.	146 – 153
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.	154 – 156
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.	157 – 161

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

	Fiscal Year				
	2012	2013	2014	2015	2016
<u>Governmental Activities:</u>					
Net Investment in Capital Assets	\$ 154,050,235	\$ 165,585,033	\$ 177,172,689	\$ 207,289,716	\$ 211,461,105
Restricted	5,112,388	2,212,182	1,283,898	1,164,494	1,198,432
Unrestricted	49,533,580	46,626,129	47,137,211	11,560,174	44,306,438
Total Governmental Activities Net Position	\$ 208,696,203	\$ 214,423,344	\$ 225,593,798	\$ 220,014,384	\$ 256,965,975
<u>Business-Type Activities:</u>					
Net Investment in Capital Assets	\$ 83,851,638	\$ 83,470,628	\$ 85,354,787	\$ 86,153,865	\$ 80,626,706
Restricted	14,901,129	14,901,128	12,828,344	8,572,997	8,572,997
Unrestricted	(11,609,337)	(8,501,979)	(7,120,889)	(6,566,796)	4,481,990
Total Business-Type Activities Net Position	\$ 87,143,430	\$ 89,869,777	\$ 91,062,242	\$ 88,160,066	\$ 93,681,693
<u>Primary Government:</u>					
Net Investment in Capital Assets	\$ 237,901,873	\$ 249,055,661	\$ 262,527,476	\$ 293,443,581	\$ 292,087,811
Restricted	20,013,517	17,113,310	14,112,242	9,737,491	9,771,429
Unrestricted	37,924,243	38,124,150	40,016,322	4,993,378	48,788,428
Total Primary Government Net Position	\$ 295,839,633	\$ 304,293,121	\$ 316,656,040	\$ 308,174,450	\$ 350,647,668

Sources:

Comprehensive Annual Financial Report
Statement of Net Position

Fiscal Year				
2017	2018	2019	2020	2021
\$ 211,265,222	\$ 208,315,732	\$ 217,579,213	\$ 233,031,562	\$ 232,962,219
1,168,992	4,006,738	4,109,899	1,753,750	1,750,803
<u>47,705,937</u>	<u>50,782,588</u>	<u>46,588,528</u>	<u>29,301,183</u>	<u>32,035,572</u>
<u>\$ 260,140,151</u>	<u>\$ 263,105,058</u>	<u>\$ 268,277,640</u>	<u>\$ 264,086,495</u>	<u>\$ 266,748,594</u>
\$ 79,725,820	\$ 66,846,189	\$ 90,621,714	\$ 88,766,270	\$ 104,023,400
7,675,730	13,006,601	13,006,601	-	-
<u>11,706,869</u>	<u>24,722,430</u>	<u>20,856,181</u>	<u>70,265,299</u>	<u>77,388,968</u>
<u>\$ 99,108,419</u>	<u>\$ 104,575,220</u>	<u>\$ 124,484,496</u>	<u>\$ 159,031,569</u>	<u>\$ 181,412,368</u>
\$ 290,991,042	\$ 275,161,921	\$ 308,200,927	\$ 321,797,832	\$ 336,985,619
8,844,722	17,013,339	17,116,500	1,753,750	1,750,803
<u>59,412,806</u>	<u>75,505,018</u>	<u>67,444,709</u>	<u>99,566,482</u>	<u>109,424,540</u>
<u>\$ 359,248,570</u>	<u>\$ 367,680,278</u>	<u>\$ 392,762,136</u>	<u>\$ 423,118,064</u>	<u>\$ 448,160,962</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities:					
General Government	\$ 8,067,355	\$ 9,010,273	\$ 4,862,056	\$ 5,972,924	\$ 4,975,254
Intergovernmental	4,875	1,850	148,790	2,001	2,400
Public Safety	18,318,598	19,059,260	19,915,983	20,543,299	18,978,334
Public Works	3,579,669	5,655,689	2,287,781	2,987,540	10,078,440
Community Development	6,997,115	3,122,172	5,968,778	4,217,078	10,236,915
Community Services	2,941,823	3,941,229	4,981,447	5,106,177	5,749,780
Library and Cultural	4,767,847	4,114,378	4,438,440	3,210,010	5,952,134
Interest on Long-Term Debt	1,541,400	1,797,517	1,548,628	1,555,034	1,488,132
Total Governmental Activities Expenses	46,218,682	46,702,368	44,151,903	43,594,063	57,461,389
Business-Type Activities:					
Aviation	367,763	293,005	351,636	251,520	410,647
Transit	2,543,927	2,618,740	2,948,977	3,111,671	3,123,964
Community and Development	-	1,342,996	2,203,021	1,956,087	1,573,507
Water	5,961,595	6,998,271	6,497,620	5,926,633	6,784,595
Solid Waste	6,170,699	5,562,606	6,346,567	6,685,681	7,283,313
Sewer	23,915,636	26,131,677	27,656,817	25,267,201	29,281,564
Total Business-Type Activities Expenses	38,959,620	42,947,295	46,004,638	43,198,793	48,457,590
Total Primary Government Expenses	85,178,302	89,649,663	90,156,541	86,792,856	105,918,979
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	392,699	498,638	274,788	463,179	455,588
Intergovernmental	176,929	179,467	103,241	321,569	220
Public Safety	1,226,824	1,285,941	1,330,307	1,775,665	1,737,861
Public Works	174,249	312,403	129,298	231,673	922,891
Community Development	1,899,718	962,594	1,161,062	1,114,835	937,402
Community Services	143,201	217,701	281,516	395,966	526,512
Library and Cultural	232,086	227,266	250,847	248,925	545,042
Operating Grants and Contributions	1,181,916	1,151,910	1,033,917	1,240,627	1,782,930
Capital Grants and Contributions	10,881,509	9,196,546	8,919,700	12,424,332	7,918,523
Total Governmental Activities Program Revenues	16,309,131	14,032,466	13,484,676	18,216,771	14,826,969
Business-Type Activities:					
Charges for Services:					
Aviation	121,495	109,303	115,405	118,564	121,172
Transit	1,934,546	2,248,152	2,370,665	2,338,653	1,615,709
Community and Development	-	1,089,516	1,370,618	1,924,910	1,963,243
Water	5,187,429	6,063,775	6,635,639	8,112,880	8,014,181
Solid Waste	7,570,292	8,340,384	8,206,431	8,315,243	8,723,653
Sewer	26,595,579	26,051,737	26,207,894	27,054,457	29,436,905
Operating Grants and Contributions	1,679,277	863,097	2,031,384	1,157,482	837,623
Capital Grants and Contributions	-	-	-	2,221,961	-
Total Business-Type Activities Program Revenues	43,088,618	44,765,964	46,938,036	51,244,150	50,712,486
Total Primary Government Program Revenues	59,397,749	58,798,430	60,422,712	69,460,921	65,539,455

(Continued)

Fiscal Year				
2017	2018	2019	2020	2021
\$ 2,475,077	\$ 5,805,716	\$ 4,703,423	\$ 5,829,647	\$ 6,365,027
-	-	-	-	-
22,434,933	27,123,518	27,945,951	30,094,565	31,438,950
2,275,960	2,452,434	2,425,727	2,672,177	2,687,512
5,682,852	8,126,574	5,905,476	2,847,502	10,585,221
5,927,569	6,834,186	6,510,435	6,687,290	6,484,755
3,128,200	3,083,550	2,956,417	1,885,453	3,918,457
1,450,221	598,884	1,088,411	1,472,373	1,311,580
<u>43,374,812</u>	<u>54,024,862</u>	<u>51,535,840</u>	<u>51,489,007</u>	<u>62,791,502</u>
303,045	421,384	360,020	378,379	408,388
3,526,009	3,664,540	3,935,325	3,970,662	4,087,217
2,275,967	3,329,780	3,266,224	2,508,214	2,829,135
8,148,054	8,587,085	9,126,304	10,630,882	10,492,761
7,355,336	8,288,359	9,021,964	9,382,570	10,035,760
30,471,856	28,290,003	28,648,005	28,308,670	25,308,216
<u>52,080,267</u>	<u>52,581,151</u>	<u>54,357,842</u>	<u>55,179,377</u>	<u>53,161,477</u>
<u>95,455,079</u>	<u>106,606,013</u>	<u>105,893,682</u>	<u>106,668,384</u>	<u>115,952,979</u>
264,526	670,136	820,542	1,105,565	614,639
-	56,396	2,428	191	724
2,397,756	3,302,341	4,953,595	5,708,283	3,039,476
243,245	298,589	429,975	506,854	259,825
607,361	989,426	1,046,783	540,067	1,023,365
633,515	832,075	1,154,015	1,268,433	626,938
334,330	375,428	524,044	357,629	378,831
959,415	3,189,647	1,155,276	3,328,130	2,252,847
-	-	-	-	-
<u>5,440,148</u>	<u>9,714,038</u>	<u>10,086,658</u>	<u>12,815,152</u>	<u>8,196,645</u>
121,108	125,042	112,361	111,510	112,193
1,684,809	1,546,582	1,739,886	1,840,650	113,645
2,173,788	2,257,858	2,148,526	2,222,616	2,445,132
10,611,372	12,295,297	14,770,030	14,150,290	15,188,361
8,700,096	8,990,099	9,606,652	10,381,634	10,876,931
30,349,080	32,200,444	33,864,373	35,442,110	37,434,359
3,721,134	1,697,847	2,636,741	5,119,938	3,996,986
-	-	-	-	-
<u>57,361,387</u>	<u>59,113,169</u>	<u>64,878,569</u>	<u>69,268,748</u>	<u>70,167,607</u>
<u>62,801,535</u>	<u>68,827,207</u>	<u>74,965,227</u>	<u>82,083,900</u>	<u>78,364,252</u>

(Continued)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Net Revenues (Expenses):					
Governmental Activities	(29,909,551)	(32,669,902)	(30,667,227)	(25,377,292)	(42,634,420)
Business-Type Activities	4,128,998	1,818,669	933,398	8,045,357	2,254,896
Total Net Revenues (Expenses)	<u>(25,780,553)</u>	<u>(30,851,233)</u>	<u>(29,733,829)</u>	<u>(17,331,935)</u>	<u>(40,379,524)</u>
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Taxes:					
Sales Tax/Gas Tax/Measure R Taxes	20,311,365	23,905,777	23,393,201	31,070,736	26,818,588
Property Tax	4,447,600	4,026,662	4,705,679	4,688,189	4,780,267
Utility Tax	5,234,472	5,343,876	5,592,318	5,869,634	5,622,124
Motel/Hotel and Franchise Tax	820,038	1,984,941	2,101,367	2,215,176	2,219,734
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,367,392	4,229,944	4,326,227	4,629,563	4,882,755
Other Taxes	1,608,623	633,097	660,950	695,971	726,940
Investment Income	652,931	212,232	736,701	567,673	711,185
Other General Revenues	3,514,588	-	1,708,873	8,499,838	28,876,448
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-
Transfers	2,713,404	(304,524)	(728,438)	(746,270)	(1,328,598)
Total Governmental Activities	<u>43,670,413</u>	<u>40,032,005</u>	<u>42,496,878</u>	<u>57,490,510</u>	<u>73,309,443</u>
Business-Type Activities:					
Investment Income	679,628	631,930	692,776	636,054	588,133
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(293,211)	275,748	728,438	746,270	2,678,598
Total Business-Type Activities	<u>386,417</u>	<u>907,678</u>	<u>1,421,214</u>	<u>1,382,324</u>	<u>3,266,731</u>
Total Primary Government	<u>44,056,830</u>	<u>40,939,683</u>	<u>43,918,092</u>	<u>58,872,834</u>	<u>76,576,174</u>
Special Items					
Extraordinary Loss on Dissolution of Redevelopment Agency	(3,767,795)	(1,634,962)	-	-	-
Other	-	-	-	-	-
Extraordinary Loss on Dissolution of Lawsuit Settlement	-	-	-	-	6,276,568
Total Special Items	<u>(3,767,795)</u>	<u>(1,634,962)</u>	<u>-</u>	<u>-</u>	<u>6,276,568</u>
Changes in Net Position					
Governmental Activities	9,993,067	5,727,141	11,829,651	32,113,218	36,951,591
Business-Type Activities	4,515,415	2,726,347	2,354,612	9,427,681	5,521,627
Total Primary Government	<u>\$ 14,508,482</u>	<u>\$ 8,453,488</u>	<u>\$ 14,184,263</u>	<u>\$ 41,540,899</u>	<u>\$ 42,473,218</u>

Sources:

Comprehensive Annual Financial Report
Statement of Net Position

Fiscal Year				
2017	2018	2019	2020	2021
(37,934,664)	(44,310,824)	(41,449,182)	(38,673,855)	(54,594,857)
5,281,120	6,532,018	10,520,727	14,089,371	17,006,130
<u>(32,653,544)</u>	<u>(37,778,806)</u>	<u>(30,928,455)</u>	<u>(24,584,484)</u>	<u>(37,588,727)</u>
18,074,636	19,519,868	20,118,217	21,619,073	24,252,291
5,181,172	5,553,078	5,884,742	6,194,371	6,664,504
5,568,461	5,961,321	5,882,716	5,737,809	6,272,932
2,326,641	2,465,042	2,594,469	2,544,058	2,708,877
5,107,399	5,349,628	5,572,329	5,895,136	6,186,789
740,839	799,940	788,765	842,249	873,710
140,642	454,925	3,155,785	1,850,871	(6,098)
4,213,419	4,585,416	5,444,536	4,446,620	8,455,405
-	-	-	-	-
-	-	-	-	-
570,630	4,334,254	(2,306,639)	(14,647,477)	653,093
<u>41,923,839</u>	<u>49,023,472</u>	<u>47,134,920</u>	<u>34,482,710</u>	<u>56,061,503</u>
820,923	1,444,614	2,600,791	1,846,765	(172,985)
(71,322)	-	-	-	(173,046)
-	-	4,481,519	3,963,460	6,386,130
(570,630)	(662,772)	2,306,239	14,647,477	(665,430)
<u>178,971</u>	<u>781,842</u>	<u>9,388,549</u>	<u>20,457,702</u>	<u>5,374,669</u>
<u>42,102,810</u>	<u>49,805,314</u>	<u>56,523,469</u>	<u>54,940,412</u>	<u>61,436,172</u>
-	-	-	-	-
-	-	(513,556)	-	(138,047)
-	-	-	-	-
-	-	(513,556)	-	(138,047)
3,989,175	4,712,648	5,172,182	(4,191,145)	1,328,599
<u>5,460,091</u>	<u>7,313,860</u>	<u>19,909,276</u>	<u>34,547,073</u>	<u>22,380,799</u>
<u>\$ 9,449,266</u>	<u>\$ 12,026,508</u>	<u>\$ 25,081,458</u>	<u>\$ 30,355,928</u>	<u>\$ 23,709,398</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Restricted	\$ -	\$ 8,708	\$ 29,077	\$ 1,431,320	\$ 5,268,406
Committed	22,797,424	19,998,080	22,004,228	21,840,982	46,394,799
Unassigned	(3,951,915)	(1,634,962)	-	-	-
Total General Fund	<u>\$ 18,845,509</u>	<u>\$ 18,371,826</u>	<u>\$ 22,033,305</u>	<u>\$ 23,272,302</u>	<u>\$ 51,663,205</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Restricted	17,345,677	14,986,150	12,594,663	11,034,408	9,989,692
Committed	-	626,408	722,545	744,557	461,054
Assigned	(189,068)	-	-	22,951	-
Unassigned	-	-	(1,082)	(624,325)	-
Total All Other Governmental Funds	<u>\$ 17,156,609</u>	<u>\$ 15,647,558</u>	<u>\$ 13,351,126</u>	<u>\$ 11,212,591</u>	<u>\$ 10,485,746</u>

Sources:

Comprehensive Annual Financial Report
Balance Sheet – Governmental Funds

Fiscal Year				
2017	2018	2019	2020	2021
\$ 3,210,570	\$ 8,255,722	\$ -	\$ -	\$ -
47,275,064	47,558,487	53,360,296	36,993,740	42,493,097
-	-	-	-	-
\$ 50,485,634	\$ 55,814,209	\$ 53,360,296	\$ 36,993,740	\$ 42,493,097
\$ 35,000	\$ -	\$ -	\$ 35,000	\$ 35,000
9,544,309	14,276,293	14,081,580	12,569,286	10,517,062
312,130	281,719	424,962	342,738	253,813
-	-	-	-	-
-	-	-	-	-
\$ 9,891,439	\$ 14,558,012	\$ 14,506,542	\$ 12,947,024	\$ 10,805,875

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes	\$ 36,789,494	\$ 40,124,297	\$ 40,779,742	\$ 49,169,269	\$ 45,050,408
Intergovernmental	176,692	179,365	94,832	321,414	861,728
Licenses and Permits	839,048	78,939	102,983	89,279	100,478
Fines and Forfeitures	335,121	233,167	204,719	182,604	238,400
Charges for Services	2,174,778	2,481,343	2,407,782	3,259,979	3,207,668
Interest and Rentals	555,667	239,841	648,751	491,354	599,787
Grants	12,063,425	5,564,425	9,913,617	13,664,959	9,652,535
Meals	40,238	26,296	26,416	24,935	23,657
Assessments	720,068	711,196	720,743	698,536	717,240
Other	2,845,740	4,088,635	1,241,758	8,118,499	28,749,291
Total Revenues	56,540,271	53,727,504	56,141,343	76,020,828	89,201,192
Expenditures:					
Current:					
General Government	4,426,111	3,354,212	3,477,232	5,276,640	4,695,792
Intergovernmental	4,875	1,850	80,434	2,001	2,400
Public Safety	17,592,694	18,458,371	18,951,852	21,472,541	22,337,198
Public Works	3,422,798	5,544,549	2,159,172	2,913,300	9,930,778
Community Development	4,972,369	2,149,595	1,715,725	914,959	1,864,782
Community Services	2,874,852	3,884,359	4,915,473	5,075,036	5,682,940
Library and Cultural	864,684	794,455	879,266	1,185,082	1,307,433
Capital Outlay	17,196,246	16,668,830	19,376,263	33,103,216	17,604,871
Debt Service:					
Principal	777,332	1,062,010	839,461	878,069	916,840
Interest and Fiscal Charges	1,677,870	1,753,594	1,605,503	1,563,978	1,524,185
Total Expenditures	53,809,831	53,671,825	54,000,381	72,384,822	65,867,219
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,730,440	55,679	2,140,962	3,636,006	23,333,973
Other Financing Sources (Uses):					
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-
Bond Premium	-	-	-	-	-
Transfers In	11,796,917	17,031,556	19,122,308	22,601,066	17,507,010
Transfers Out	(12,217,506)	(17,435,007)	(20,035,107)	(25,136,610)	(19,453,493)
Issuance of Bonds	-	-	-	-	-
Total Other Financing Sources (Uses)	(420,589)	(403,451)	(912,799)	(2,535,544)	(1,946,483)
Net Change in Fund Balances Before Extraordinary Item	2,309,851	(347,772)	1,228,163	1,100,462	21,387,490
Extraordinary Item					
Extraordinary (Gain) Loss	(3,767,795)	(1,634,962)	-	33,384,431	6,276,568
Net Change in Fund Balances	\$ (1,457,944)	\$ (1,982,734)	\$ 1,228,163	\$ 34,484,893	\$ 27,664,058
Debt Service as a Percentage of Non-Capital Expenditures	6.71%	7.61%	7.06%	6.22%	5.06%

Fiscal Year				
2017	2018	2019	2020	2021
\$ 36,999,148	\$ 39,648,877	\$ 40,841,238	\$ 42,832,696	\$ 46,959,103
269,782	1,340,288	280,173	789,633	618,765
107,543	100,416	124,917	99,320	106,918
167,492	51,536	113,170	112,181	81,309
3,161,371	4,401,984	7,720,201	7,638,170	4,163,517
126,029	379,130	2,531,984	1,409,381	5,110
959,415	1,819,203	1,155,276	1,815,947	2,252,848
23,722	17,496	17,359	15,509	22,496
774,545	630,167	692,921	847,718	973,289
4,164,384	4,438,938	5,347,995	4,276,891	8,356,163
<u>46,753,431</u>	<u>52,828,035</u>	<u>58,825,234</u>	<u>59,837,446</u>	<u>63,539,518</u>
4,989,627	6,305,880	6,284,959	8,017,709	7,228,066
11,669	463,207	13,695	1,005	7,485
23,623,776	24,298,006	24,875,419	26,909,215	28,044,660
2,435,929	2,326,161	2,237,096	2,468,579	2,475,967
781,757	2,045,393	1,494,241	1,617,946	1,536,487
6,356,615	6,802,735	6,491,182	6,687,290	6,484,755
1,170,100	1,415,168	1,383,045	1,455,153	1,510,084
5,088,655	4,316,151	11,856,512	12,777,433	9,691,658
955,783	94,318	99,214	1,469,675	1,135,000
1,486,669	684,512	926,803	1,144,261	1,082,968
<u>46,900,580</u>	<u>48,751,531</u>	<u>55,662,166</u>	<u>62,548,266</u>	<u>59,197,130</u>
<u>(147,149)</u>	<u>4,076,504</u>	<u>3,163,068</u>	<u>(2,710,820)</u>	<u>4,342,388</u>
-	(27,379,338)	(1,040,000)	-	-
-	-	(269,210)	-	-
7,812,006	11,182,672	7,558,752	12,791,456	10,782,972
(8,621,736)	(6,909,591)	(11,404,437)	(28,006,710)	(11,629,105)
-	29,034,901	-	-	-
<u>(809,730)</u>	<u>5,928,644</u>	<u>(5,154,895)</u>	<u>(15,215,254)</u>	<u>(846,133)</u>
<u>(956,879)</u>	<u>10,005,148</u>	<u>(1,991,827)</u>	<u>(17,926,074)</u>	<u>3,496,255</u>
<u>-</u>	<u>(10,000)</u>	<u>(513,556)</u>	<u>-</u>	<u>(138,047)</u>
<u>\$ (956,879)</u>	<u>\$ 9,995,148</u>	<u>\$ (2,505,383)</u>	<u>\$ (17,926,074)</u>	<u>\$ 3,358,208</u>
5.84%	1.75%	2.34%	6.68%	4.48%

**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		
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%
2020	4,517,255,501	3,323,768	214,038,086	4,734,617,355	0.14%
2021	4,758,154,693	3,323,768	214,030,845	4,975,509,306	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**

	2021	2011
City Direct Rates:		
City Basic Rate	0.1410	0.1430
Total Average City Direct Rate	0.1410	0.1430
Overlapping Rates:		
County of Tulare	0.0000	0.1640
General	1.0000	0.0000
Sundale Elementary School District	0.0000	0.0240
Liberty Elementary School District	0.0000	0.0500
Tulare City Elementary School District	0.0000	0.1650
Tulare Joint Union High School District	0.0600	0.1870
College of the Sequoias	0.0200	0.0730
County Schools Service Fund	0.0000	0.0220
Kaweah Delta Water District	0.0004	0.0220
Tulare Cemetery District	0.0000	0.0020
Tulare County Flood Control District	0.0000	0.0020
Tulare Local Health Care District	0.0500	0.1380
Tulare Memorial District	0.0000	0.0100
Tulare Mosquito District	0.0000	0.0180

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) Sales tax only. The use tax was enacted effective July 1, 1955.
- (2) 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%.
- (3) 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.
- (4) 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	2021 (2)		2011 (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	\$ 230,424,833	4.84%	\$ 277,401,926	9.33%
Land O Lakes, Inc	175,741,283	3.69%	169,167,615	5.69%
U.S. Cold Storage of California	64,999,260	1.37%	72,340,975	2.43%
Dreyers Grand Ice Cream Inc.	62,391,956	1.31%	49,196,038	1.65%
Craig Realty Group Tulare LLC	40,869,030	0.86%	28,275,404	0.95%
Oscar Mayer Foods Corporation	37,971,862	0.80%	83,330,737	2.80%
Target Corporation	30,650,235	0.64%	21,839,138	0.73%
Sulphur Springs cultured Specialties LLC	24,762,984	0.52%	-	0.00%
International Agri-Center Inc.	18,168,031	0.38%	-	0.00%
Moyles Central Valley Health Care	13,856,632	0.29%	-	0.00%
Quest Equity LLC	13,263,463	0.28%	-	0.00%
Loves Country Stores of California	12,911,974	0.27%	-	0.00%
Tulare Village LLC	11,969,364	0.25%	-	0.00%
Kloeckner Metals Corporation	11,938,214	0.25%	-	0.00%
Wal-Mart Real Estate Business Trust	11,803,102	0.25%	-	0.00%
Tulare Oak Valley LLC	11,472,651	0.24%	-	0.00%
BDC Prosperity LP (Pre/Tulare Holdings LLC)	11,436,978	0.24%	-	0.00%
Lowes HIW Inc.	10,941,210	0.23%	17,812,008	0.60%
HD development of Maryland Inc	10,913,330	0.23%	-	0.00%
Monterey Dynasty LLC	10,423,821	0.22%	-	0.00%
Paul A. Daley Trust (Formerly Daley Ltd Partners)	-	0.00%	16,035,185	0.54%
Strawberry Stand Corner, LLC	-	0.00%	15,320,691	0.52%
Total taxable assessed value of top thirteen largest taxpayers	<u>\$ 816,910,213</u>	<u>17.17%</u>	<u>\$ 750,719,717</u>	<u>25.24%</u>
Total assessed value of all taxpayers	<u>\$ 4,758,154,693</u>	<u>100.00%</u>	<u>\$ 2,974,503,563</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		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2012	(3) \$ 5,137,770	\$ 4,087,387	79.56%	\$ 93,634	\$ 4,181,021	81.38%
2013	(4) 4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%
2014	(5) 4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%
2015	(6) 4,454,173	3,880,262	87.12%	133,290	4,013,552	90.11%
2016	(7) 4,715,361	4,237,324	89.86%	146,721	4,384,045	92.97%
2017	(8) 4,887,339	4,459,365	91.24%	103,452	4,562,817	93.36%
2018	(9) 5,246,283	4,778,139	91.08%	106,867	4,885,006	93.11%
2019	(10) 5,527,262	5,034,816	91.09%	108,602	5,143,418	93.06%
2020	(11) 5,800,055	5,295,495	91.30%	115,956	5,411,451	93.30%
2021	(12) 6,119,608	5,666,998	92.60%	139,323	5,806,321	94.88%

Sources:

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) Reduced approximately \$1,774,310 for the property tax shift to education.
- (4) Reduced approximately \$1,675,639 for the property tax shift to education.
- (5) Reduced approximately \$1,698,640 for the property tax shift to education.
- (6) Reduced approximately \$1,626,244 for the property tax shift to education.
- (7) Reduced approximately \$1,639,505 for the property tax shift to education.
- (8) Reduced approximately \$1,747,188 for the property tax shift to education.
- (9) Reduced approximately \$1,861,417 for the property tax shift to education.
- (10) Reduced approximately \$1,980,278 for the property tax shift to education.
- (11) Reduced approximately \$2,313,482 for the property tax shift to education.
- (12) Reduced approximately \$2,430,970 for the property tax shift to education.

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

	Fiscal Year									
	2012		2013		2014		2015		2016	
Sales:										
General Retail	\$ 2,015	25.14%	\$ 2,119	25.69%	\$ 2,153	24.90%	\$ 2,156	24.40%	\$ 2,154	24.70%
Food Products	1,163	14.51%	1,268	15.37%	1,261	14.59%	1,280	14.49%	1,336	15.32%
Transportation	2,735	34.13%	2,849	34.54%	2,906	33.61%	2,958	33.48%	2,830	32.45%
Construction	1,374	17.14%	1,334	16.17%	1,588	18.37%	1,615	18.28%	1,680	19.27%
Business to Business	684	8.54%	628	7.61%	686	7.94%	785	8.89%	682	7.82%
Miscellaneous	43	0.54%	51	0.62%	51	0.59%	41	0.46%	38	0.44%
Total	\$ 8,014	100.00%	\$ 8,249	100.00%	\$ 8,645	100.00%	\$ 8,835	100.00%	\$ 8,720	100.00%

Source:
MuniServices, LLC

Fiscal Year									
2017		2018		2019		2020		2021	
\$ 2,203	24.97%	\$ 1,368	25.51%	\$ 2,450	25.26%	\$ 2,341	24.00%	\$ 3,007	26.33%
1,417	16.06%	666	12.42%	1,312	13.53%	1,266	12.98%	1,524	13.35%
2,946	33.39%	1,726	32.19%	3,166	32.65%	3,211	32.91%	3,535	30.96%
1,575	17.85%	649	12.10%	1,088	11.22%	1,102	11.30%	1,235	10.82%
637	7.22%	844	15.74%	1,643	16.94%	1,799	18.44%	2,077	18.19%
45	0.51%	109	2.03%	39	0.40%	37	0.38%	41	0.36%
<u>\$ 8,823</u>	<u>100.00%</u>	<u>\$ 5,362</u>	<u>100.00%</u>	<u>\$ 9,698</u>	<u>100.00%</u>	<u>\$ 9,756</u>	<u>100.00%</u>	<u>\$ 11,419</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	Advances from Other Funds	General Obligation Bond	Total Governmental Activities
2012	\$ 32,161,165	\$ 1,227,504	\$ 256,000	\$ -	\$ -	\$ 33,644,669
2013	31,334,216	1,133,674	-	-	-	32,467,890
2014	29,773,588	1,035,583	-	-	-	30,809,171
2015	28,951,872	933,039	-	-	-	29,884,911
2016	28,095,156	825,839	-	-	-	28,920,995
2017	27,203,440	713,771	-	-	-	27,917,211
2018	29,005,402	597,202	-	-	-	29,602,604
2019	27,696,192	474,727	-	-	-	28,170,919
2020	26,501,262	-	-	-	-	26,501,262
2021	25,256,332	-	-	-	-	25,256,332

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

Revenue Bonds Payable (1), (3)	Leases Payable	Notes Payable	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 200,218,330	\$ 12,190,869	\$ -	\$ 212,409,199	\$ 246,053,868	\$ 4,106	8.57%	22.65%
197,068,903	11,059,273	-	208,128,176	240,596,066	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	203,575,787	234,384,958	3,911	6.73%	20.75%
189,179,833	8,657,524	1,031,886	198,869,243	228,754,154	3,817	6.13%	20.17%
192,182,638	7,382,888	521,793	200,087,319	229,008,314	3,627	5.90%	22.92%
243,697,903	6,519,902	-	250,217,805	278,135,016	4,301	6.76%	23.66%
260,258,512	5,612,978	-	265,871,490	295,474,094	4,478	6.86%	24.74%
256,006,225	4,660,072	-	261,841,874	290,012,793	4,480	6.43%	23.19%
213,702,484	1,474,943	-	215,177,427	241,678,689	3,626	5.20%	17.96%
201,170,151	-	-	201,170,151	226,426,483	3,380	4.62%	16.68%

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>
2012	\$ -	\$ 32,121	\$ 32,121	0.81%	\$ 384.32
2013	-	31,334	31,334	0.67%	373.21
2014	-	29,774	29,774	0.66%	369.32
2015	-	28,952	28,952	0.60%	359.42
2016	-	28,095	28,095	0.53%	350.00
2017	-	27,203	27,203	0.65%	404.20
2018	-	28,846	28,846	0.62%	437.18
2019	-	27,696	27,696	0.62%	432.75
2020	-	26,501	26,501	0.59%	389.72
2021	-	25,256	25,256	0.51%	371.41

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, 2021**

	<u>Total Debt 6/30/21</u>	<u>Percentage Applicable (1)</u>	<u>City's Share of Debt 6/30/21</u>
<u>Overlapping Tax and Assessment Debt:</u>			
College of the Sequoias Tulare School Facilities Improvement District	\$ 64,167,467	48.875%	\$ 31,361,849
Tulare Union High School District	17,189,627	63.656%	10,942,229
Liberty School District	476,315	19.149%	91,210
Tulare Local Health Care District	149,385,000	61.950%	<u>92,544,008</u>
Total Overlapping Tax and Assessment Debt			<u>134,939,296</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Tulare County General Fund Obligations	29,800,000	12.902%	\$ 3,844,796
Tulare County Pension Obligation Bonds	222,800,000	12.902%	28,745,656
Tulare County Board of Education Certificates of Participation	36,800,000	12.902%	4,747,936
College of the Sequoias General Fund Obligations	4,545,000	13.933%	633,255
Tulare School District General Fund Obligations	6,900,085	94.681%	6,533,069
Liberty School District General Fund Obligations	2,240,000	19.149%	428,938
City of Tulare General Fund Obligations	23,415,000	<u>100.000%</u>	<u>23,415,000</u>
Total Direct and Overlapping General Fund Debt			<u>68,348,650</u>
<u>Overlapping Tax Increment Debt (Successor Agency)</u>	17,880,000	100.000%	17,880,000
Total Direct Debt (3)			25,256,332
Total Overlapping Debt			<u>197,752,945</u>
Combined Total Debt			<u><u>\$ 223,009,277</u></u>
<u>Ratios to 2020-21 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	2.71%		
Total Direct Debt (\$28,365,000)	0.47%		
Combined Total Debt	4.45%		
<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$672,046,405):</u>			
Total Overlapping Tax Increment Debt	2.52%		

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.
- (3) Includes any applicable bond premium and/or bond discounts.

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				
	2012	2013	2014	2015	2016
Assessed Valuation	\$ 3,507,263,871	\$ 3,402,295,924	\$ 3,484,810,863	\$ 3,731,254,075	\$ 3,936,379,896
Debt Margin Ratio	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	131,522,395	127,586,097	130,680,407	139,922,028	147,614,246
Less Outstanding General Obligations	-	-	-	-	-
Net Debt Margin	<u>\$ 131,522,395</u>	<u>\$ 127,586,097</u>	<u>\$ 130,680,407</u>	<u>\$ 139,922,028</u>	<u>\$ 147,614,246</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				
2017	2018	2019	2020	2021
\$ 4,116,213,619	\$ 4,307,793,619	\$ 4,488,777,762	\$ 4,734,617,355	\$ 4,758,154,693
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
154,358,011	161,542,261	168,329,166	177,548,151	178,430,801
-	-	-	-	-
<u>\$ 154,358,011</u>	<u>\$ 161,542,261</u>	<u>\$ 168,329,166</u>	<u>\$ 177,548,151</u>	<u>\$ 178,430,801</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
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	26,000	923	28.16	25,077	10,633	2.36
2020	38,398	11,561 ⁽⁴⁾	26,837	923	29.06	25,914	10,456	2.48
2021	38,643	10,916	27,727	462	60.06	27,266	9,859	2.77

- (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.

Fiscal Year Ended June 30	Water Revenue Bonds					Tax Allocation Bonds			
	Total Water Revenue	Less Operating Expenses	Net Revenues	Debt Service (1)	Debt Coverage	Tax Increment	Debt Service		Coverage
						Principal	Interest		
2012	\$ -	\$ -	\$ -	\$ -	\$ -	(2)	(2)	(2)	(2)
2013	-	-	-	-	-	(2)	(2)	(2)	(2)
2014	-	-	-	-	-	(2)	(2)	(2)	(2)
2015	-	-	-	-	-	(2)	(2)	(2)	(2)
2016	-	-	-	-	-	(2)	(2)	(2)	(2)
2017	-	-	-	-	-	(2)	(2)	(2)	(2)
2018	12,658	6,795	5,863	379	15.47	(2)	(2)	(2)	(2)
2019	15,639	6,924	8,715	1,107	7.88	(2)	(2)	(2)	(2)
2020	14,662	7,296	7,367	1,353	5.45	(2)	(2)	(2)	(2)
2021	15,219	7,015	8,205	2,737	3.00	(2)	(2)	(2)	(2)

**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)
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%
2020	67,834	1,369,297,124	1,369,297	20,186	4,734,617	69.80	14.60%	16.20%
2021	67,940	1,376,600,280	1,376,600	20,262	4,975,509	73.23	7.40%	9.30%

(a) Information unavailable

Sources:

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

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

Employer	2021		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Land O'Lakes, Inc. (formerly Dairyman's Cooperative Creamery)	479	1.69%	580	2.72%
Saputo Cheese USA, Inc.	913	3.21%	250	1.17%
J.D. Heiskell Company	62	0.22%	125	0.59%
Haagen Dazs (formerly Nestle Ice Cream Co.)	300	1.06%	300	1.41%
Kraft USA Tulare	250	0.88%	150	0.70%
Wal-Mart	225	0.79%	280	1.31%
U.S. Cold Storage of California	148	0.52%	200	0.94%
Ruan, Inc.	117	0.41%		n/a
Southern Ca Edison Company	199	0.70%	270	1.27%
Morris Levin & Sons Hardware	84	0.30%		0.00%
Tulare Cultured Specialties (formerly Morningstar)		N/A	120	0.56%
Kings County Truck Lines		N/A		0.00%
Golden Valley Dairy Products		N/A		0.00%

“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**

Function	Full-Time and Part-Time Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	48	48	48	46	38	40	37	38	37	39
Public Safety	158	158	156	160	159	124	161	161	161	161
Public Works	86	86	86	88	95	92	103	112	112	114
Community Development	16	16	16	17	15	17	21	21	21	20
Community Services	22	22	22	22	22	26	26	21	20	19
Library and Cultural	10	10	10	10	11	16	12	12	12	12
Total	340	340	338	343	340	315	360	365	363	365

Source:

City of Tulare Human Resources and Finance Department

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Police:					
Arrests	3,046	3,486	3,824	4,429	3,577
Parking Citations Issued	400	387	346	246	182
Fire:					
Number of Emergency Calls	6,216	6,108	4,754	5,762	5,392
Inspections	821	1,184	1,993	2,205	1,978
Parks and Recreation:					
Number of Recreation Classes	107	107	116	320	340
Number of Facility Rentals	1,852	1,542	1,338	2,428	2,885
Water:					
New Connections	101	2	179	211	704 (1)
Average Daily Consumption (millions of gallons)	16	17	17	14	12
Sewer:					
New Connections	128	14	166	239	280

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

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2017	2018	2019	2020	2021
3,345	3,294	3,118	3,354	2,853
255	35	123	135	94
5,496	5,350	5,350	5,704	7,096
1,447	1,439	1,439	1,290	647
721	989	973	215	243
2,469	2,977	2,967	1,998	648
378	339	382	394	354
13	14	14	14	15
380	340	382	394	354

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	3	3	3	3	3
Public Works:					
Streets (miles)	195.02	195.23	211.00	215.32	220.00
Traffic Signals	41	44	47	47	47
Parks and Recreation:					
Parks	18	18	18	18	18
Park Acreage	341.00	363.00	363.00	363.00	363.00
Water:					
Water Mains (miles)	219.26	220.82	227.00	231.68	232.16
Average Daily Consumption (millions of gallons)	16.44	17.50	16.99	14.43	12.46
Sewer:					
Sanitary Sewers (miles)	235.94	242.40	239.00	243.31	243.76
Average Daily Wastewater Flow (millions of gallon)	12.44	11.79	11.74	11.37	11.08

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2017	2018	2019	2020	2021
1	1	1	1	1
3	3	3	3	3
221.72 47	223.32 46	223.39 47	224.78 47	227.66 51
18 363.00	18 367.52	18 368.66	18 368.66	18 370.45
234.19 13.31	235.75 13.55	236.63 14.16	238.18 13.99	241.49 15.46
245.89 11.24	247.35 11.54	248.53 11.68	249.81 11.65	252.92 11.74

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