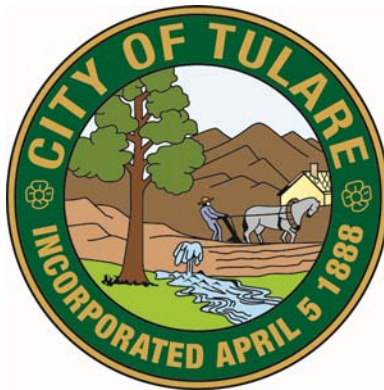


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CITY OF  
**T U L A R E**  
CALIFORNIA

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*Comprehensive Annual*



*Financial Report*

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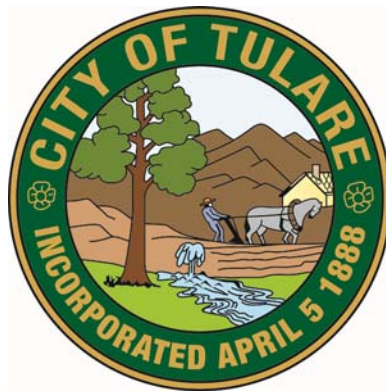
For the Fiscal Year Ended  
**JUNE 30, 2015**

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CITY OF  
**T U L A R E**  
CALIFORNIA

---

*Comprehensive Annual*



*Financial Report*

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For the Fiscal Year Ended June 30, 2015  
Prepared by the Finance Department Staff  
Darlene J. Thompson, CPA  
Finance Director/Treasurer

**CITY OF TULARE,  
CALIFORNIA  
JUNE 30, 2015**

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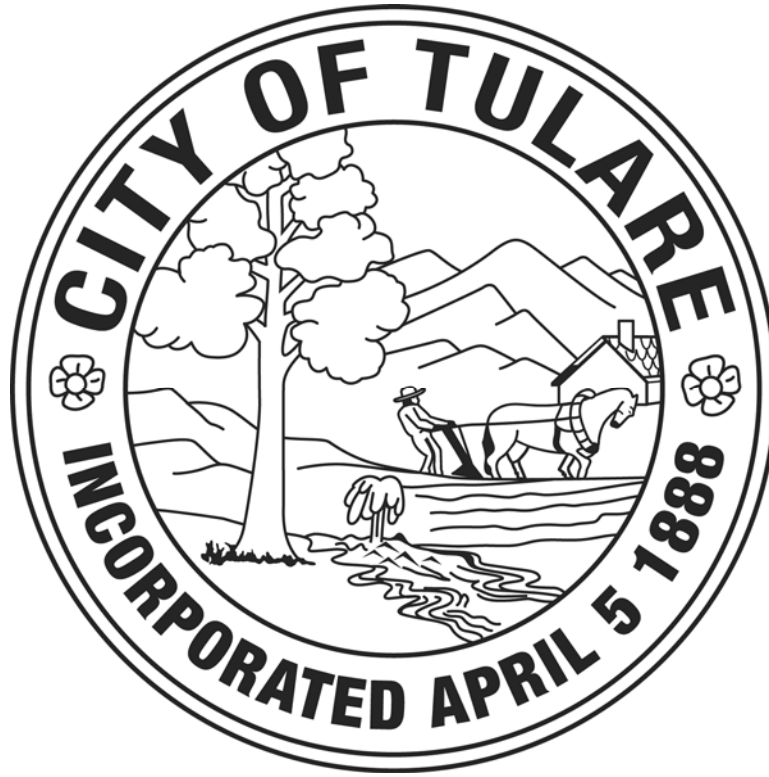
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# INTRODUCTORY SECTION



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February 26, 2016

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, 2015. 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 62,363 as of January 2015.

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.

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

**Local Economy and Local Budget Issues** - The City is showing some signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded from prior year amounts. The local economic environment continues to improve slowly and is driven by our strong agricultural industries in the area. Sales tax revenues continue to show a small positive improvement with 1% higher than those in the prior fiscal year, and property tax receipts have remained flat. Development impact fees had the largest increase which reflects a housing upswing.

The City Council adopted a balanced budget for fiscal year 2014-15. There are trends that may threaten the City's ability to produce balanced budgets in the future. Public safety has always been the Council's highest priority, and is likely to remain so given the personnel needed to address the growing population, an increasingly violent culture, and the State of California being forced to release more state prisoners back into local communities. However, other programs remain funded from current tax revenues too, such as parks, recreation, library, storm drain, non-reconstruction street repair and street lighting, and graffiti removal. Retirement costs are projected to escalate for all employee groups over the next several years as a result of California Public Employees' Retirement System's (CalPERS) recent changes to its actuarial methodology. CalPERS approved a multi-year smoothing method to spread the rate increases associated with moving from a rolling 30 years amortization period to a fixed 30 year amortization period. Rates are expected to rise steadily for the next 5 years as this change is fully implemented. Preliminary estimates provided by CalPERS project employer rate will increase by 10% to 16% over the next five years. The methodology change and resulting rate increases will have a significant impact on retirement costs for the City.

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 cities in the county. The population of the area is approximately 462,189. The anticipated growth in population of the Metropolitan Area is approximately 70, with the City estimated to increase by about 1.00%. There are approximately 200,200 jobs in Tulare County. The countywide unemployment rate is about 10.9%, not seasonally adjusted. The City has an unemployment rate of about 9.2% with 24,700 employed out of a workforce of 27,200.

**State Budgetary Actions** - The budget problems at the State level are a major concern for the City. The City has adjusted to prior State actions, including the reduction of Vehicle License Fees (VLF) and the State action of taking one-fourth of the City's sales tax revenues and replacing them with property tax revenues (the so called "triple flip" budget action). Additionally, the State decision to shut down redevelopment activities is especially discouraging for the City given the many success stories within the community. The City Council has taken actions to act as the Successor Agency for the former Redevelopment Agency as well as act as the Successor Housing Agency to wrap up the housing activities of the former Redevelopment Agency. The State Department of Finance continues to challenge the Successor Agency and Oversight Board regarding the implementation of AB 26 and AB 1484 and what constitutes an Enforceable Obligation of the former Redevelopment Agency. The City is diligently pursuing administrative remedies with the Department of Finance regarding disputed items. The City has completed all necessary steps and has received its Notice of Completion, which has allowed the City to reinstate previously denied interagency loans that were entered into for legitimate redevelopment purpose.

**Long-Term Financial Planning** - An integral part of the City's budget process, the City Council continues to look forward to stabilizing revenue and expenditures. The City Council and the City's management are evaluating ways to implement long-term changes to help the City accomplish this adaptation. City staff has analyzed the City's organizational structure, City services and programs, private sector contributions, revenue streams, etc. It appears that new strategies are needed to solve the situation. This is especially true because it appears that the State continuing budget crisis will force its leaders to reach into local coffers in the future for revenue to address their structural deficits. The City has and will continue to do the following:

- Critical analysis of overall employee compensation programs
- Transitioning to alternative service delivery methods, for example, a greater use of contract services and greater involvement of non-profit organizations in providing certain services
- Maintain services as presently being provided by the City
- City's cost accounting and internal time billing
- Reduction or elimination of programs on a cost-benefit basis
- Maintain the 15% current reserve and preserve efforts to increase the general fund reserve to 25% of general fund expenditures and transfers out
- General fund debt payments not to exceed 7% of expenditures and operating transfers out when issued
- Fostering a LEAN working climate

**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 2014-15 City appropriation limit established as required by State statute was \$44,009,530.

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

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

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

**Independent Audit** - The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council to perform the annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related U.S. Office of Management and Budget (OMB) Circular A-133. The auditor's report covers the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the 17th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

**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, 2015**

City Council

David Macedo	Mayor, District 4
Carlton Jones	Vice Mayor, District 3
Shea Gowin	Council Member, District 1
Maritsa Castellanoz	Council Member, District 2
Craig Vejvoda	Council Member, District 5

Board of Public Utilities Commissioners

Lee Brehm	President
Philip Smith	Vice President
Richard Johnson	Commissioner
Edward Henry	Commissioner
Mark Watte	Commissioner

Administrative Officials and Department Heads

Don Dorman	City Manager
Wesley Hensley	Acting Chief of Police
Joseph Carlini	Public Works Director
Willard Epps	Fire Chief
Rob Hunt	Community Development Director
Darlene J. Thompson	Finance Director/Treasurer



## Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Tulare  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

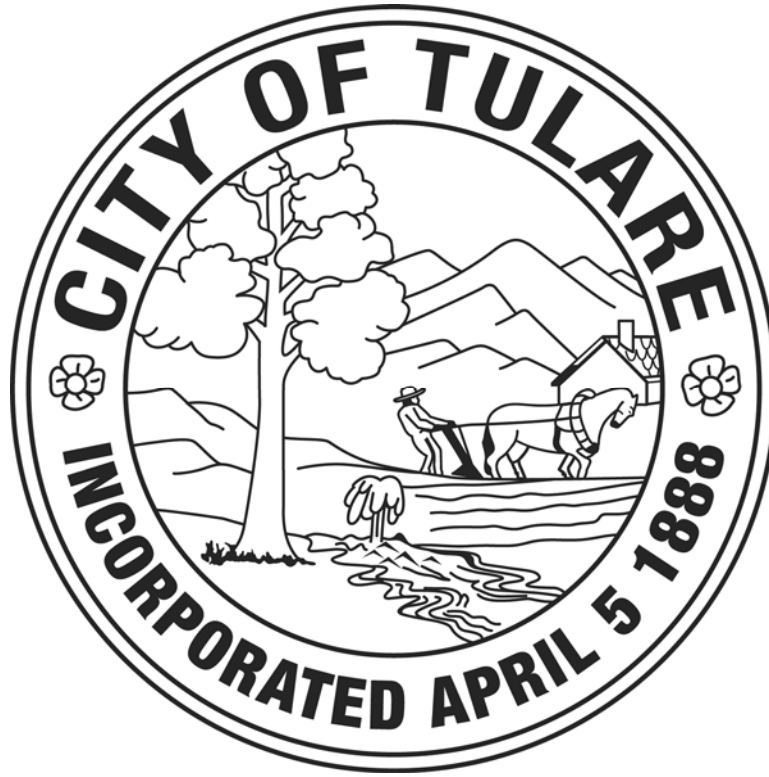
**June 30, 2014**

Executive Director/CEO

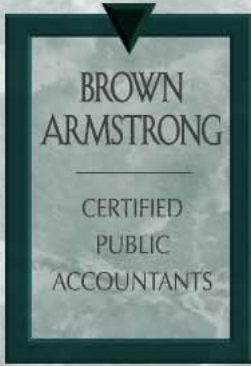
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# FINANCIAL SECTION



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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of  
the City of Tulare, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California (City), as of and for the year ended June 30, 2015, 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.

#### BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE  
SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL [info@bacpas.com](mailto:info@bacpas.com)

#### FRESNO OFFICE

7673 N. INGRAM AVENUE  
SUITE 101  
FRESNO, CA 93711  
TEL 559.476.3592  
FAX 559.476.3593

#### PASADENA OFFICE

260 S. LOS ROBLES AVENUE  
SUITE 310  
PASADENA, CA 91101  
TEL 626.204.6542  
FAX 626.204.6547

#### STOCKTON OFFICE

5250 CLAREMONT AVENUE  
SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

## **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, 2015, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and the Required Supplementary Information on pages 82 to 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, 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 schedules 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 February 26, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
February 26, 2016

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## Management's Discussion and Analysis

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This discussion and analysis of the City of Tulare's financial performance provides an overview of the City of Tulare's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tulare (the City) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$308,174,450 (net position). Of this amount, \$4,993,378 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$293,443,581 in net investment in capital assets. The total net position includes all major infrastructure networks.
- The government's total net position decreased by \$6,481,498 over the prior fiscal year. The majority of this decrease is attributable to Governmental Accounting Standards Board (GASB) Statement No. 68 reporting of net pension liability.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$34,484,893, an increase of \$1,100,462 in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$12,465,728 is restricted by law or externally imposed requirements and \$22,585,539 is committed for specific purposes.
- The City total outstanding debt showed a net decrease of \$4,100,804 (1.76%) during the current fiscal year. The decrease was mostly due to the current year debt reduction (annual principal payment) on lease and revenue bonds.

In fiscal year 2014-15 the City adopted two new statements of the financial accounting standards issued by GASB that relate to pension activity.

**Statement No. 68** – The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to the periods of employee service.

Note Disclosures and required supplementary information requirements about pensions are also addressed. Distinctions are made regarding the particular requirements for employers based on the number of employees whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

**Statement No. 71** – The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state and local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

### 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 from the economic resources measurement focus using 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 and liabilities 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 revenue 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 them. Net position is the difference between assets and liabilities, 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, Community Development, 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, Development Services Fund, Aviation Fund, and Transit Fund are reported in this category.

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

## FUND FINANCIAL STATEMENTS

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

**Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual 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 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 \$308.1 million at the close of the most recent fiscal year, which is a \$6.5 million, or 2.06%, decrease in comparison with the prior year.

By far the largest portion of the City's net position (95.22%) 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, \$99,384,137, approximately 70.41%, \$69,977,894, 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, 2014 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2014 (Restated) *	2015	2014	2015	2014 (Restated) *	2015
<b>Assets:</b>						
Current and Other Assets	\$ 60,602,300	\$ 61,146,897	\$ 29,691,823	\$ 38,237,240	\$ 90,294,123	\$ 99,384,137
Capital Assets (Net of Depreciation)	207,981,860	237,209,627	271,234,111	267,205,733	479,215,971	504,415,360
<b>Total Assets</b>	<b>268,584,160</b>	<b>298,356,524</b>	<b>300,925,934</b>	<b>305,442,973</b>	<b>569,510,094</b>	<b>603,799,497</b>
<b>Deferred Outflows of Resources: **</b>						
Deferred Outflows from Pensions	-	4,507,423	-	1,045,932	-	5,553,355
<b>Liabilities:</b>						
Current and Other Liabilities	12,306,659	12,455,685	9,948,219	10,304,982	22,254,878	22,760,667
Long-Term Liabilities	32,683,795	63,025,268	199,915,473	205,788,821	232,599,268	268,814,089
<b>Total Liabilities</b>	<b>44,990,454</b>	<b>75,480,953</b>	<b>209,863,692</b>	<b>216,093,803</b>	<b>254,854,146</b>	<b>291,574,756</b>
<b>Deferred Inflows of Resources: **</b>						
Deferred Inflows from Pensions	-	7,368,610	-	2,235,036	-	9,603,646
<b>Net Position:</b>						
Net Investment in Capital						
Assets	177,172,689	207,289,716	85,354,787	86,153,865	262,527,476	293,443,581
Restricted	1,283,898	1,164,494	12,828,344	8,572,997	14,112,242	9,737,491
Unrestricted	45,137,119	11,560,174	(7,120,889)	(6,566,796)	38,016,230	4,993,378
<b>Total Net Position</b>	<b>\$ 223,593,706</b>	<b>\$ 220,014,384</b>	<b>\$ 91,062,242</b>	<b>\$ 88,160,066</b>	<b>\$ 314,655,948</b>	<b>\$ 308,174,450</b>

\* Restatements do not include the restatement for GASB Statement No. 68 implementation.

\*\* New items in 2015 as a result of GASB Statement No. 68 implementation

**Governmental Activities** – Total assets for governmental activities increased by \$29.7 million, with a current and other assets in governmental activities increase of \$0.5 thousand and a capital assets increase of \$29.2 million. Total liabilities increased by \$36.7 million with current and other liabilities increasing by \$0.5 thousand and long-term liabilities increasing by \$36.2 million due to the implementation of GASB Statement No. 68.

Of the \$3.6 million decrease in governmental activities total net position, unrestricted net position decreased by \$33.6 million, restricted assets decreased by \$119 thousand, and net investment in capital assets increased by \$30.1 million. The decrease in unrestricted net position is due to implementing GASB Statement No. 68 reporting of net pension liability.

**Business-Type Activities** – Total assets for business-type activities increased by \$4.5 million with a current and other assets increase of \$8.5 million and a decrease in capital assets of \$4.0 million. Total liabilities increased by \$6.2 million with current and other liabilities increasing by \$357 thousand and long-term liabilities increasing by \$5.9 million. Total net position for business-type activities decreased by \$2.9 million. Business-type activities unrestricted net position increased by \$554 thousand.

**Change in Net Position of the City**

The following table presents the government-wide changes in net position for both 2014 and 2015. The City's total revenue and transfers of \$128 million exceeded expenses of \$87 million for an increase in net position of \$41 million. The increase in net position is due primarily to capital assets.

## Statement of Activities

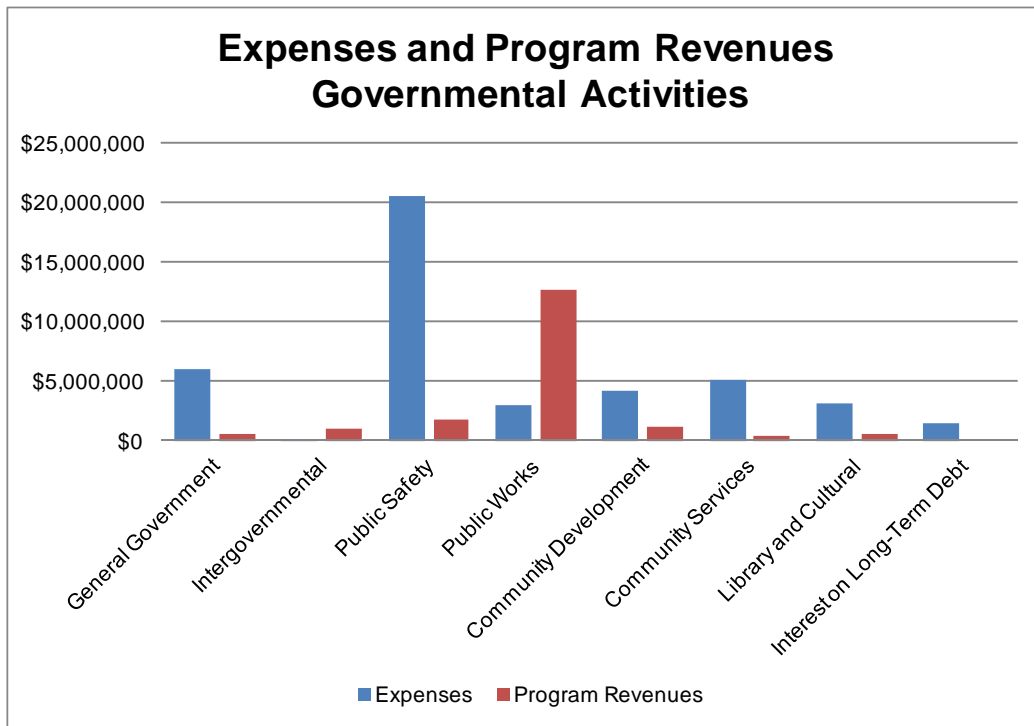
As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2015, than it was at June 30, 2014.

### City of Tulare Statement of Activities Fiscal Year Ended June 30, 2014 and 2015

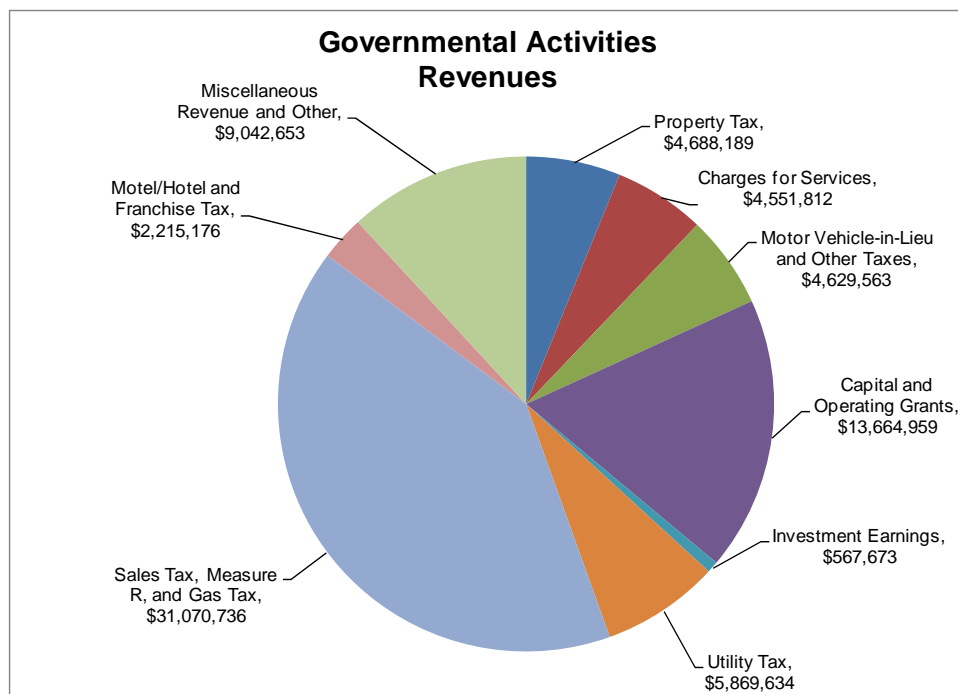
	Governmental Activities		Business-Type Activities		Total	
	2014 (Restated)	2015	2014	2015	2014 (Restated)	2015
<b>REVENUES:</b>						
Programs Revenues:						
Charges for Services	\$ 3,531,059	\$ 4,551,812	\$ 44,906,652	\$ 47,864,707	\$ 48,437,711	\$ 52,416,519
Operating Grants and Contributions	1,033,917	1,240,627	2,031,384	1,157,482	3,065,301	2,398,109
Capital Grants and Contributions	8,919,700	12,424,332	-	2,221,961	8,919,700	14,646,293
General Revenues:						
Taxes	40,779,742	49,169,269	-	-	40,779,742	49,169,269
Investment Earnings	736,701	567,673	692,776	636,054	1,429,477	1,203,727
Other	1,708,873	8,499,838	-	-	1,708,873	8,499,838
<b>TOTAL REVENUES</b>	<b>56,709,992</b>	<b>76,453,551</b>	<b>47,630,812</b>	<b>51,880,204</b>	<b>104,340,804</b>	<b>128,333,755</b>
<b>EXPENSES:</b>						
Governmental Activities:						
General Government	4,862,056	5,972,924	-	-	4,862,056	5,972,924
Intergovernmental	148,790	2,001	-	-	148,790	2,001
Public Safety	19,915,983	20,543,299	-	-	19,915,983	20,543,299
Public Works	2,287,781	2,987,540	-	-	2,287,781	2,987,540
Community Development	5,968,778	4,217,078	-	-	5,968,778	4,217,078
Community Services	4,981,447	5,106,177	-	-	4,981,447	5,106,177
Library and Cultural	4,438,440	3,210,010	-	-	4,438,440	3,210,010
Debt Service	1,548,628	1,555,034	-	-	1,548,628	1,555,034
Business-Type Activities:						
Aviation	-	-	351,636	251,520	351,636	251,520
Transit	-	-	2,948,977	3,111,671	2,948,977	3,111,671
Development Services	-	-	2,203,021	1,956,087	2,203,021	1,956,087
Water	-	-	6,497,620	5,926,633	6,497,620	5,926,633
Solid Waste	-	-	6,346,567	6,685,681	6,346,567	6,685,681
Sewer	-	-	27,656,817	25,267,201	27,656,817	25,267,201
<b>TOTAL EXPENSES</b>	<b>44,151,903</b>	<b>43,594,063</b>	<b>46,004,638</b>	<b>43,198,793</b>	<b>90,156,541</b>	<b>86,792,856</b>
Increase (Decrease) in Net Position Before Transfers	12,558,089	32,859,488	1,626,174	8,681,411	14,184,263	41,540,899
Transfers	(728,438)	(746,270)	728,438	746,270	-	-
Change in Net Position	11,829,651	32,113,218	2,354,612	9,427,681	14,184,263	41,540,899
Net Position, Beginning of Year, as Restated	211,764,055 *	187,901,166	88,707,630 *	78,732,385	300,471,685 *	266,633,551
<b>Net Position, End of Year</b>	<b>\$ 223,593,706</b>	<b>\$ 220,014,384</b>	<b>\$ 91,062,242</b>	<b>\$ 88,160,066</b>	<b>\$ 314,655,948</b>	<b>\$ 308,174,450</b>

\* Restatements do not include the restatement for GASB Statement No. 68 implementation.

**Governmental Activities** – Governmental activities increased the City’s net position by \$32.1 million during the year. The main increase in the City’s net position is due to an increase to capital assets (Bardsley Grade Separation and Cartmill Interchange). 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 \$2.3 million. Public Safety programs rely heavily on taxes to support their operations.



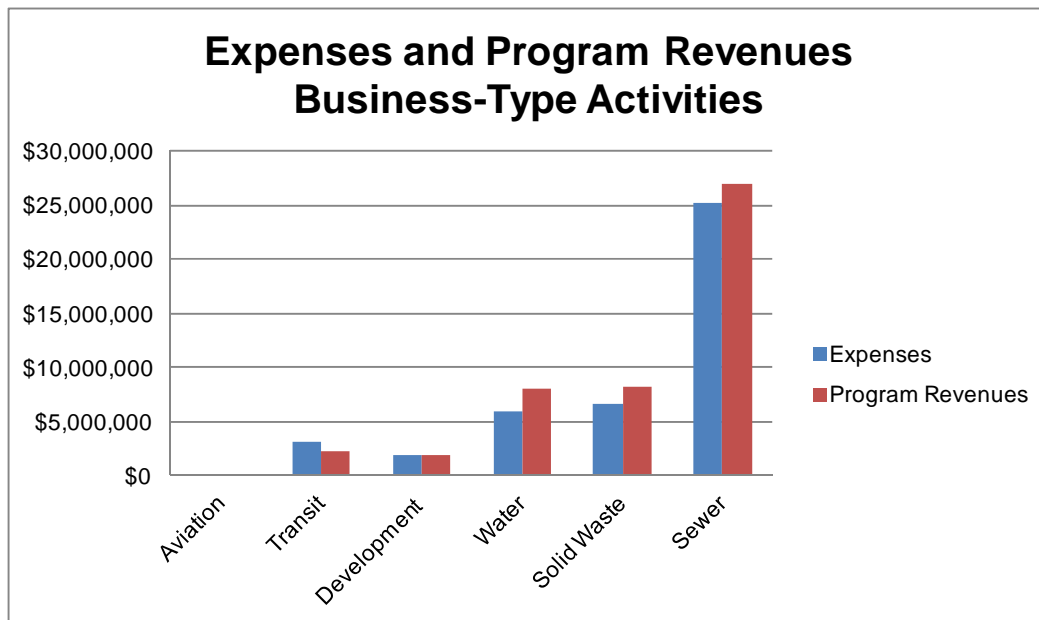
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, Measure R, and gas tax category is the largest revenue source for governmental activities and amounts to \$31 million or 41% of the total revenues. Capital and operating grants are also a significant revenue source for the City’s governmental activities, amounting to \$13.7 million or 18% of total revenue, and public safety is the largest expense activity, amounting to \$20.5 million or 47.1% of total expenses.



Governmental Activities revenue increased \$19.8 million, a 34.81% increase compared to the previous fiscal year. This increase is due to 14.79% (\$8.39 million) increase in taxes from Measure R to fund the Cartmill Interchange and Bardsley Grade Separation.

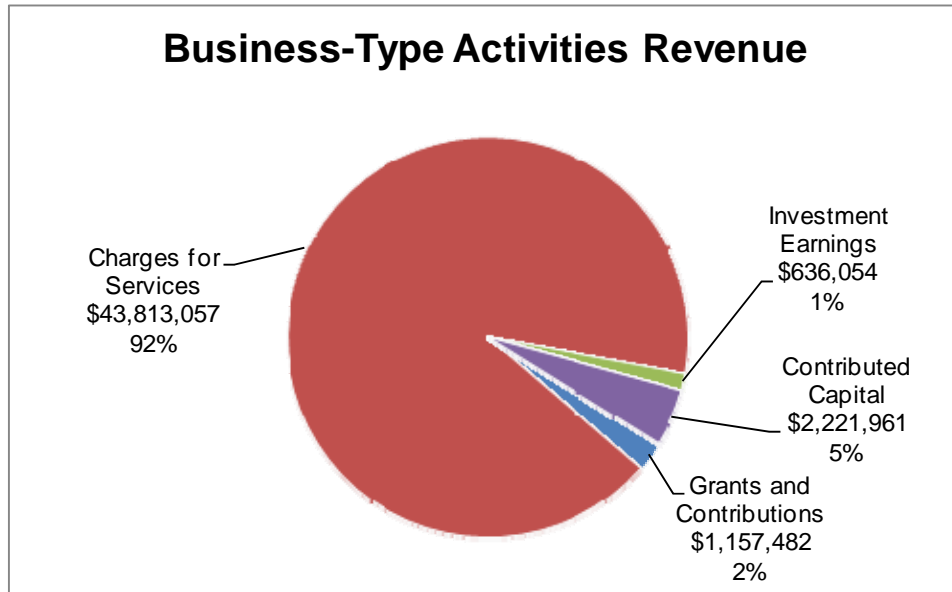
Total expenses in Governmental Activities had a modest decrease of \$558 thousand from the previous fiscal year for an over 1.26% decrease. The largest decrease of \$1.7 million was in Community Development.

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



Business-type activities increased the City’s net position by \$9.43 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$1.63 million, in Water by \$2.2 million, and in Sewer by \$1.8 million. This increase was offset by program expenses exceeding program revenues in Aviation by \$133 thousand, Development Services by \$31 thousand, and Transit by \$773 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 92% of total revenues. Grants and contributions is the second largest revenue source at 2% of total revenue.



Total revenue increased by \$4.2 million, 8.29% over the prior year with the Water Fund showing the largest increase of \$1.5 million.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental Funds** – The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information 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 \$34,484,893, an increase of \$1,100,462 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Nonspendable Fund Balance** - \$35,000 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$12,465,728 consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for 1) \$6.2 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$2.9 million for debt service
- **Committed Fund Balance** - \$22,585,539 has been committed by the Council for appropriation for next year's budget.
- **Assigned Fund Balance** - \$22,951 has been set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$(624,325) 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 3.02%, or \$683,387 thousand to \$23,272,302. Of this increase, the majority relates to the committed amounts of fund balance. Major factors for this overall increase:

- \$14.6 million increase in Grants, Contributions, and Transfers. This represents a 59.15% increase over the prior fiscal year. This increase is due to the construction of the Bardsley Grade Separation funded by a state grant.
- The increase was offset by a \$13.9 million for capital outlay for the Bardsley Grade Separation and Cartmill Interchange.

### **Other Major Governmental Funds**

In the Measure R Fund, the total fund balance decreased from \$0 to \$(624,325). The major factor for this overall decrease was to work on streets maintenance and major projects.

In the Finance Authority Fund, the total fund balance increased from \$2,876,426 to \$2,880,133. The major factor for this overall increase was rental income.

### **Other Non-Major Governmental Funds**

The combined Non-Major Other Governmental Funds' total fund balance increased from \$7,919,090 to \$8,956,783. The major factor for this overall increase was a \$811,950 increase from Gas Tax Fund to funds carried over to the next fiscal year for 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 \$6,860,881 at the end of the fiscal year, a decrease of \$154,260 or 2.3%. Total net position includes \$4,470,655 net investment in capital assets, which is not available to cover current expenses.

The Development Services Fund has a total net deficit of \$1,907,760 at the end of the fiscal year. The fund was created in prior 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 \$28,840,895 at the end of the fiscal year, an increase of \$3,469,779 over the prior year. Total net position includes \$30,206,811 net investment in capital assets, which is not available to cover current expenses. \$3,572,997 of total net position is restricted for capital improvements (including plant and equipment replacement). The increase to net position is due to the operating expenses being lower than the operating revenues.

The Solid Waste Fund has total net position of \$19,489 at the end of the fiscal year, an increase of \$1,635,141 over the prior year. The net position increase is due to the operating expenses being lower than the operating revenues.

The Sewer Fund has total net position of \$51,330,129 at the end of the fiscal year, an increase of \$3,455,151 over the prior year. Total net position includes \$47,303,738 net investment in capital assets, which is not available to cover current expenses. \$5,000,000 of total net position is restricted for capital improvements.

The Aviation Fund has total net position of \$3,016,432 at the end of the fiscal year, an increase of \$105,811 or 3.6%. Total net position includes \$4,135,348 net investment in capital assets, which is not available to cover current expenses. The major factor for this increase is due to improvements at the airport.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$504,380,360 (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. The total increase in the City's investment in capital assets for the current fiscal year was \$25,164,390. (Please refer to Note 4 – Capital Assets)

The majority of the increase is a result of infrastructure constructed or acquired and improvements made during the fiscal year. These financial statements include infrastructure assets constructed or acquired through the 2014-15 fiscal year.

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

- The acquisition and construction of the Cartmill Interchange for \$19.5 million to be completed in the next fiscal year.
- The completion of the Bardsley Grade Separation for \$5.4 million.
- The acquisition and construction of the Santa Fe Pedestrian Overpass for \$1.8 million to be completed in the next fiscal year.

### City of Tulare Capital Assets As of June 30, 2014 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land, Right-of-Way, and Construction in Progress	\$ 52,688,003	\$ 63,946,267	\$ 8,341,636	\$ 7,408,278	\$ 61,029,639	\$ 71,354,545
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation	155,293,857	173,228,360	262,892,474	259,797,455	418,186,331	433,025,815
<b>Total Capital Assets</b>	<b>\$ 207,981,860</b>	<b>\$ 237,174,627</b>	<b>\$ 271,234,110</b>	<b>\$ 267,205,733</b>	<b>\$ 479,215,970</b>	<b>\$ 504,380,360</b>

**Long-Term Debt** – At the end of the fiscal year, the City had a total debt outstanding of \$228,754,154, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt)

### City of Tulare Outstanding Debt As of June 30, 2014 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)	2015
Lease Revenue Bonds *	\$ 29,773,588	\$ 28,951,872	\$ -	\$ -	\$ 29,773,588	\$ 28,951,872
Lease Payable	1,035,583	933,039	9,882,269	8,657,524	10,917,852	9,590,563
Note Payable	-	-	1,530,000	1,031,886	-	1,031,886
Revenue Bonds Payable *	-	-	192,163,518	189,179,833	192,163,518	189,179,833
<b>Total Outstanding Debt</b>	<b>\$ 30,809,171</b>	<b>\$ 29,884,911</b>	<b>\$ 203,575,787</b>	<b>\$ 198,869,243</b>	<b>\$ 232,854,958</b>	<b>\$ 228,754,154</b>

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

With respect to the Governmental Activities, the outstanding \$28,951,872 in lease revenue bonds (which includes the bond premium and discount) were issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II, and preliminary work on railroad grade separation crossings.



Of the \$198,869,243 outstanding debt in the Business-Type Activities, \$189,179,833 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 & Poors.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in appropriations of \$3.4 million. Significant budgetary amendments (changes) are summarized as follows:

- \$62,000 increase in resources from various grants received during the fiscal year, which also increase appropriations.
- \$100 thousand increase in appropriations due to prior year appropriations not spent and carried forward to this fiscal year.
- \$1.3 million increase in appropriations to reimburse the Water and Sewer Development Impact Fees for the 50% discount given to residential development from 2011 to May 2015.

The final amended revenue estimate budget figures in the General Fund were higher than actual revenue by \$1.8 million and appropriations were higher than actual expenditures by \$1.3 million. The significant differences between budget and actual amounts are as follows:

- Tax revenues outperformed revenue estimates by \$1.6 million primarily due to development impact fees, utility users tax, and hotel/motel tax, \$934,000, \$378,000, and \$301,000, respectively.
- Salary and benefit cost savings of around \$940 thousand resulted primarily from unfilled positions across all functions.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The key assumptions in the General Fund forecast for fiscal year 2015-16 were:

- Fostering a LEAN working climate.
- Non-departmental cost share being shifted into operational divisions to which they most relate.
- Anticipate a minor economic growth.
- Information and technology services is its own division and internal charges have been categorized so that it's easier to see the technology budget total.
- Internal service costs are now included in general fund budget divisional budgets with the offset included in revenue (full cost allocation).
- Create a Fleet Replacement Program to replace mission-critical equipment.
- Increase in internal insurance charges to bring these funds to appropriate reserve level.
- Increase in CalPERS rate of around 3.5%.
- Negotiate salary increase for all employees.
- Anticipates a 2% growth in revenue.

## **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@ci.tulare.ca.us](mailto:dthompson@ci.tulare.ca.us). Formal written requests should be addressed to: City of Tulare, Attn: Finance Department, 411 East Kern Avenue, Tulare, California 93274.

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**BASIC FINANCIAL  
STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF TULARE  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Investments	\$ 35,588,903	\$ 15,407,122	\$ 50,996,025
Cash and Investments with Fiscal Agent	1,164,494	17,817,375	18,981,869
Receivables:			
Accounts	1,606,439	3,534,706	5,141,145
Interest	55,505	-	55,505
Taxes	1,435,495	-	1,435,495
Intergovernmental	7,917,450	2,697,548	10,614,998
Notes	1,284,453	-	1,284,453
Inventories	266,385	-	266,385
Internal Balances	1,219,511	(1,219,511)	-
Deferred Loans Receivable	10,608,262	-	10,608,262
Land Held for Resale	35,000	-	35,000
Nondepreciable Capital Assets	63,946,267	7,408,278	71,354,545
Depreciable Capital Assets, Net	173,228,360	259,797,455	433,025,815
<b>Total Assets</b>	<b>298,356,524</b>	<b>305,442,973</b>	<b>603,799,497</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows from Pensions	4,507,423	1,045,932	5,553,355
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	8,092,109	4,820,604	12,912,713
Accrued Interest Payable	373,737	-	373,737
Deposits Payable	891,561	294,582	1,186,143
Unearned Revenue	391,548	-	391,548
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	165,330	68,499	233,829
Leases Payable	106,316	1,274,636	1,380,952
Notes Payable	-	510,093	510,093
Insurance Claims Payable	1,578,368	-	1,578,368
Revenue Bonds Payable	856,716	3,336,568	4,193,284
<b>Total Due Within One Year</b>	<b>12,455,685</b>	<b>10,304,982</b>	<b>22,760,667</b>
Due After One Year:			
Compensated Absences Payable	2,047,922	848,485	2,896,407
Leases Payable	826,723	7,382,888	8,209,611
Notes Payable	-	521,793	521,793
Net Pension Liability	31,418,573	11,029,248	42,447,821
Net Post-Employment Benefits Obligation	636,894	163,142	800,036
Revenue Bonds Payable	28,095,156	185,843,265	213,938,421
<b>Total Due After One Year</b>	<b>63,025,268</b>	<b>205,788,821</b>	<b>268,814,089</b>
<b>Total Liabilities</b>	<b>75,480,953</b>	<b>216,093,803</b>	<b>291,574,756</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows from Pensions	7,368,610	2,235,036	9,603,646
<b>Total Deferred Inflows of Resources</b>	<b>7,368,610</b>	<b>2,235,036</b>	<b>9,603,646</b>
<b>Net Position</b>			
Net Investment in Capital Assets	207,289,716	86,153,865	293,443,581
Restricted for Capital Improvements	1,164,494	8,572,997	9,737,491
Unrestricted	11,560,174	(6,566,796)	4,993,378
<b>Total Net Position</b>	<b>\$ 220,014,384</b>	<b>\$ 88,160,066</b>	<b>\$ 308,174,450</b>

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

**CITY OF TULARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities</b>					
General Government	\$ 5,972,924	\$ 463,179	\$ 152,303	\$ -	\$ 615,482
Intergovernmental	2,001	321,569	716,561	-	1,038,130
Public Safety	20,543,299	1,775,665	54,575	-	1,830,240
Public Works	2,987,540	231,673	-	12,424,332	12,656,005
Community Development	4,217,078	1,114,835	-	-	1,114,835
Community Services	5,106,177	395,966	-	-	395,966
Library and Cultural	3,210,010	248,925	317,188	-	566,113
Interest on Long-Term Debt	1,555,034	-	-	-	-
<b>Total Governmental Activities</b>	<b>43,594,063</b>	<b>4,551,812</b>	<b>1,240,627</b>	<b>12,424,332</b>	<b>18,216,771</b>
<b>Business-Type Activities:</b>					
Aviation	251,520	118,564	238,767	-	357,331
Transit	3,111,671	2,338,653	918,715	-	3,257,368
Development Services	1,956,087	1,924,910	-	-	1,924,910
Water	5,926,633	8,112,880	-	1,052,060	9,164,940
Solid Waste	6,685,681	8,315,243	-	-	8,315,243
Sewer	25,267,201	27,054,457	-	1,169,901	28,224,358
<b>Total Business-Type Activities</b>	<b>43,198,793</b>	<b>47,864,707</b>	<b>1,157,482</b>	<b>2,221,961</b>	<b>51,244,150</b>
<b>Total Primary Government</b>	<b>\$ 86,792,856</b>	<b>\$ 52,416,519</b>	<b>\$ 2,398,109</b>	<b>\$ 14,646,293</b>	<b>\$ 69,460,921</b>

(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, 2015**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>			
<b>Governmental Activities</b>			
General Government	\$ (5,357,442)	\$ -	\$ (5,357,442)
Intergovernmental	1,036,129	-	1,036,129
Public Safety	(18,713,059)	-	(18,713,059)
Public Works	9,668,465	-	9,668,465
Community Development	(3,102,243)	-	(3,102,243)
Community Services	(4,710,211)	-	(4,710,211)
Library and Cultural	(2,643,897)	-	(2,643,897)
Interest on Long-Term Debt	(1,555,034)	-	(1,555,034)
<b>Total Governmental Activities</b>	<b>(25,377,292)</b>	<b>-</b>	<b>(25,377,292)</b>
<b>Business-Type Activities:</b>			
Aviation	-	105,811	105,811
Transit	-	145,697	145,697
Development Services	-	(31,177)	(31,177)
Water	-	3,238,307	3,238,307
Solid Waste	-	1,629,562	1,629,562
Sewer	-	2,957,157	2,957,157
<b>Total Business-Type Activities</b>	<b>-</b>	<b>8,045,357</b>	<b>8,045,357</b>
<b>Total Primary Government</b>	<b>\$ (25,377,292)</b>	<b>\$ 8,045,357</b>	<b>\$ (17,331,935)</b>
<b>General Revenues:</b>			
Sales Tax/Gas Tax/Measure R Taxes	\$ 31,070,736	\$ -	\$ 31,070,736
Property Tax	4,688,189	-	4,688,189
Utility Tax	5,869,634	-	5,869,634
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,629,563	-	4,629,563
Other Taxes	695,971	-	695,971
Motel/Hotel and Franchise Tax	2,215,176	-	2,215,176
Investment Earnings - Unrestricted	567,673	636,054	1,203,727
Miscellaneous	8,346,682	-	8,346,682
<b>Transfer of Noncurrent Assets, Net of the Related Debt to the Primary Government</b>	<b>153,156</b>	<b>-</b>	<b>153,156</b>
<b>Transfers</b>	<b>(746,270)</b>	<b>746,270</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>	<b>57,490,510</b>	<b>1,382,324</b>	<b>58,872,834</b>
<b>Change in Net Position</b>	<b>32,113,218</b>	<b>9,427,681</b>	<b>41,540,899</b>
Net Position - Beginning of Year, as Restated	187,901,166	78,732,385	266,633,551
Net Position - End of Year	<b>\$ 220,014,384</b>	<b>\$ 88,160,066</b>	<b>\$ 308,174,450</b>

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, 2015**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>					
Assets					
Cash and Investments	\$ 19,191,967	\$ -	\$ 2,089,362	\$ 8,031,321	\$ 29,312,650
Cash and Investments with Fiscal Agent	-	-	1,164,494	-	1,164,494
Receivables					
Accounts	1,274,612	-	-	3,751	1,278,363
Interest	44,489	-	15	11,001	55,505
Taxes	1,435,495	-	-	-	1,435,495
Intergovernmental	3,557,721	4,160,471	-	199,258	7,917,450
Loans	-	-	-	10,608,262	10,608,262
Notes	-	-	-	1,284,453	1,284,453
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	5,965,510	-	-	-	5,965,510
Advances to Other Funds	90,000	-	-	-	90,000
<b>Total Assets</b>	<b>31,559,794</b>	<b>4,160,471</b>	<b>3,253,871</b>	<b>20,173,046</b>	<b>59,147,182</b>
Deferred Outflows of Resources	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 31,559,794</b>	<b>\$ 4,160,471</b>	<b>\$ 3,253,871</b>	<b>\$ 20,173,046</b>	<b>\$ 59,147,182</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 7,395,931	\$ -	\$ 373,738	\$ 115,525	\$ 7,885,194
Deposits Payable	891,561	-	-	-	891,561
Due to Other Funds	-	4,784,796	-	51,203	4,835,999
Unearned Revenue	-	-	-	185,075	185,075
<b>Total Liabilities</b>	<b>8,287,492</b>	<b>4,784,796</b>	<b>373,738</b>	<b>351,803</b>	<b>13,797,829</b>
Deferred Inflows of Resources					
Deferred Loans	-	-	-	10,864,460	10,864,460
Fund Balances					
Nonspendable	-	-	-	35,000	35,000
Restricted	1,431,320	-	2,880,133	8,154,275	12,465,728
Committed	21,840,982	-	-	744,557	22,585,539
Assigned	-	-	-	22,951	22,951
Unassigned	-	(624,325)	-	-	(624,325)
<b>Total Fund Balances</b>	<b>23,272,302</b>	<b>(624,325)</b>	<b>2,880,133</b>	<b>8,956,783</b>	<b>34,484,893</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 31,559,794</b>	<b>\$ 4,160,471</b>	<b>\$ 3,253,871</b>	<b>\$ 20,173,046</b>	<b>\$ 59,147,182</b>

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, 2015**

	Amount
<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 34,484,893</b>
 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.	225,071,368
Certain deferred loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	10,864,460
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.	16,149,267
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.	(373,737)
The net pension liability (\$30,898,003) and pension related deferred outflows (\$4,458,056) and deferred inflows (\$7,263,118) are not available resources for the current period and therefore are not reported in the governmental funds.	(33,703,066)
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	(28,951,872)
Capital Leases Payable	(755,831)
Compensated Absences Payable	(2,134,204)
Net Post-Employment Benefits Obligation	(636,894)
<b>Net Position of Governmental Activities</b>	<b>\$ 220,014,384</b>

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, 2015**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 32,621,590	\$ 15,012,195	\$ -	\$ 1,535,484	\$ 49,169,269
Intergovernmental	213,314	-	-	108,100	321,414
Licenses and Permits	89,279	-	-	-	89,279
Fines and Forfeitures	24,124	-	-	158,480	182,604
Charges for Services	3,259,979	-	-	-	3,259,979
Interest and Rentals	439,845	-	7,109	44,400	491,354
Grants	12,415,283	-	-	1,249,676	13,664,959
Meals	-	-	-	24,935	24,935
Assessments	86,878	-	-	611,658	698,536
Other	8,088,429	-	-	30,070	8,118,499
<b>Total Revenues</b>	<b>57,238,721</b>	<b>15,012,195</b>	<b>7,109</b>	<b>3,762,803</b>	<b>76,020,828</b>
<b>Expenditures</b>					
Current					
General Government	5,276,640	-	-	-	5,276,640
Intergovernmental	-	-	2,001	-	2,001
Public Safety	20,374,559	-	-	1,097,982	21,472,541
Public Works	2,913,300	-	-	-	2,913,300
Community Development	96,810	-	-	818,149	914,959
Community Services	4,204,316	-	-	870,720	5,075,036
Library and Cultural	1,185,082	-	-	-	1,185,082
Capital Outlay	33,103,216	-	-	-	33,103,216
Debt Service					
Principal	83,069	-	795,000	-	878,069
Interest and Fiscal Charges	42,197	-	1,521,781	-	1,563,978
<b>Total Expenditures</b>	<b>67,279,189</b>	<b>-</b>	<b>2,318,782</b>	<b>2,786,851</b>	<b>72,384,822</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,040,468)	15,012,195	(2,311,673)	975,952	3,636,006
Other Financing Sources (Uses)					
Transfers In	18,824,654	-	2,315,380	1,461,032	22,601,066
Transfers Out	(8,100,799)	(15,636,520)	-	(1,399,291)	(25,136,610)
<b>Total Other Financing Sources (Uses)</b>	<b>10,723,855</b>	<b>(15,636,520)</b>	<b>2,315,380</b>	<b>61,741</b>	<b>(2,535,544)</b>
<b>Net Change in Fund Balances</b>	<b>683,387</b>	<b>(624,325)</b>	<b>3,707</b>	<b>1,037,693</b>	<b>1,100,462</b>
Fund Balances - Beginning, as Restated	22,588,915	-	2,876,426	7,919,090	33,384,431
<b>Fund Balances - Ending</b>	<b>\$ 23,272,302</b>	<b>\$ (624,325)</b>	<b>\$ 2,880,133</b>	<b>\$ 8,956,783</b>	<b>\$ 34,484,893</b>

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, 2015**

	Amount
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,100,462</b>
 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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.	27,821,535
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 expense over the life of the debt in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	878,069
This amount represents amortization of bond discount/premiums	26,715
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	85,863
This amount represents costs of post-employment benefits	56,353
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.	8,945
In the Governmental Funds, certain deferred loans receivable from the former component unit are not recognized. In the Government-Wide statements, the deferred loan receivable is recognized as a special item.	153,156
Changes to the net pension liability and related deferred outflows and inflows of resources do not provide current financial resources and therefore are not reported in the governmental funds.	1,407,517
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.	574,603
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 32,113,218</b>

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Cash and Investments	\$ 275,882	\$ 790,744	\$ 2,599,278	\$ 1,838,143	\$ 9,903,075	\$ -	\$ 15,407,122	\$ 6,276,253
Cash and Investments with Fiscal Agent	-	-	-	-	17,817,375	-	17,817,375	-
Accounts Receivable	15,860	1,655	689,543	745,644	2,080,071	1,933	3,534,706	328,076
Intergovernmental Receivable	2,545,796	-	-	125,227	96	26,429	2,697,548	-
Inventories	-	-	-	-	-	-	-	266,385
Advances to Other Funds	-	-	-	1,446,667	-	-	1,446,667	-
<b>Total Current Assets</b>	<b>2,837,538</b>	<b>792,399</b>	<b>3,288,821</b>	<b>4,155,681</b>	<b>29,800,617</b>	<b>28,362</b>	<b>40,903,418</b>	<b>6,870,714</b>
<b>Noncurrent Assets</b>								
<b>Capital Assets</b>								
<b>Nondepreciable</b>								
Land	193,261	-	2,347,356	-	4,588,446	279,215	7,408,278	75,000
<b>Depreciable</b>								
Buildings	4,213,830	-	6,900	-	396,132	161,451	4,778,313	6,187,770
Improvements Other Than Buildings	-	-	53,617,774	8,992	266,109,964	6,533,248	326,269,978	1,648,583
Machinery and Equipment	3,966,863	-	689,816	193,271	3,875,111	47,830	8,772,891	18,972,077
Accumulated Depreciation	(3,903,299)	-	(20,924,242)	(165,150)	(52,144,840)	(2,886,196)	(80,023,727)	(14,780,171)
<b>Total Noncurrent Assets</b>	<b>4,470,655</b>	<b>-</b>	<b>35,737,604</b>	<b>37,113</b>	<b>222,824,813</b>	<b>4,135,548</b>	<b>267,205,733</b>	<b>12,103,259</b>
<b>Total Assets</b>	<b>7,308,193</b>	<b>792,399</b>	<b>39,026,425</b>	<b>4,192,794</b>	<b>252,625,430</b>	<b>4,163,910</b>	<b>308,109,151</b>	<b>18,973,973</b>
<b>Deferred Outflows of Resources</b>								
Deferred Outflows from Pensions	15,614	213,070	183,883	311,902	320,291	1,172	1,045,932	49,367
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,323,807</b>	<b>\$ 1,005,469</b>	<b>\$ 39,210,308</b>	<b>\$ 4,504,696</b>	<b>\$ 252,945,721</b>	<b>\$ 4,165,082</b>	<b>\$ 309,155,083</b>	<b>\$ 19,023,340</b>

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Liabilities and Deferred Inflows of Resources</b>								
<b>Current Liabilities</b>								
Accounts Payable and Accrued Liabilities	\$ 141,360	\$ 69,484	\$ 682,611	\$ 217,488	\$ 3,707,263	\$ 2,398	\$ 4,820,604	\$ 206,915
Deposits Payable	-	-	135,450	-	159,132	-	294,582	-
Due to Other Funds	-	-	-	-	-	1,129,511	1,129,511	-
Unearned Revenue	-	-	-	-	-	-	-	206,473
Compensated Absences - Current	2,175	10,580	15,313	18,198	22,200	33	68,499	5,905
Advances from Other Funds - Current	90,000	-	103,333	-	-	-	193,333	-
Leases Payable - Current	-	-	635,210	-	639,426	-	1,274,636	19,476
Notes Payable - Current	-	-	-	-	510,093	-	510,093	-
Revenue Bonds Payable - Current	-	-	-	-	3,336,568	-	3,336,568	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,578,368
<b>Total Current Liabilities</b>	<b>233,535</b>	<b>80,064</b>	<b>1,571,917</b>	<b>235,686</b>	<b>8,374,682</b>	<b>1,131,942</b>	<b>11,627,826</b>	<b>2,017,137</b>
<b>Noncurrent Liabilities</b>								
Advances from Other Funds	-	-	1,343,334	-	-	-	1,343,334	-
Compensated Absences Payable	26,947	131,051	189,680	225,412	274,992	403	848,485	73,142
Leases Payable	-	-	4,895,583	-	2,487,305	-	7,382,888	157,732
Notes Payable	-	-	-	-	521,793	-	521,793	-
Net Post-Employment Benefits Obligation	4,436	-	36,938	68,625	51,695	1,448	163,142	-
Net Pension Liability	164,644	2,246,807	1,939,025	3,288,983	3,377,435	12,354	11,029,248	520,570
Revenue Bonds Payable	-	-	-	-	185,843,265	-	185,843,265	-
<b>Total Noncurrent Liabilities</b>	<b>196,027</b>	<b>2,377,858</b>	<b>8,404,560</b>	<b>3,583,020</b>	<b>192,556,485</b>	<b>14,205</b>	<b>207,132,155</b>	<b>751,444</b>
<b>Total Liabilities</b>	<b>429,562</b>	<b>2,457,922</b>	<b>9,976,477</b>	<b>3,818,706</b>	<b>200,931,167</b>	<b>1,146,147</b>	<b>218,759,981</b>	<b>2,768,581</b>
<b>Deferred Inflows of Resources</b>								
Deferred Inflows from Pensions	33,364	455,307	392,936	666,501	684,425	2,503	2,235,036	105,492
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>462,926</b>	<b>2,913,229</b>	<b>10,369,413</b>	<b>4,485,207</b>	<b>201,615,592</b>	<b>1,148,650</b>	<b>220,995,017</b>	<b>2,874,073</b>
<b>Net Position</b>								
Net Investment in Capital Assets	4,470,655	-	30,206,811	37,113	47,303,738	4,135,548	86,153,865	11,926,051
Restricted for Capital Improvements	-	-	3,572,997	-	5,000,000	-	8,572,997	-
Unrestricted	2,390,226	(1,907,760)	(4,938,913)	(17,624)	(973,609)	(1,119,116)	(6,566,796)	4,223,216
<b>Total Net Position</b>	<b>\$ 6,860,881</b>	<b>\$ (1,907,760)</b>	<b>\$ 28,840,895</b>	<b>\$ 19,489</b>	<b>\$ 51,330,129</b>	<b>\$ 3,016,432</b>	<b>\$ 88,160,066</b>	<b>\$ 16,149,267</b>

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, 2015**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>								
Charges for Services	\$ 2,147,025	\$ 1,603,411	\$ 7,410,408	\$ 8,142,424	\$ 24,397,949	\$ 111,840	\$ 43,813,057	\$ -
Departmental Charges	-	-	-	-	-	-	-	8,576,850
Connection Fees	-	-	325,125	-	70,654	-	395,779	-
Employee Contributions	-	-	-	-	-	-	-	1,383,466
Other	191,628	321,499	377,347	172,819	2,585,854	6,724	3,655,871	-
<b>Total Operating Revenues</b>	<b>2,338,653</b>	<b>1,924,910</b>	<b>8,112,880</b>	<b>8,315,243</b>	<b>27,054,457</b>	<b>118,564</b>	<b>47,864,707</b>	<b>9,960,316</b>
<b>Operating Expenses</b>								
General Administration	-	-	-	-	-	-	-	41,727
Personnel Services	88,002	1,218,934	1,239,955	2,177,301	1,190,443	6,723	5,921,358	927,637
Contractual Services	-	-	-	-	-	-	-	309,307
Maintenance and Supplies	2,701,421	737,153	3,470,475	4,493,209	7,259,657	75,023	18,736,938	-
Equipment Usage and Operation	-	-	-	-	-	-	-	2,190,705
Insurance	-	-	-	-	-	-	-	6,731,794
Depreciation	322,248	-	1,216,203	15,171	5,687,318	169,774	7,410,714	1,253,383
<b>Total Operating Expenses</b>	<b>3,111,671</b>	<b>1,956,087</b>	<b>5,926,633</b>	<b>6,685,681</b>	<b>14,137,418</b>	<b>251,520</b>	<b>32,069,010</b>	<b>11,454,553</b>
<b>Operating Income (Loss)</b>	<b>(773,018)</b>	<b>(31,177)</b>	<b>2,186,247</b>	<b>1,629,562</b>	<b>12,917,039</b>	<b>(132,956)</b>	<b>15,795,697</b>	<b>(1,494,237)</b>
<b>Nonoperating Revenues (Expenses)</b>								
Contributed Capital	-	-	1,052,060	-	1,169,901	-	2,221,961	-
Interest Income	8,563	626	8,692	42,179	575,994	-	636,054	76,318
Interest Expense	-	-	-	-	(11,129,783)	-	(11,129,783)	-
Grants	918,715	-	-	-	-	238,767	1,157,482	-
Other Income	-	-	-	-	-	-	-	203,248
<b>Total Nonoperating Revenues (Expenses)</b>	<b>927,278</b>	<b>626</b>	<b>1,060,752</b>	<b>42,179</b>	<b>(9,383,888)</b>	<b>238,767</b>	<b>(7,114,286)</b>	<b>279,566</b>
<b>Income (Loss) Before Transfers</b>	<b>154,260</b>	<b>(30,551)</b>	<b>3,246,999</b>	<b>1,671,741</b>	<b>3,533,151</b>	<b>105,811</b>	<b>8,681,411</b>	<b>(1,214,671)</b>
Transfers In	-	689,040	1,089,888	-	7,653,308	-	9,432,236	4,448,370
Transfers Out	-	(51,000)	(867,108)	(36,550)	(7,731,308)	-	(8,685,966)	(2,659,096)
<b>Change in Net Position</b>	<b>154,260</b>	<b>607,489</b>	<b>3,469,779</b>	<b>1,635,191</b>	<b>3,455,151</b>	<b>105,811</b>	<b>9,427,681</b>	<b>574,603</b>
<b>Net Position, Beginning, as Restated</b>	<b>6,706,621</b>	<b>(2,515,249)</b>	<b>25,371,116</b>	<b>(1,615,702)</b>	<b>47,874,978</b>	<b>2,910,621</b>	<b>78,732,385</b>	<b>15,574,664</b>
<b>Net Position, Ending</b>	<b>\$ 6,860,881</b>	<b>\$ (1,907,760)</b>	<b>\$ 28,840,895</b>	<b>\$ 19,489</b>	<b>\$ 51,330,129</b>	<b>\$ 3,016,432</b>	<b>\$ 88,160,066</b>	<b>\$ 16,149,267</b>

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, 2015**

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers for Current Services	\$ 1,934,083	\$ 1,924,953	\$ 8,068,388	\$ 8,351,759	\$ 27,333,117	\$ 143,000	\$ 47,755,300	\$ -
Cash Received for Interfund Services Provided	-	-	-	-	-	-	-	9,768,976
Cash Received from Other Operations	-	-	-	-	-	-	-	99,878
Cash Paid for Salaries and Benefits	(98,442)	(1,205,378)	(1,297,742)	(2,275,477)	(1,217,075)	(7,088)	(6,101,202)	(891,752)
Cash Paid for Services and Supplies	(2,699,279)	(727,899)	(4,041,824)	(4,386,074)	(7,433,393)	(77,954)	(19,366,423)	(2,740,685)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(41,707)
Cash Paid for Reported Claims	-	-	-	-	-	-	-	(6,731,814)
Net Cash Provided by (Used for) Operating Activities	(863,638)	(8,324)	2,728,822	1,690,208	18,682,649	57,958	22,287,675	(537,104)
Cash Flows from Non-Capital Financing Activities:								
Grants	918,715	-	-	-	-	238,767	1,157,482	-
Advances to/from Other Funds	(90,000)	-	(103,332)	103,333	-	-	(89,999)	-
Due to Other Funds	-	-	-	-	-	(61,550)	(61,550)	-
Other Income	-	-	-	-	-	-	-	203,248
Transfers from Other Funds	-	689,040	1,089,888	-	7,653,308	-	9,432,236	4,448,370
Transfers to Other Funds	-	(51,000)	(867,108)	(36,550)	(7,731,308)	-	(8,685,966)	(2,659,096)
Net Cash Provided by (Used for) Non-Capital Financing Activities	828,715	638,040	119,448	66,783	(78,000)	177,217	1,752,203	1,992,522
Cash Flows from Capital and Related Financing Activities:								
Capital Contribution	-	-	1,052,060	-	1,169,901	-	2,221,961	-
Payments Made on Capital Leases	-	-	-	-	-	-	-	(19,476)
Principal and Interest Paid on Long-Term Debt	-	-	-	-	(15,228,707)	-	(15,228,707)	-
Acquisition of Capital Assets	(176,170)	-	(1,401,369)	-	(1,569,623)	(235,175)	(3,382,337)	(2,624,616)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(176,170)	-	(349,309)	-	(15,628,429)	(235,175)	(16,389,083)	(2,644,092)
Cash Flows from Investing Activities:								
Interest Income	8,563	626	8,692	42,179	575,994	-	636,054	76,318
Net Increase (Decrease) in Cash and Cash Equivalents	(202,530)	630,342	2,507,653	1,799,170	3,552,214	-	8,286,849	(1,112,356)
Cash and Cash Equivalents, Beginning of the Year	478,412	160,402	91,625	38,973	24,168,236	-	24,937,648	7,388,609
Cash and Cash Equivalents, End of the Year	<u>\$ 275,882</u>	<u>\$ 790,744</u>	<u>\$ 2,599,278</u>	<u>\$ 1,838,143</u>	<u>\$ 27,720,450</u>	<u>\$ -</u>	<u>\$ 33,224,497</u>	<u>\$ 6,276,253</u>

(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, 2015**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	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)	\$ (773,018)	\$ (31,177)	\$ 2,186,247	\$ 1,629,562	\$ 12,917,039	\$ (132,956)	\$ 15,795,697	\$ (1,494,237)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation	322,248	-	1,216,203	15,171	5,687,318	169,774	7,410,714	1,253,383
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	3,731	43	(44,596)	145,198	278,660	1,705	384,741	(189,005)
(Increase) Decrease in Inventory	-	-	-	-	2,389	22,731	25,120	(2,335)
(Increase) Decrease in Intergovernmental Receivable	(408,301)	-	104	(108,682)	-	-	(516,879)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,142	9,254	(571,349)	7,135	(176,125)	(2,931)	(731,874)	68,582
Increase (Decrease) in Unearned Revenue	-	-	-	-	-	-	-	99,878
Increase (Decrease) in Insurance Claims Payable	-	-	-	-	-	-	-	(291,155)
Increase (Decrease) in Net Post-Employment Benefits Obligation	(567)	(3,516)	(5,271)	(6,864)	(7,236)	-	(23,454)	-
Increase (Decrease) in Net Pension Liability and Related Items	(1,665)	(22,715)	(19,603)	(33,251)	(34,145)	(126)	(111,505)	(5,263)
Increase (Decrease) in Compensated Absences Payable	(8,208)	39,787	(32,913)	41,939	14,749	(239)	55,115	23,048
Net Cash Provided by (Used for) Operating Activities	<u>\$ (863,638)</u>	<u>\$ (8,324)</u>	<u>\$ 2,728,822</u>	<u>\$ 1,690,208</u>	<u>\$ 18,682,649</u>	<u>\$ 57,958</u>	<u>\$ 22,287,675</u>	<u>\$ (537,104)</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 275,882	\$ 790,744	\$ 2,599,278	\$ 1,838,143	\$ 9,903,075	\$ -	\$ 15,407,122	\$ 6,276,253
Restricted Cash and Investments	-	-	-	-	17,817,375	-	17,817,375	-
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 275,882</u>	<u>\$ 790,744</u>	<u>\$ 2,599,278</u>	<u>\$ 1,838,143</u>	<u>\$ 27,720,450</u>	<u>\$ -</u>	<u>\$ 33,224,497</u>	<u>\$ 6,276,253</u>

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Cash and Investments	\$ 1,626,755	\$ 3,198,618
Cash and Investments with Fiscal Agent	3,709,394	-
Accounts Receivable	9,752	58,111
Interest Receivable	931	-
Note Receivable	8,745,681	-
Loan Receivable	60,000	-
Land Held for Sale	369,517	-
Total Assets	\$ 14,522,030	\$ 3,256,729
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 684,399	\$ 23,281
Unearned Revenue	646,209	-
Deposits Payable	30,250	3,233,448
Bonds - Current	605,000	-
Total Current Liabilities	1,965,858	3,256,729
Noncurrent Liabilities		
Bonds and Advances	27,212,757	-
Total Noncurrent Liabilities	27,212,757	-
Total Liabilities	29,178,615	3,256,729
<b>Net Position</b>	\$ (14,656,585)	\$ -

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, 2015**

	Private Purpose Trust Fund
<b>Additions</b>	
Grants	\$ 2,537,462
Interest and Rentals	7,482
Other	27,108
Total Additions	\$ 2,572,052
<b>Deductions</b>	
Community Development	\$ 76,372
Interest Expense	1,631,944
Contractual Services Expense	230,005
Total Deductions	1,938,321
Change in Net Position	633,731
Net Position, Beginning of Year	(15,290,316)
Net Position, End of Year	\$ (14,656,585)

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

**CITY OF TULARE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

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

### B. Basis of Presentation

#### Government-Wide Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information of all of the nonfiduciary activities of the primary government and its blended component unit. For the most part, eliminations have been made to minimize the double counting on internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

#### Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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 2008 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.

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

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

C. Basis of Accounting

The government-wide financial statements, proprietary fund financial statements, and the private purpose trust fund 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.

For its government-wide activities and enterprise funds, the City follows GASB Statement No. 62, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The City applies all GASB pronouncements currently in effect as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989.

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Financial Statements

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Debt principal payments of both government 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 business-type activities 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 the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – 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, 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.

**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 <sup>st</sup> installment February 1 – 2 <sup>nd</sup> installment
Collection dates	December 10 – 1 <sup>st</sup> installment April 10 – 2 <sup>nd</sup> 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 fiscal year ended June 30, 2015. 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. A budget for the Capital Projects Fund is not presented because it is budgeted on a project basis rather than on an annual basis. No budgets are adopted for 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, 2015, the City Council approved \$3,513,550 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

F. Reconciliation of Government-Wide and Fund Financial Statements

**Explanation of differences between governmental fund operating statements and the government-wide Statement of Activities.**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$27,821,535 difference are as follows:

Capital Outlay	\$ 36,823,115
Depreciation Expense	<u>(9,001,580)</u>
Difference	<u>\$ 27,821,535</u>

G. Reclassifications and Eliminations

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

H. Recent Accounting Pronouncements – Implemented in the Financial Statements

**GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27**

This statement is to improve accounting and financial reporting by state and local governments for pensions. The result of implementation of this statement has been reported in both the government-wide financial statements and in the accompanying note disclosures (Note 7 Pension Plans and Note 15 Restatement of Beginning Net Position/Fund Balances).

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

H. Recent Accounting Pronouncements – Implemented in the Financial Statements (Continued)

**GASB Statement No. 69, Government Combinations and Disposals of Government Operations**

This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of this statement did not change the accounting or affect the City’s financial statements.

**GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68**

The objective of this statement is to address issues regarding the application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The result of implementation of this statement have been reported in both the government-wide financial statements and in the accompanying note disclosure (Note 7 Pension Plans).

I. Pensions

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

J. Future Pronouncements

Additional standards recently released by GASB that are required to be implemented in future years are as follows:

<b>Statement No.</b>	<b>Title</b>	<b>Effective for Fiscal Years Beginning on or After</b>
72	<i>Fair Value Measurements and Application</i>	June 15, 2015
73	<i>Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, An Amendment to Certain Provisions of GASB Statements No. 67 and No. 68</i>	June 15, 2016
74	<i>Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans</i>	June 15, 2016
75	<i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans</i>	June 15, 2017
76	<i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>	June 15, 2015
77	<i>Tax Abatement Disclosures</i>	December 15, 2015
78	<i>Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans</i>	December 15, 2015

## NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Cash and Investments	\$ 50,996,025
Cash and Investments with Fiscal Agent	18,981,869
Fiduciary Funds:	
Cash and Investments	4,825,373
Cash and Investments with Fiscal Agent	3,709,394
	<hr/>
Total Cash and Investments	<u>\$ 78,512,661</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on Hand	\$ 23,006
Cash with Financial Institutions	493,685
Investments	55,304,707
Cash and Investment with Fiscal Agents	22,691,263
	<hr/>
Total Cash and Investments	<u>\$ 78,512,661</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 trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage/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
Repurchase Agreements <sup>(3)</sup>	90 days	N/A	N/A
Medium-Term Notes/Corporate Bonds <sup>(1)</sup>	5 years	30%	N/A
Mutual Funds <sup>(4)</sup>	N/A	15%	N/A
Commercial Paper <sup>(6)</sup>	N/A	25%	N/A
Zero Coupon Bonds <sup>(2)</sup>	N/A	N/A	N/A
Passbook Savings Account Demand Deposits <sup>(5)</sup>	N/A	N/A	N/A

(1) Must be rated A or better by a nationally recognized rating service and may not exceed 30 percent 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 percent of the City's surplus funds.

(5) Requires investing only in FDIC savings and loans institutions.

(6) Purchases may not exceed 25 percent of the City's surplus funds.



**NOTE 2 – CASH AND INVESTMENTS** (Continued)

**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 trustee. The table also identifies certain provisions of these debt agreement 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

**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 is, the greater the sensitivity of its fair value will be to changes in market interest rates. None of the City's investments, as shown below, are adversely affected by changes in interest rates.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 33,561,093	2.4
Certificates of Deposit	735,556	
Local Agency Investment Fund (LAIF)	21,008,058	N/A
Held by Bond Trustee:		
Money Market Mutual Funds	7,692,006	0.2
Investment Contracts	14,999,257	1.5
Total	<u>\$ 77,995,970</u>	

**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.

**NOTE 2 – CASH AND INVESTMENTS** (Continued)

**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	\$ 33,561,093	N/A	\$ -	\$ 33,561,093	\$ -
Certificates of Deposit	735,556	N/A	-	-	735,556
Local Agency Investment Fund (LAIF)	21,008,058	Collateralized	-	-	21,008,058
Held by Bond Trustee:					
Money Market Mutual Funds	7,692,006	A	7,692,006	-	-
Investment Contracts	14,999,257	N/A	14,999,257	-	-
<b>Total</b>	<b>\$ 77,995,970</b>		<b>\$ 22,691,263</b>	<b>\$ 33,561,093</b>	<b>\$ 21,743,614</b>

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 7,998,315
Federal Farm Credit Banks	Federal Agency Securities	16,043,867
Federal National Mortgage	Federal Agency Securities	9,518,911
	<b>Total Federal Agency Securities</b>	<b>\$ 33,561,093</b>

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). Collateral for cash deposits is considered to be held in the City’s name. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

## NOTE 2 – CASH AND INVESTMENTS (Continued)

### Custodial Credit Risk (Continued)

The carrying amounts of the City's cash deposits were \$493,685 at June 30, 2015. Bank balances before reconciling items were \$2,651,709 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

### Investments in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at [www.treasurer.ca.gov](http://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 3 – NOTES AND LOANS RECEIVABLE

Notes receivable for the primary government consist of:

### Primary Government

Secured note receivable from **Western Pacific Meat Packing, LLC**, a third party, dated November 7, 2006, bearing no interest and due November 6, 2016, for acquiring certain real property and development of a beef harvesting facility in Tulare, California. \$ 524,995

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 full term, then the notes are forgiven. If not, then notes are due and payable and any funds received back to the City will be forwarded to Tulare County as program income per Federal funding rules for the Neighborhood Stabilization Program (NSP). 759,458

**Total Primary Government** \$ 1,284,453

Loans receivable consist of:

### Primary Government

Home Program (Housing Successor Agency (HSA)) \$ 7,407,251  
Housing Community Development Block Grant (CDBG) Loans 2,086,423  
Rehabilitation Loans 1,114,588

**Total Primary Government** \$ 10,608,262

## NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2015, were as follows:

<b><u>Governmental Activities</u></b>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Nondepreciable Capital Assets:				
Land	\$ 18,973,655	\$ -	\$ -	\$ 18,973,655
Right-of-Way	7,873,154	6,629,899	-	14,503,053
Construction in Progress	25,841,194	6,148,209	(1,519,844)	30,469,559
Subtotal	52,688,003	12,778,108	(1,519,844)	63,946,267
Depreciable Capital Assets:				
Infrastructure	214,838,223	24,993,485	-	239,831,708
Structures and Improvements	57,763,903	105,169	-	57,869,072
Equipment	23,856,199	3,090,242	(1,910,336)	25,036,105
Subtotal	296,458,325	28,188,896	(1,910,336)	322,736,885
Accumulated Depreciation:				
Infrastructure	(104,930,503)	(7,333,117)	-	(112,263,620)
Structures and Improvements	(17,685,093)	(1,580,251)	-	(19,265,344)
Equipment	(18,548,872)	(1,340,594)	1,909,905	(17,979,561)
Subtotal	(141,164,468)	(10,253,962)	1,909,905	(149,508,525)
Net Capital Assets	\$ 207,981,860	\$ 30,713,042	\$ (1,520,275)	\$ 237,174,627
<b><u>Business-Type Activities</u></b>				
	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Nondepreciable Capital Assets:				
Land	\$ 7,408,278	\$ -	\$ -	\$ 7,408,278
Construction in Progress	933,357	-	(933,357)	-
Subtotal	8,341,635	-	(933,357)	7,408,278
Depreciable Capital Assets:				
Buildings	4,776,481	1,832	-	4,778,313
Improvements Other Than Buildings	322,200,765	4,069,213	-	326,269,978
Equipment	8,587,803	244,649	(59,561)	8,772,891
Subtotal	335,565,049	4,315,694	(59,561)	339,821,182
Accumulated Depreciation:				
Buildings	(1,345,989)	(101,815)	-	(1,447,804)
Improvements Other Than Buildings	(64,084,785)	(6,991,174)	-	(71,075,959)
Equipment	(7,241,800)	(317,725)	59,561	(7,499,964)
Subtotal	(72,672,574)	(7,410,714)	59,561	(80,023,727)
Net Capital Assets	\$ 271,234,110	\$ (3,095,020)	\$ (933,357)	\$ 267,205,733

**NOTE 4 – CAPITAL ASSETS** (Continued)

Depreciation expense for the fiscal year ending June 30, 2015, was charged to the following activities:

Governmental Activities:	
General Government	\$ 941,596
Public Safety	753,527
Public Works	116,967
Community Development	5,202,518
Community Services	49,063
Library and Cultural	<u>3,190,291</u>
Total Governmental Activities Depreciation Expense	<u>\$ 10,253,962</u>
Business-Type Activities:	
Aviation	\$ 169,774
Transit	322,248
Water	1,216,203
Solid Waste	15,171
Sewer	<u>5,687,318</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 7,410,714</u>

**NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The City's accounts payable and accrued liabilities for the year ended June 30, 2015, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 7,395,931
Financing Authority Fund	373,738
Other Governmental Funds	115,525
Internal Service Funds	<u>206,915</u>
Total Governmental Activities	<u>\$ 8,092,109</u>
Business-Type Activities:	
Transit	\$ 141,360
Development Services	69,484
Water	682,611
Solid Waste	217,488
Sewer	3,707,263
Aviation	<u>2,398</u>
Total Business-Type Activities	<u>\$ 4,820,604</u>

## NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2015:

Type of Debt	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Revenue Bonds Payable	\$ 29,160,000	\$ -	\$ 795,000	\$ 28,365,000	\$ 830,000
Bond Premium	1,357,268	-	56,948	1,300,320	56,948
Bond Discount	(743,680)	-	(30,232)	(713,448)	(30,232)
Leases Payable	1,035,583	-	102,544	933,039	106,316
Net Post-Employment Benefits Obligation	693,246	146,868	203,220	636,894	-
Compensated Absences Payable	2,276,066	173,086	235,900	2,213,252	165,330
<b>Total Governmental Activities</b>	<b>\$ 33,778,483</b>	<b>\$ 319,954</b>	<b>\$ 1,363,380</b>	<b>\$ 32,735,057</b>	<b>\$ 1,128,362</b>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 191,915,751	\$ -	\$ 2,809,121	\$ 189,106,630	\$ 3,284,658
Bond Premium	3,670,211	-	286,768	3,383,443	164,114
Bond Discount	(3,422,444)	-	(112,204)	(3,310,240)	(112,204)
Leases Payable	9,882,269	-	1,224,745	8,657,524	1,274,636
Notes Payable	1,530,000	-	498,114	1,031,886	510,093
Net Post-Employment Benefits Obligation	186,596	61,133	84,587	163,142	-
Compensated Absences Payable	861,869	96,475	41,360	916,984	68,499
<b>Total Business-Type Activities</b>	<b>\$ 204,624,252</b>	<b>\$ 157,608</b>	<b>\$ 4,832,491</b>	<b>\$ 199,949,369</b>	<b>\$ 5,189,796</b>
<b>Primary Government:</b>					
Revenue Bonds Payable	\$ 221,075,751	\$ -	\$ 3,604,121	\$ 217,471,630	\$ 4,114,658
Bond Premium	5,027,479	-	343,716	4,683,763	221,062
Bond Discount	(4,166,124)	-	(142,436)	(4,023,688)	(142,436)
Leases Payable	10,917,852	-	1,327,289	9,590,563	1,380,952
Notes Payable	1,530,000	-	498,114	1,031,886	510,093
Net Post-Employment Benefits Obligation	879,842	208,001	287,807	800,036	-
Compensated Absences Payable	3,137,935	269,561	277,260	3,130,236	233,829
<b>Total Primary Government:</b>	<b>\$ 238,402,735</b>	<b>\$ 477,562</b>	<b>\$ 6,195,871</b>	<b>\$ 232,684,426</b>	<b>\$ 6,318,158</b>

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

**NOTE 6 – LONG-TERM DEBT** (Continued)

Governmental Activities -

Lease Revenue Bonds (the Authority):

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1 each year, commencing April 1, 2009, through April 1, 2038, and bear interest at rates ranging from 4.00% to 5.50% depending upon the date of maturity. At June 30, 2015, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 28,951,872

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy.

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the government-wide Statement of Net Position.

\$ 2,213,252

Net Post-Employment Benefits Obligation:

The City accounts for net post-employment benefits obligation in accordance with GASB Statement No. 45. The unfunded annual required contribution is recorded as a liability in the government-wide Statement of Net Position.

\$ 636,894

Lease Payable:

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

\$ 933,039

The annual requirements to amortize the lease payable outstanding, including interest of \$176,725, are as follows:

<u>Year Ending June 30,</u>	<u>Citi Capital Muni</u>
2016	\$ 147,960
2017	147,960
2018	147,960
2019	147,960
2020	147,960
2021-2023	<u>369,964</u>
	1,109,764
Less Interest	<u>176,725</u>
Total	<u>\$ 933,039</u>

**NOTE 6 – LONG-TERM DEBT** (Continued)

Business-Type Activities -

Lease Payable:

In September 2006, the City entered into a lease agreement to obtain an obligation of \$8,448,136 on a capital lease for various energy retrofit capital expenditures. The sixteen-year lease bears an interest rate at 4.49% and has semi-annual payments in the range of \$36,417 and \$540,316 each year. At June 30, 2015, the outstanding balance was \$5,884,445.

The annual requirements to amortize the lease payable outstanding, including interest of \$1,110,994, are as follows:

Year Ending June 30,	Citi Capital Muni
2016	\$ 932,672
2017	932,672
2018	932,672
2019	932,672
2020	932,672
2021-2024	<u>2,332,079</u>
	6,995,439
Less Interest	<u>1,110,994</u>
Total	<u><u>\$ 5,884,445</u></u>

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2015, the outstanding balance was \$2,773,079.

The annual requirements to amortize the lease payable outstanding, including interest of \$760,214, are as follows:

Year Ending June 30,	Bank of America Solar Project
2016	\$ 729,752
2017	263,014
2018	266,921
2019	270,816
2020	274,696
2010-2025	1,430,749
2026-2027	<u>297,345</u>
	3,533,293
Less Interest	<u>760,214</u>
Total	<u><u>\$ 2,773,079</u></u>

2006 Sewer Revenue Bonds:

On December 7, 2006, the City issued \$78,900,000 in Sewer Revenue Bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15 each year, commencing 2008 through 2042 and bear interest rates from 4% to 5%. At June 30, 2015, the outstanding balance, including the related unamortized bond premium, was \$78,088,183.



**NOTE 6 – LONG-TERM DEBT** (Continued)

2009 Sewer Revenue Bonds:

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principals are payable in amounts ranging from \$780,000 to \$10,590,000 per year on November 15 each year, commencing November 15, 2032, through November 15, 2044, and bear interest rate of 8.75%. The bond interests are payable twice a year respectively on May 15 and November 15 each year. The City is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009 Bonds. At June 30, 2015, the outstanding balance, including the related unamortized bond discount, was \$51,822,481.

2010 Sewer Revenue Bonds:

On December 22, 2010, the City issued \$19,425,000 in Sewer Revenue Bonds. The bonds are payable semi-annually in amounts ranging from \$0 to \$10,700,000 per year on November 15 each year, commencing May 15, 2011, through November 15, 2045, and bear interest rates from 3.25% to 6.50%. At June 30, 2015, the outstanding balance, including the related unamortized bond discount, was \$19,111,279.

2012 Sewer Revenue Refunding Bonds:

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.29%. At June 30, 2015, the outstanding balance, including the related unamortized bond discount, was \$8,737,630.

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 rates from 2% to 5%. At June 30, 2015, the outstanding balance, including the related unamortized bond premium was \$31,420,260.

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

	Primary Government	
	Governmental Activities	Business-Type Activities
	2008	2013 Sewer
Year Ending	Lease	Revenue
June 30,	Revenue	Refunding Bonds
	Bonds	
2016	\$ 2,324,950	\$ 2,871,075
2017	2,322,600	2,869,900
2018	2,328,675	2,872,000
2019	2,322,725	2,872,500
2020	2,323,113	2,369,150
2021-2025	11,628,635	9,090,775
2026-2030	10,267,743	10,141,625
2031-2035	9,369,863	7,241,850
2036-2040	5,615,400	-
2041-2045	-	-
2046-2048	-	-
	48,503,704	40,328,875
Less Interest	20,138,704	11,003,875
Plus Unamortized Premium	1,300,320	2,095,260
Less Unamortized Discount	(713,448)	-
Total	<u>\$ 28,951,872</u>	<u>\$ 31,420,260</u>

**NOTE 6 – LONG-TERM DEBT** (Continued)

Year Ending June 30,	Primary Government Business-Type Activities			
	2006 Sewer Revenue Bonds	2009 Sewer Revenue Bonds	2010 Sewer Revenue Bonds	2012 Sewer Revenue Refunding
2016	\$ 3,990,225	\$ 4,792,813	\$ 1,499,990	\$ 923,355
2017	4,040,825	4,792,813	1,463,615	923,355
2018	4,049,425	4,792,813	1,451,428	923,355
2019	4,056,825	4,792,813	1,438,021	923,355
2020	4,592,225	4,792,813	1,448,240	923,355
2021-2025	25,632,350	23,964,063	7,569,338	4,616,777
2026-2030	27,586,688	23,964,063	7,565,725	1,385,036
2031-2035	27,812,000	27,471,281	5,062,582	-
2036-2040	28,018,750	33,231,781	3,477,500	-
2041-2045	10,950,625	46,981,655	3,477,500	-
2046-2048	-	-	11,047,750	-
	140,729,938	179,576,908	45,501,689	10,618,588
Less Interest	63,929,938	124,801,908	26,076,689	1,836,958
Plus Unamortized Premium	1,288,183	-	-	-
Less Unamortized Discount	-	(2,952,519)	(313,721)	(44,000)
Total	<u>\$ 78,088,183</u>	<u>\$ 51,822,481</u>	<u>\$ 19,111,279</u>	<u>\$ 8,737,630</u>

Net Post-Employment Benefits Obligation:

The City accounts for net post-employment benefits obligation in accordance with GASB Statement No. 45. The unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-Wide Statement of Net Position. At June 30, 2015, the net post-employment benefits obligation totaled \$163,142.

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, 2015, the compensated absences payable totaled \$916,984 for business-type activities.

Notes Payable:

On June 20, 2014, the City entered into an agreement with Rodger Catron (Catron) to purchase real property. In connection with the purchase, the City signed a promissory note in the amount of \$1,530,000. The note is payable annually at interest of 5% in installments of \$561,829 commencing April 30, 2015, until paid in full.

The annual requirements to amortize the note payable is as follows:

Year Ending June 30,	Catron Note
2016	\$ 561,829
2017	547,882
	1,109,711
Less Interest	77,825
Total	<u>\$ 1,031,886</u>

## NOTE 7 – PENSION PLANS

### General

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 the California Public Employees' Retirement System (CalPERS).

### **Miscellaneous Plan**

#### Plan Description

The City's defined benefit pension plan, the Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments (COLAs), and death benefits to plan members and beneficiaries. The Miscellaneous Plan is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report that includes a full description of the pension plans regarding benefit provisions, assumptions, and membership information. Copies of the CalPERS' annual financial report may be obtained from its Executive Office – 400 P Street – Sacramento, CA 95814, or can be found on the CalPERS website.

#### Benefits Provided

The benefits provided through the CalPERS Miscellaneous Plan include retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with 5 years of total service are eligible to retire at age 50 (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. Public Employees' Pension Reform Act of 2013 (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 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 each plan are applied as specified by the California Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	Miscellaneous	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit Formula	2.5%@55	2.5%@55
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	55
Monthly Benefits, as a Percentage of Eligible Compensation	2.50%	2.50%
Required Employee Contribution Rates	8.00%	8.00%
Required Employer Contribution Rates	N/A	22.93%

**NOTE 7 – PENSION PLANS** (Continued)

**Miscellaneous Plan** (Continued)

Benefits Provided (Continued)

Hire Date	Miscellaneous PEPRA	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	N/A	2.7%@57
Benefit Vesting Schedule	N/A	5 years service
Benefit Payments	N/A	Monthly for life
Retirement Age	N/A	55
Monthly Benefits, as a Percentage of Eligible Compensation	N/A	2.50%
Required Employee Contribution Rates	N/A	8.00%
Required Employer Contribution Rates	N/A	N/A

Contributions and Employees Covered

Section 20814(c) of the California Public Employees’ Retirement Law (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 employer 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. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. As of the measurement date ended June 30, 2014, there are 217 active employees and 221 inactive employees or beneficiaries receiving benefits.

Net Pension Liability and Actuarial Methods and Assumptions

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation Rate	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% (a)
Mortality Rate Table (b)	CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

(a) Net Pension Plan Investment and Administrative Expenses; includes inflation.

(b) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

## **NOTE 7 – PENSION PLANS (Continued)**

### **Miscellaneous Plan (Continued)**

#### Net Pension Liability and Actuarial Methods and Assumptions (Continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases and mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board of Administration action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

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

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

**NOTE 7 – PENSION PLANS** (Continued)**Miscellaneous Plan** (Continued)Discount Rate (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Changes in Net Pension Liability

The change in the Net Pension Liability recognized over the measurement period is as follows:

	Total Pension Liability (1)	Increase (Decrease) Plan Fiduciary Net Position (2)	Net Pension Liability (Asset) (3) = (1) - (2)
<b>Balance at 06/30/2013 (a)</b>	\$ 96,823,521	\$ 66,018,374	\$ 30,805,147
<b>Changes Recognized for the Measurement Period:</b>			
- Service Cost	2,020,696	-	2,020,696
- Interest on the Total Pension Liability	7,176,661	-	7,176,661
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	-	-	-
- Changes of Assumptions	-	-	-
- Contributions from the Employer	-	2,318,875	(2,318,875)
- Contributions from the Employees	-	905,841	(905,841)
- Net Investment Income (b)	-	11,296,380	(11,296,380)
- Benefit Payments Including Refund of Employee Contributions	-	-	-
	(4,290,119)	(4,290,119)	-
<b>Net Changes during 2013-14</b>	4,907,238	10,230,977	(5,323,739)
<b>Balance at 06/30/2014 (a)</b>	\$ 101,730,759	\$ 76,249,351	\$ 25,481,408

(a) The plan fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary, self-insurance, and other post-employment benefits expense. This may be different from the plan assets reported in the funding actuarial valuation report.

(b) Net of administrative expenses.

**NOTE 7 – PENSION PLANS** (Continued)

**Miscellaneous Plan** (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<u>MISCELLANEOUS PLAN</u>	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Plan's Net Pension Liability (Asset)	\$ 38,495,042	\$ 25,481,408	\$ 14,643,995

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and plan fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year in which the gain or loss occurs. The remaining amounts are categorized as deferred outflows of resources and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. For differences between projected and actual earnings, it is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 2.8 years, which was obtained by dividing the total service years of 1,928 (the sum of remaining service lifetimes of the active employees) by 677 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

The City incurred a pension expense of \$2,158,851 for the Plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows of resources related to pensions of \$2,416,465 for contributions made subsequent to the measurement date. Deferred inflows of resources related to pensions were \$5,163,715 which is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$1,290,929 over the next four fiscal years.

## **NOTE 7 – PENSION PLANS (Continued)**

### **Safety Fire Plan**

#### Plan Description

The City's defined benefit pension plan, the Safety Fire Plan, provides retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. The Safety Fire Plan is a cost-sharing multiple-employer plan administered by CalPERS. A menu of benefit provisions as well as other requirements is established by State statutes within the PERL. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report that includes a full description of the pension plans regarding benefit provisions, assumptions, and membership information. Copies of the CalPERS' annual financial report may be obtained from its Executive Office – 400 P Street – Sacramento, CA 95814, or can be found on the CalPERS website.

#### Benefits Provided

The benefits provided through the CalPERS Safety Fire Plan include retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with 5 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 each plan are applied as specified by the PERL. The City has two tiers through CalPERS under the Safety Fire employee plan and a Safety Fire – PEPRA Plan. Tier I is applicable to all employees hired before January 1, 2011, with a formula of 3% at age 50. Earliest retirement age is 50 with final compensation based on 12 months at the highest rate of pay received. Tier II is applicable to employees hired after January 1, 2011, and before January 1, 2013, with a formula of 2.0% at age 50. Earliest retirement age is 50 with final compensation based on 36 months at the highest rate of pay received. The PEPRA Plan is applicable to employees hired after January 1, 2013, with a formula of 2% at age 57 which is a result of the PEPRA Law. PEPRA also lowered the final compensation and contribution requirements. Earliest retirement age is 50 with final compensation, subject to the PEPRA limit of \$140,424, based on 36 months at the highest rate of pay received.

#### Contributions and Employees Covered

Active plan members in the CalPERS Safety Fire Plan may be required to contribute a particular percent of their annual pay depending on the applicable plan they fall under. Tier I and Tier II employees will both pay 9% of their salary.

Section 20814(c) of the California 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 employer 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. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.



**NOTE 7 – PENSION PLANS** (Continued)

**Safety Fire Plan** (Continued)

Contributions and Employees Covered (Continued)

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety Fire Tier I</u>	<u>Safety Fire Tier II</u>	<u>Safety Fire PEPRA</u>
Contributions - Employer	\$ 1,028,059	\$ 92,886	\$ 28,072
Contributions - Employee (Paid by Employer)	-	-	-

Net Pension Liability and Actuarial Methods and Assumptions

Net Pension Liability

As of June 30, 2015, the City reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety Fire Tier I	\$ 7,225,466
Safety Fire Tier II	29,118
Safety Fire PEPRA	<u>803</u>
Total Net Pension Liability	<u>\$ 7,255,387</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the net pension liability was based on a projection of 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 each Plan as of June 30, 2013 and 2014, was as follows:

	<u>Safety Fire Tier I</u>	<u>Safety Fire Tier II</u>	<u>Safety Fire PEPRA</u>
Proportion - June 30, 2013	\$ 9,000,691	\$ 38,556	\$ 1,063
Proportion - June 30, 2014	<u>7,225,466</u>	<u>29,118</u>	<u>803</u>
Change - Increase (Decrease)	<u>\$ (1,775,225)</u>	<u>\$ (9,438)</u>	<u>\$ (260)</u>

**NOTE 7 – PENSION PLANS** (Continued)

**Safety Fire Plan** (Continued)

Net Pension Liability and Actuarial Methods and Assumptions (Continued)

Actuarial Methods and Assumptions

A summary of the principal assumptions and methods used to determine the net pension liability for all tiers and the PEPR Plan is shown below:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation Rate	2.75%
Salary Increases	Entry Age and Service
Investment Rate of Return	7.5% (a)
Mortality Rate Table (b)	CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

- (a) Net Pension Plan Investment and Administrative Expenses; includes inflation.
- (b) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases and mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the cost-sharing multiple employer plan.

**NOTE 7 – PENSION PLANS** (Continued)

**Safety Fire Plan** (Continued)

Discount Rate (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board of Administration action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**NOTE 7 – PENSION PLANS** (Continued)

**Safety Fire Plan** (Continued)

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

The following presents the net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<u>SAFETY FIRE PLAN</u>	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Plans Net Pension Liability (Asset)			
Tier I	\$ 11,535,693	\$ 7,225,466	\$ 3,674,024
Tier II	50,107	29,118	11,823
PEPRA	1,381	803	326

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and plan fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year in which the gain or loss occurs. The remaining amounts are categorized as deferred outflows of resources and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. For differences between projected and actual earnings, it is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plans for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense of \$667,525, \$41,388, and \$14,604, respectively, for the Plans. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows of resources related to pensions of \$1,028,059, \$92,886, and \$28,072 for Tier I, Tier II, PEPRA Plan, respectively, for contributions made subsequent to the measurement date. Deferred inflows of resources related to pensions were \$1,736,301, \$47,214, and \$14,764, respectively, which is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$435,882, \$15,921, and \$5,247, respectively, over the next four fiscal years.

## **NOTE 7 – PENSION PLANS (Continued)**

### **Safety Police Plan**

#### Plan Description

The City's defined benefit pension plan, the Safety Police Plan, provides retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. The Safety Police Plan is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the PERL. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report that includes a full description of the pension plans regarding benefit provisions, assumptions, and membership information. Copies of the CalPERS' annual financial report may be obtained from its Executive Office – 400 P Street – Sacramento, CA 95814, or can be found on the CalPERS website.

#### Benefits Provided

The benefits provided through the CalPERS Safety Police Plan include retirement and disability benefits, annual COLAs, and death benefits to plan members and beneficiaries. The City has two tiers and a PEPRA Plan through CalPERS under the Safety Police employee plan. Tier I is applicable to all employees hired before January 1, 2011, with a formula of 3% at age 50. Earliest retirement age is 50 with final compensation based on 12 months at the highest rate of pay received. Tier II is applicable to employees hired after January 1, 2011, and before January 1, 2013, with a formula of 2.0% at age 50. Earliest retirement age is 50 with final compensation based on 36 months at the highest rate of pay received. The PEPRA Plan is applicable to employees hired after January 1, 2013, with a formula of 2% at age 57 which is a result of the PEPRA Law. PEPRA also lowered the final compensation and contribution requirements. Earliest retirement age is 50 with final compensation, subject to the PEPRA limit of \$140,424, based on 36 months at the highest rate of pay received.

#### Contributions and Employees Covered

Active plan members in the CalPERS Safety Police Plan may be required to contribute a particular percent of their annual pay depending on the applicable plan they fall under. Tier I and Tier II employees will both pay 9%.

Section 20814(c) of the California 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 employer 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. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**NOTE 7 – PENSION PLANS** (Continued)**Safety Police Plan** (Continued)Contributions and Employees Covered (Continued)

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety Police Tier I</u>	<u>Safety Police Tier II</u>	<u>Safety Police PEPRA</u>
Contributions - Employer	\$ 1,814,050	\$ 117,082	\$ 56,741
Contributions - Employee (Paid by Employer)	-	-	-

Net Pension Liability and Actuarial Methods and Assumptions

## Net Pension Liability

As of June 30, 2015, the City reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety Police Tier I	\$ 9,703,481
Safety Police Tier II	7,449
Safety Police PEPRA	<u>96</u>
Total Net Pension Liability	<u>\$ 9,711,026</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the net pension liability was based on a projection of 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 each Plan as of June 30, 2013 and 2014, was as follows:

	<u>Safety Police Tier I</u>	<u>Safety Police Tier II</u>	<u>Safety Police PEPRA</u>
Proportion - June 30, 2013	\$ 12,174,919	\$ 9,863	\$ 126
Proportion - June 30, 2014	<u>9,703,481</u>	<u>7,449</u>	<u>96</u>
Change - Increase (Decrease)	<u>\$ (2,471,438)</u>	<u>\$ (2,414)</u>	<u>\$ (30)</u>

**NOTE 7 – PENSION PLANS** (Continued)

**Safety Police Plan** (Continued)

Net Pension Liability and Actuarial Methods and Assumptions (Continued)

Actuarial Methods and Assumptions

A summary of the principal assumptions and methods used to determine the net pension liability for all tiers and the PEPRA Plan is shown below:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation Rate	2.75%
Salary Increases	Entry Age and Service
Investment Rate of Return	7.5% (a)
Mortality Rate Table (b)	CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

- (a) Net Pension Plan Investment and Administrative Expenses; includes inflation.
- (b) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases and mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board of Administration action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed its methodology.

**NOTE 7 – PENSION PLANS** (Continued)**Safety Police Plan** (Continued)Discount Rate (Continued)

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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

The following presents the net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<u>SAFETY POLICE PLAN</u>	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Plans Net Pension Liability (Asset)			
Tier I	\$ 15,630,387	\$ 9,703,481	\$ 4,819,966
Tier II	12,818	7,449	3,025
PEPRA	165	96	39



## **NOTE 7 – PENSION PLANS (Continued)**

### **Safety Police Plan (Continued)**

#### Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and plan fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year in which the gain or loss occurs. The remaining amounts are categorized as deferred outflows of resources and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. For differences between projected and actual earnings, it is a five year straight-line amortization. All other amounts are amortized using straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plans for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense (income) of \$1,114,036, \$37,866, and \$(5,199), respectively, for the Plans. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2014, the City had deferred outflows of resources related to pensions of \$1,814,050, \$117,082, and \$56,741 for Tier I, Tier II, and PEPRA Plan, respectively, for contributions made subsequent to the measurement date. Deferred inflows of resources related to pensions were \$2,607,479, \$34,144, and \$29, respectively, which is the net difference between projected and actual earnings on the pension plan investments. Amounts reported as deferred inflows of resources related to pensions will be recognized in future pension revenue and expenses amortized annually at \$676,204, \$13,815, and \$7, respectively, over the next four fiscal years.

## **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.

**NOTE 8 – RISK MANAGEMENT** (Continued)

**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.

Interfund due from/to other funds at June 30, 2015, were as follows:

	Purpose	Due From Other Funds	Due To Other Funds
Major Governmental Funds			
General Fund	General Operations	\$ 5,965,510	\$ -
Special Revenue Fund - Measure R	General Operations	-	4,784,796
Nonmajor Governmental Funds	General Operations	-	51,203
Enterprise Funds			
Aviation	General Operations	-	1,129,511
		<u>\$ 5,965,510</u>	<u>\$ 5,965,510</u>

**NOTE 9 – INTERFUND TRANSACTIONS (Continued)**

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2014-15 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<u>Governmental Major Funds</u>			
General Fund			
General Fund	To reimburse General Fund	\$ 149,591	\$ -
General Fund	To fund construction in progress activity	825,719	-
General Fund	To fund construction in progress activity	-	447,252
General Fund	To fund construction in progress activity	17,221,040	-
Nonmajor Governmental Funds	For Traffic Safety activity	26,836	-
Nonmajor Governmental Funds	For Traffic Safety activity	126,329	-
Nonmajor Governmental Funds	To reimburse General Fund	125,139	-
Internal Service Funds	To pay unemployment claims	-	1,823,324
Financing Authority Fund	For lease revenue bond payment	-	2,315,380
Enterprise Funds	General Fund contribution	-	240,580
Nonmajor Governmental Funds	General Fund contribution	-	1,905,072
Nonmajor Governmental Funds	General Fund contribution	-	152,000
General Fund	To fund construction in progress activity	150,000	792,000
General Fund	To fund activity	150,000	-
Technology CIP Fund	To reimburse General Fund	-	275,600
General Fund	To fund activity	50,000	149,591
Total General Fund		<u>18,824,654</u>	<u>8,100,799</u>
Measure R Fund	To fund construction in progress activity	<u>-</u>	<u>15,636,520</u>
Finance Authority Fund			
General Fund	For lease revenue bond payment	<u>2,315,380</u>	<u>-</u>
<u>Governmental Nonmajor Funds</u>			
Special Revenue Funds			
Nonmajor Governmental Funds	To fund construction in progress activity	-	1,120,988
Nonmajor Governmental Funds	For Traffic Safety activity	-	126,329
Nonmajor Governmental Funds	For Traffic Safety activity	-	26,835
General Fund	General Fund contribution	313,960	-
General Fund	General Fund contribution	551,853	-
General Fund	General Fund contribution	219	-
General Fund	To reimburse General Fund	-	125,139
Total Special Revenue Funds		<u>866,032</u>	<u>1,399,291</u>
Capital Projects Fund			
Technology CIP Fund	To fund activity	<u>595,000</u>	<u>-</u>

(Continued)

**NOTE 9 – INTERFUND TRANSACTIONS (Continued)**

Proprietary Major Funds

Enterprise Funds			
Water Fund	Reimburse for Capital Outlay	349,308	-
Water Funds	General Fund contribution	240,580	-
Water CIP Fund	To fund construction in progress activity	500,000	500,000
Technology CIP Fund	To fund activity	-	17,800
Technology CIP Fund	To fund facility	-	51,000
General Fund	General Fund contribution	689,040	-
Technology CIP Fund	To fund construction in progress activity	-	36,550
Water CIP Fund	To fund activity	-	349,308
Sewer & Wastewater CIP Fund	To fund activity	-	329,413
Sewer & Wastewater Fund	Reimburse for Capital Outlay	329,413	-
Sewer & Wastewater CIP Fund	To fund construction in progress activity	7,323,895	-
Technology CIP Fund	To fund activity	-	28,000
General Fund	To fund activity	-	50,000
Sewer & Wastewater Fund	To fund construction in progress activity	-	7,323,895
Total Enterprise Funds		<u>9,432,236</u>	<u>8,685,966</u>

Proprietary Nonmajor Funds

Internal Service Funds			
General Fund	To fund activity	13,938	-
General Fund	To fund activity	554,396	-
General Fund	To fund activity	1,067,040	-
Technology Construction CIP Fund	To fund construction in progress activity	-	34,050
Fleet Maintenance Fund	To fund construction in progress activity	2,625,046	2,625,046
General Fund	To fund activity	187,950	-
Total Internal Service Funds		<u>4,448,370</u>	<u>2,659,096</u>

Totals		<u>\$ 36,481,672</u>	<u>\$ 36,481,672</u>
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Interfund advances to/from at June 30, 2015, were as follows:

	<u>Purpose</u>	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General Fund	For General Operations	\$ -	\$ 90,000
Solid Waste Fund	To Construct Wells	1,446,667	-
Water Fund	To Construct Wells	-	1,446,667
Transit Fund	For General Operations	90,000	-
		<u>\$ 1,536,667</u>	<u>\$ 1,536,667</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%. \$ 1,446,667

A loan from the City's General Fund to the Transit Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate. \$ 90,000

## NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

### A. Plan Description

In addition to the employee retirement benefits described in Note 7, the City provides a Single Employer Post-Employment Benefits Plan to cover eligible retirees' health care insurance and life insurance costs in accordance with a resolution approved by the City Council. 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 post-employment 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. In June 1984, in the City's annual memoranda 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.

The City recognizes the cost of the retiree health care costs insurance benefits as expenditures as insurance contributions are paid on a monthly basis in advance, which at June 30, 2015, approximated \$287,807. Because the City has not established a separate irrevocable trust or made payments of benefits directly to or on behalf of a retiree or beneficiary, no contributions are recognized. The plan uses the pay-as-you-go method to fund the current cost. At June 30, 2015, forty-two (42) employees were affected by the provisions of these benefits.

No separate audited report is issued for the City's Other Post-Employment Benefits (OPEB) plan.

### B. Funding Policy

As required by GASB Statement No. 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

### C. Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation/(Asset)

The following table shows the City's post-employment benefit plan assets/liabilities at June 30, 2015:

<u>Item</u>	<u>Primary Government</u>
Annual Required Contributions	\$ 201,000
Interest on Net OPEB Obligation/(Asset)	44,000
Adjustment to Annual Required Contributions	<u>(37,000)</u>
Annual OPEB Cost	208,001
Contributions Made	<u>(287,807)</u>
Increase in Net OPEB Obligation	(79,806)
Net OPEB Obligation - Beginning of Year	<u>879,842</u>
Net OPEB Obligation - End of Year	<u>\$ 800,036</u>

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS** (Continued)

C. Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation/(Asset) (Continued)

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2013, 2014, and 2015, are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 208,000	\$ -	\$ 201,000	0.00%	\$ 979,094
6/30/14	\$ 208,000	\$ (307,252)	\$ 201,000	152.86%	\$ 879,842
6/30/15	\$ 208,001	\$ (287,807)	\$ 201,000	143.19%	\$ 800,036

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, was as follows:

<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Asset Value</u>	<u>(B) Actuarial Accrued Liability (AAL)</u>	<u>(C) Unfunded AAL (UAAL) (B)-(A)</u>	<u>(D) Funded Ratio (A)/(B)</u>	<u>(E) Covered Payroll</u>	<u>(F) UAAL as a Percentage of Covered Payroll (C)/(E)</u>
7/1/2007	\$ -	\$ 5,600,000	\$ 5,600,000	0.0%	\$ 24,938,000	22.5%
7/1/2010	\$ -	\$ 3,555,000	\$ 3,555,000	0.0%	\$ 21,566,900	16.5%
7/1/2013	\$ -	\$ 3,762,000	\$ 3,762,000	0.0%	\$ 21,696,287	17.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

E. Actuarial Methods and Assumptions

GASB Statement No. 45 allows the use of one of several actuarial cost methods. These cost methods allocate the OPEB costs differently. The method used in this valuation is the **Projected Unit Credit** with benefit attributed from the date of hire to expected retirement age. This method is the only method allowed under the FASB's corresponding statement, *Statement of Financial Accounting Standards No. 106*.

The valuation results are developed assuming a **discount rate** of 4.50%. Under GASB Statement No. 45, the discount rate to be used for the valuation is determined based on the long-term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that post-employment benefits are paid from general assets which generally consist of short-term investments. If the City is considering prefunding or transferring assets to a trust, or equivalent arrangement, in which plan assets are established and dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan, the determination of the discount rate would be based on the nature and mix of current and expected investments.

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS** (Continued)

E. Actuarial Methods and Assumptions (Continued)

Other critical assumptions used in the actuarial valuation are the health care cost trend rate, participation, inflation rate, investment return, and salary increase assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a **health care cost trend rate assumption** of 9% for pre 65 Medical/Rx Benefits; 8% for post Medical Benefits; and 5% administrative fees in the year July 1, 2014, to June 30, 2015, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

The **participation assumption** is the assumed percentage of future retirees that participate and enroll in the health plan. In absence of any recent post-employment plan participant enrollment data, the participation assumption used in this valuation is 60% for those retiring before age 65 and 50% for those retiring at 65 or older, and is based on the subsidies and participant's share of the cost of post-employment health plan. The City should monitor the post-employment plan participant enrollment in future years in case this assumption needs to be revised.

The salary increase rate was assumed to be 3.5% per annum. However, since the plan is strictly on a pay-as-you-go basis and the City does not plan to fund the plan through contribution, the investment return rate and the inflation rate are not applicable factors in actuarial calculations.

The City's UAAL is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2015, was 26 years.

Mortality tables for future retirees was using RP-2000 projected to 2020 using scale BB and applied on a gender basis. For current retirees was using RP-2000 (no projection).

**NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

As of June 30, 2015, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>Special Revenue - Home Program</u> Community Development	\$ 11,922
<u>Special Revenue - Rental Rehabilitation</u> Community Development	120
<u>Special Revenue - Police Forfeiture Fund</u> Public Safety	14,238
<u>Capital Projects - Technology CIP Fund</u> Community Development	47,445

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

General Liability

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

## NOTE 13 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2015, is as follows:

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Total nonspendable fund balance	-	-	-	35,000	35,000
<b>Restricted for:</b>					
Public Safety - Police	-	-	-	33,866	33,866
Public Safety - Fire	-	-	-	180,317	180,317
Public Works - Street	1,059,928	-	-	4,163,032	5,222,960
Debt Service	-	-	2,880,133	-	2,880,133
Development Services	371,392	-	-	3,777,060	4,148,452
Total restricted fund balance	1,431,320	-	2,880,133	8,154,275	12,465,728
<b>Committed to:</b>					
Cash Basis Reserve	9,283,560	-	-	-	9,283,560
Appropriation for Next Year's Budget	12,557,422	-	-	744,557	13,301,979
Total committed fund balance	21,840,982	-	-	744,557	22,585,539
<b>Assigned to purpose of fund:</b>	-	-	-	22,951	22,951
Total assigned to fund balance	-	-	-	22,951	22,951
<b>Unassigned fund balance:</b>	-	(624,325)	-	-	(624,325)
Total unassigned fund balance	-	(624,325)	-	-	(624,325)
Total fund balances	\$ 23,272,302	\$ (624,325)	\$ 2,880,133	\$ 8,956,783	\$ 34,484,893

## NOTE 14 – SUBSEQUENT EVENTS

### Sewer Revenue Refunding Bonds, Series 2015

The City issued Sewer Revenue Refunding Bonds, Series 2015 in the amount of \$84,555,000 dated November 15, 2015, to refund the outstanding Series 2006 Sewer Revenue Bonds and a portion of the Series 2010 Sewer Revenue Bonds, to fund a debt service reserve fund, and to pay for the costs of issuing the Series 2015 Sewer Revenue Refunding Bonds.

The date to which events occurring after June 30, 2015, have been evaluated for possible adjustments to the financial statements or disclosures is February 26, 2016, which is the date that the financial statements were available to be issued.

## NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCES

	Governmental Activities	Home Program Nonmajor Fund	Business-Type Activities	Transit Fund	Development Services Fund
Net Position/Fund Balance, as Previously Reported	\$ 225,593,798	\$ 2,000,000	\$ 91,062,242	\$ 6,890,680	\$ (3,490)
<b>Prior Period Adjustments</b>					
Implementation of GASB Statement No. 68					
Change in Accounting Principle	(35,692,540)	-	(12,329,857)	(184,059)	(2,511,759)
Correct Notes Receivable due to incorrect recording to fund balance and restate to deferred loans	(2,000,092)	(2,000,000)	-	-	-
Net Position/Fund Balance Beginning of Year, as Restated	\$ 187,901,166	\$ -	\$ 78,732,385	\$ 6,706,621	\$ (2,515,249)



**NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE** (Continued)

	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Aviation Fund</u>
Net Position/Fund Balance, as Previously Reported	\$ 2,061,131	\$ 27,538,797	\$ 51,650,692	\$ 2,924,432
Prior Period Adjustments				
Implementation of GASB Statement No. 68				
Change in Accounting Principle	(3,676,833)	(2,167,681)	(3,775,714)	(13,811)
Adjustment to Notes Receivable	-	-	-	-
Net Position/Fund Balance Beginning of Year, as Restated	<u>\$ (1,615,702)</u>	<u>\$ 25,371,116</u>	<u>\$ 47,874,978</u>	<u>\$ 2,910,621</u>

**NOTE 16 – DEFICIT FUND BALANCES/NET POSITION**

As of June 30, 2015, the following funds had a deficit fund balance or net position:

The Development Services Fund, an Enterprise Fund, had a deficit of \$1,907,760. The Development Services Fund deficit relates to the initiation of this fund in prior year and the implementation of GASB Statement No. 68 in the current year. The City expects to eliminate this deficit with General Fund transfers.

The Workers' Compensation Fund, an Internal Service Fund, had a deficit of \$737,847. The deficit in the Workers' Compensation Fund was mostly due to insufficient charges to the other funds. The City will eliminate this deficit with additional revenues generated from increased rates.

The Employee Welfare Fund, an Internal Service Fund, had a deficit of \$307,928. The deficit in the Employee Welfare Fund was due to the implementation of GASB Statement No. 68 in the current year. The City will eliminate this deficit with additional revenues generated from increased rates.

The Measure R Fund, a major Governmental Fund, had a deficit of \$624,325. The Measure R Fund deficit relates to the various projects. The City will eliminate this deficit with General Fund transfers or future Measure R funds.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 31,827,200	\$ 31,827,200	\$ 32,621,590	\$ 794,390
Intergovernmental	-	-	213,314	213,314
Licenses and Permits	79,070	79,070	89,279	10,209
Fines and Forfeitures	39,000	39,000	24,124	(14,876)
Charges for Services	3,547,200	3,647,200	3,259,979	(387,221)
Interest and Rentals	356,640	356,640	439,845	83,205
Grants	17,644,324	17,784,424	12,415,283	(5,369,141)
Assessments	90,160	90,160	86,878	(3,282)
Other	3,281,085	3,312,995	8,088,429	4,775,434
<b>Total Revenues</b>	<b>56,864,679</b>	<b>57,136,689</b>	<b>57,238,721</b>	<b>102,032</b>
Expenditures				
Current				
General Government	4,233,747	5,702,847	5,276,640	426,207
Public Safety	20,783,988	20,831,738	20,374,559	457,179
Public Works	2,807,970	3,128,550	2,913,300	215,250
Community Development	90,160	200,160	96,810	103,350
Community Services	4,977,850	4,795,350	4,204,316	591,034
Library and Cultural	1,245,510	1,259,010	1,185,082	73,928
Capital Outlay	43,686,552	45,421,672	33,103,216	12,318,456
Debt Service				
Principal	83,070	83,070	83,069	1
Interest and Fiscal Charges	35,190	35,190	42,197	(7,007)
<b>Total Expenditures</b>	<b>77,944,037</b>	<b>81,457,587</b>	<b>67,279,189</b>	<b>14,178,398</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,079,358)	(24,320,898)	(10,040,468)	14,280,430
Other Financing Sources (Uses)				
Transfers In	38,431,299	40,028,199	18,824,654	(21,203,545)
Transfers Out	(5,567,380)	(7,355,190)	(8,100,799)	(745,609)
<b>Total Other Financing Sources (Uses)</b>	<b>32,863,919</b>	<b>32,673,009</b>	<b>10,723,855</b>	<b>(21,949,154)</b>
<b>Net Change in Fund Balance</b>	<b>11,784,561</b>	<b>8,352,111</b>	<b>683,387</b>	<b>(7,668,724)</b>
Fund Balance, Beginning	22,588,915	22,588,915	22,588,915	-
<b>Fund Balance, Ending</b>	<b>\$ 34,373,476</b>	<b>\$ 30,941,026</b>	<b>\$ 23,272,302</b>	<b>\$ (7,668,724)</b>

**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**MEASURE R FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 15,012,195	\$ 15,012,195
Interest and Rentals	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>15,012,195</u>	<u>15,012,195</u>
<b>Expenditures</b>				
Current				
Interest	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>15,012,195</u>	<u>15,012,195</u>
Other Financing Sources (Uses)				
Transfers Out	-	(311,800)	(15,636,520)	(15,324,720)
<b>Net Change in Fund Balance</b>	-	(311,800)	(624,325)	(312,525)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ (311,800)</u>	<u>\$ (624,325)</u>	<u>\$ (312,525)</u>

**CITY OF TULARE  
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, 2014**

<b>Total Pension Liability</b>	Valuation Date	Service Cost	Interest	Benefit Payments (b)	Net Change in Pension Liability	Total Pension Liability Beginning	Total Pension Liability Ending (A)
Miscellaneous Plan (a)	6/30/2014	\$ 2,020,696	\$ 7,176,661	\$ (4,290,119)	\$ 4,907,238	\$ 96,823,521	\$ 101,730,759

<b>Plan Fiduciary Net Position</b>	Valuation Date	Contributions Employer	Contributions Employee	Net Investment Income (c)	Benefit Payments (b)	Net Change in Plan Fiduciary Net Position	Plan Fiduciary Net Position Beginning	Plan Fiduciary Net Position Ending (B)
Miscellaneous Plan (a)	6/30/2014	\$ 2,318,875	\$ 905,841	\$ 11,296,380	\$ (4,290,119)	\$ 10,230,977	\$ 66,018,374	\$ 76,249,351

<b>Net Pension Liability and Plan Fiduciary Ratios</b>	Valuation Date	Net Pension Liability (A-B)	Plan Fiduciary Net Position as % of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as a % of Covered-Employee Payroll
Miscellaneous Plan (a)	6/30/2014	\$ 25,481,408	74.95%	\$ 10,919,735	233.35%

- (a) Historical information is required only for the measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years in which there is available information.
- (b) Includes refunds for employee contributions.
- (c) Net of administrative expenses.

**Notes to the Schedule**

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of two years additional service credit (a.k.a. Golden Handshake).

**CITY OF TULARE  
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
AS OF JUNE 30, 2014**

<b>Schedule of Plan Contributions</b>	Valuation Date	Actuarially Determined Contribution (b)	Contributions Made (b)	Contribution Deficiency (Excess)	Covered-Employee Payroll (c), (d)	Contributions as a % of Covered-Employee Payroll (c)
Miscellaneous Plan (a)	6/30/2014	\$ 2,318,875	\$ (2,318,875)	\$ -	\$ 10,919,735	21.24%

- (a) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years in which there is available information.
- (b) Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.
- (c) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- (d) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to the Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate Of Return	7.5%, Net of Pension Plan Investment and Administrative Expenses; Includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of Mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF TULARE  
COST-SHARING DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (1)  
AS OF JUNE 30, 2014**

	Safety Fire Tier I	Safety Fire Tier II	Safety Fire PEPRA	Safety Police Tier I	Safety Police Tier II	Safety Police PEPRA
Proportion of the Net Pension Liability	0.1161%	0.00047%	0.00001%	0.15594%	0.00012%	0.00000%
Proportionate Share of the Net Pension Liability	\$ 7,225,466	\$ 29,118	\$ 803	\$ 9,703,481	\$ 7,449	\$ 96
Covered-Employee Payroll	\$ 2,607,994	\$ 310,695	\$ 153,822	\$ 5,203,318	\$ 360,708	\$ 56,127
Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	277.05%	9.37%	0.52%	186.49%	2.07%	0.17%
Plans Fiduciary Net Position	\$ 24,953,014	\$ 127,584	\$ 3,516	\$ 34,544,489	\$ 4,269	\$ 54
Plans Fiduciary Net Position as a Percentage of the Total Pension Liability	345.35%	438.16%	437.86%	356.00%	57.31%	56.25%

**Notes to the Schedule**

- (1) Historical information is required only for the measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years in which there is available information.
- (2) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- (3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- (4) This data is not required to be displayed by GASB Statement No. 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the plan's pension expense.



**CITY OF TULARE  
 COST-SHARING DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 AS OF JUNE 30, 2014**

	<u>Safety Fire Tier I</u>	<u>Safety Fire Tier II</u>	<u>Safety Fire PEPRA</u>	<u>Safety Police Tier I</u>	<u>Safety Police Tier II</u>	<u>Safety Police PEPRA</u>
Contractually Required Contribution (Actuarially Determined)	\$ 986,241	\$ 66,384	\$ 17,841	\$ 1,759,280	\$ 93,350	\$ 20,598
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ (986,241)</u>	<u>\$ (66,384)</u>	<u>\$ (17,841)</u>	<u>\$ (1,759,280)</u>	<u>\$ (93,350)</u>	<u>\$ (20,598)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-Employee Payroll	\$ 2,607,994	\$ 310,695	\$ 153,822	\$ 5,203,318	\$ 360,708	\$ 56,127
Contributions as a Percentage of Covered- Employee Payroll	37.82%	21.37%	11.60%	33.81%	25.88%	36.70%

**Notes to the Schedule**

- (a) Historical information is required only for the measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years in which there is available information.
- (b) Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013, as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.
- (c) Change in Assumptions: None.

**CITY OF TULARE  
SCHEDULE OF FUNDED STATUS AND FUNDING PROGRESS  
FOR OTHER POST-EMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Actuarial Accrued Liability (AAL)	(C) Unfunded AAL (UAAL) (B)-(A)	(D) Funded Ratio (A)/(B)	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll (C)/(E)
7/1/2007	\$ -	\$ 5,600,000	\$ 5,600,000	0.0%	\$ 24,938,000	22.5%
7/1/2010	\$ -	\$ 3,555,000	\$ 3,555,000	0.0%	\$ 21,566,900	16.5%
7/1/2014	\$ -	\$ 3,762,000	\$ 3,762,000	0.0%	\$ 21,696,287	17.3%

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>			
Assets			
Cash and Investments	\$ 7,286,646	\$ 744,675	\$ 8,031,321
Receivables			
Accounts	3,751	-	3,751
Interest	11,001	-	11,001
Intergovernmental	199,258	-	199,258
Loans	10,608,262	-	10,608,262
Notes	1,284,453	-	1,284,453
Land Held for Resale	35,000	-	35,000
Total Assets	<u>19,428,371</u>	<u>744,675</u>	<u>20,173,046</u>
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 19,428,371</u>	<u>\$ 744,675</u>	<u>\$ 20,173,046</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 115,407	\$ 118	\$ 115,525
Due to Other Funds	51,203	-	51,203
Unearned Revenue	185,075	-	185,075
Total Liabilities	<u>351,685</u>	<u>118</u>	<u>351,803</u>
Deferred Inflows of Resources			
Deferred Loans	10,864,460	-	10,864,460
Fund Balances			
Nonspendable	35,000	-	35,000
Restricted	8,154,275	-	8,154,275
Committed	-	744,557	744,557
Assigned	22,951	-	22,951
Total Fund Balances	<u>8,212,226</u>	<u>744,557</u>	<u>8,956,783</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,428,371</u>	<u>\$ 744,675</u>	<u>\$ 20,173,046</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 1,535,484	\$ -	\$ 1,535,484
Intergovernmental	108,100	-	108,100
Fines and Forfeitures	158,480	-	158,480
Interest and Rentals	44,400	-	44,400
Grants	1,249,676	-	1,249,676
Meals	24,935	-	24,935
Assessments	611,658	-	611,658
Other	30,070	-	30,070
Total Revenues	<u>3,762,803</u>	<u>-</u>	<u>3,762,803</u>
<b>Expenditures</b>			
Current			
Public Safety	1,097,982	-	1,097,982
Community Development	545,161	272,988	818,149
Community Services	870,720	-	870,720
Total Expenditures	<u>2,513,863</u>	<u>272,988</u>	<u>2,786,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,248,940</u>	<u>(272,988)</u>	<u>975,952</u>
Other Financing Sources (Uses)			
Transfers In	866,032	595,000	1,461,032
Transfers Out	(1,399,291)	-	(1,399,291)
Total Other Financing Sources (Uses)	<u>(533,259)</u>	<u>595,000</u>	<u>61,741</u>
Net Change in Fund Balances	715,681	322,012	1,037,693
Fund Balances - Beginning, as Restated	<u>7,496,545</u>	<u>422,545</u>	<u>7,919,090</u>
Fund Balances - Ending	<u>\$ 8,212,226</u>	<u>\$ 744,557</u>	<u>\$ 8,956,783</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.

The Public Mitigation Grant Fund accounts for the state allocation due to passage of a new law, AB 109.

2009 COPS Hiring Recovery Program Fund accounts for federal funds received from the U.S. Department of Justice for the purpose of hiring or rehiring police officers. This grant was funded through the American Recovery and Reinvestment Act of 2009.

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, 2015**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
<b>Assets and Deferred Outflows of Resources</b>						
Assets						
Cash and Investments	\$ 25,999	\$ 250,866	\$ -	\$ 6,154,045	\$ -	\$ 100,982
Receivables						
Accounts	-	1,960	439	-	-	-
Interest	-	366	-	8,987	184	148
Intergovernmental	9,327	-	98,928	-	13,152	9,162
Loans	-	7,407,251	2,086,423	-	-	-
Notes	-	-	1,284,453	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
<b>Total Assets</b>	<b>35,326</b>	<b>7,660,443</b>	<b>3,505,243</b>	<b>6,163,032</b>	<b>13,336</b>	<b>110,292</b>
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 35,326</b>	<b>\$ 7,660,443</b>	<b>\$ 3,505,243</b>	<b>\$ 6,163,032</b>	<b>\$ 13,336</b>	<b>\$ 110,292</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
Accounts Payable and						
Accrued Liabilities	\$ 12,375	\$ 1,590	\$ 55,890	\$ -	\$ -	\$ 3,688
Due to Other Funds	-	-	43,413	-	-	-
Unearned Revenue	-	-	-	-	-	106,604
<b>Total Liabilities</b>	<b>12,375</b>	<b>1,590</b>	<b>99,303</b>	<b>-</b>	<b>-</b>	<b>110,292</b>
Deferred Inflows of Resources						
Deferred Loans	-	7,658,853	2,086,423	-	-	-
Fund Balances						
Nonspendable	-	-	35,000	-	-	-
Restricted	-	-	1,284,517	6,163,032	13,336	-
Assigned	22,951	-	-	-	-	-
<b>Total Fund Balances</b>	<b>22,951</b>	<b>-</b>	<b>1,319,517</b>	<b>6,163,032</b>	<b>13,336</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 35,326</b>	<b>\$ 7,660,443</b>	<b>\$ 3,505,243</b>	<b>\$ 6,163,032</b>	<b>\$ 13,336</b>	<b>\$ 110,292</b>



**CITY OF TULARE  
COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
<b>Assets and Deferred Outflows of Resources</b>						
Assets						
Cash and Investments	\$ -	\$ 477,787	\$ -	\$ 1,427	\$ 92,403	\$ 172,650
Receivables						
Accounts	-	1,052	300	-	-	-
Interest	-	697	36	2	135	252
Intergovernmental	-	19,425	-	-	1,859	8,370
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>498,961</b>	<b>336</b>	<b>1,429</b>	<b>94,397</b>	<b>181,272</b>
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ 498,961</b>	<b>\$ 336</b>	<b>\$ 1,429</b>	<b>\$ 94,397</b>	<b>\$ 181,272</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
Accounts Payable and Accrued Liabilities						
Due to Other Funds	-	-	336	-	-	-
Unearned Revenue	-	-	-	-	75,296	-
<b>Total Liabilities</b>	<b>-</b>	<b>6,418</b>	<b>336</b>	<b>-</b>	<b>75,296</b>	<b>955</b>
Deferred Inflows of Resources						
Deferred Loans	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	492,543	-	1,429	19,101	180,317
Assigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>492,543</b>	<b>-</b>	<b>1,429</b>	<b>19,101</b>	<b>180,317</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 498,961</b>	<b>\$ 336</b>	<b>\$ 1,429</b>	<b>\$ 94,397</b>	<b>\$ 181,272</b>

(Continued)

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2015**

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Total
<b>Assets and Deferred Outflows of Resources</b>				
Assets				
Cash and Investments	\$ 2,988	\$ 2,910	\$ 4,589	\$ 7,286,646
Receivables				
Accounts	-	-	-	3,751
Interest	187	-	7	11,001
Intergovernmental	-	39,035	-	199,258
Loans	-	-	1,114,588	10,608,262
Notes	-	-	-	1,284,453
Land Held for Resale	-	-	-	35,000
Total Assets	<u>3,175</u>	<u>41,945</u>	<u>1,119,184</u>	<u>19,428,371</u>
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 3,175</u>	<u>\$ 41,945</u>	<u>\$ 1,119,184</u>	<u>\$ 19,428,371</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 34,491	\$ -	\$ 115,407
Due to Other Funds	-	7,454	-	51,203
Unearned Revenue	<u>3,175</u>	<u>-</u>	<u>-</u>	<u>185,075</u>
Total Liabilities	<u>3,175</u>	<u>41,945</u>	<u>-</u>	<u>351,685</u>
Deferred Inflows of Resources				
Deferred Loans	-	-	1,119,184	10,864,460
Fund Balances				
Nonspendable	-	-	-	35,000
Restricted	-	-	-	8,154,275
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,951</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,212,226</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,175</u>	<u>\$ 41,945</u>	<u>\$ 1,119,184</u>	<u>\$ 19,428,371</u>

**CITY OF TULARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,535,484	\$ -	\$ -
Intergovernmental	102,050	6,050	-	-	-	-
Fines and Forfeitures	-	-	-	-	117,080	-
Interest and Rentals	-	1,323	3	37,700	439	837
Grants	-	4,500	533,115	-	-	166,851
Meals	24,935	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	29,147	49	-	-	-	-
<b>Total Revenues</b>	<u>156,132</u>	<u>11,922</u>	<u>533,118</u>	<u>1,573,184</u>	<u>117,519</u>	<u>167,688</u>
<b>Expenditures</b>						
Current						
Public Safety	-	-	-	-	-	167,688
Community Development	-	11,922	533,119	-	-	-
Community Services	447,135	-	-	-	-	-
<b>Total Expenditures</b>	<u>447,135</u>	<u>11,922</u>	<u>533,119</u>	<u>-</u>	<u>-</u>	<u>167,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(291,003)</u>	<u>-</u>	<u>(1)</u>	<u>1,573,184</u>	<u>117,519</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers In	313,960	-	-	-	-	-
Transfers Out	-	-	-	(1,120,988)	(126,329)	-
<b>Total Other Financing Sources (Uses)</b>	<u>313,960</u>	<u>-</u>	<u>-</u>	<u>(1,120,988)</u>	<u>(126,329)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>22,957</u>	<u>-</u>	<u>(1)</u>	<u>452,196</u>	<u>(8,810)</u>	<u>-</u>
Fund Balances - Beginning, as Restated	(6)	-	1,319,518	5,710,836	22,146	-
<b>Fund Balances - Ending</b>	<u>\$ 22,951</u>	<u>\$ -</u>	<u>\$ 1,319,517</u>	<u>\$ 6,163,032</u>	<u>\$ 13,336</u>	<u>\$ -</u>

(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, 2015**

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	41,400	-	-	-
Interest and Rentals	-	2,406	75	10	434	1,173
Grants	38,448	-	-	-	16,142	60,341
Meals	-	-	-	-	-	-
Assessments	-	611,658	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>38,448</b>	<b>614,064</b>	<b>41,475</b>	<b>10</b>	<b>16,576</b>	<b>61,514</b>
<b>Expenditures</b>						
Current						
Public Safety	38,667	-	-	-	14,238	19,642
Community Development	-	-	-	-	-	-
Community Services	-	408,945	14,640	-	-	-
<b>Total Expenditures</b>	<b>38,667</b>	<b>408,945</b>	<b>14,640</b>	<b>-</b>	<b>14,238</b>	<b>19,642</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219)	205,119	26,835	10	2,338	41,872
Other Financing Sources (Uses)						
Transfers In	219	-	-	-	-	-
Transfers Out	-	-	(26,835)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>219</b>	<b>-</b>	<b>(26,835)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>205,119</b>	<b>-</b>	<b>10</b>	<b>2,338</b>	<b>41,872</b>
Fund Balances - Beginning, as Restated	-	287,424	-	1,419	16,763	138,445
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 492,543</b>	<b>\$ -</b>	<b>\$ 1,429</b>	<b>\$ 19,101</b>	<b>\$ 180,317</b>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Total
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,535,484
Intergovernmental	-	-	-	108,100
Fines and Forfeitures	-	-	-	158,480
Interest and Rentals	-	-	-	44,400
Grants	124,385	305,894	-	1,249,676
Meals	-	-	-	24,935
Assessments	-	-	-	611,658
Other	754	-	120	30,070
<b>Total Revenues</b>	<u>125,139</u>	<u>305,894</u>	<u>120</u>	<u>3,762,803</u>
<b>Expenditures</b>				
Current				
Public Safety	-	857,747	-	1,097,982
Community Development	-	-	120	545,161
Community Services	-	-	-	870,720
<b>Total Expenditures</b>	<u>-</u>	<u>857,747</u>	<u>120</u>	<u>2,513,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>125,139</u>	<u>(551,853)</u>	<u>-</u>	<u>1,248,940</u>
Other Financing Sources (Uses)				
Transfers In	-	551,853	-	866,032
Transfers Out	<u>(125,139)</u>	<u>-</u>	<u>-</u>	<u>(1,399,291)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(125,139)</u>	<u>551,853</u>	<u>-</u>	<u>(533,259)</u>
Net Change in Fund Balances	-	-	-	715,681
Fund Balances - Beginning, as Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,496,545</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,212,226</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental	\$ 88,920	\$ 102,050	\$ 13,130
Grants	-	-	-
Meals	41,000	24,935	(16,065)
Other	24,130	29,147	5,017
Total Revenues	<u>154,050</u>	<u>156,132</u>	<u>2,082</u>
<b>Expenditures</b>			
Current			
Community Services	468,010	447,135	20,875
Total Expenditures	<u>468,010</u>	<u>447,135</u>	<u>20,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313,960)	(291,003)	22,957
Other Financing Sources (Uses)			
Transfers In	313,960	313,960	-
Total Other Financing Sources (Uses)	<u>313,960</u>	<u>313,960</u>	<u>-</u>
Net Change in Fund Balance	-	22,957	22,957
Fund Balance, Beginning	(6)	(6)	-
Fund Balance, Ending	<u>\$ (6)</u>	<u>\$ 22,951</u>	<u>\$ 22,957</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 6,050	\$ 6,050
Interest and Rentals	-	1,323	1,323
Grants	-	4,500	4,500
Other	-	49	49
Total Revenues	<u>-</u>	<u>11,922</u>	<u>11,922</u>
<b>Expenditures</b>			
Current			
Community Development	<u>-</u>	<u>11,922</u>	<u>(11,922)</u>
Total Expenditures	<u>-</u>	<u>11,922</u>	<u>(11,922)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning, as Restated	<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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 3	\$ 3
Grants	221,163	533,115	311,952
<b>Total Revenues</b>	<u>221,163</u>	<u>533,118</u>	<u>311,955</u>
<b>Expenditures</b>			
Current			
Community Development	637,905	533,119	104,786
<b>Total Expenditures</b>	<u>637,905</u>	<u>533,119</u>	<u>104,786</u>
<b>Net Change in Fund Balance</b>	(416,742)	(1)	416,741
<b>Fund Balance - Beginning</b>	<u>1,319,518</u>	<u>1,319,518</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 902,776</u></u>	<u><u>\$ 1,319,517</u></u>	<u><u>\$ 416,741</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 2,238,410	\$ 1,535,484	\$ (702,926)
Interest and Rentals	-	37,700	37,700
	<u>2,238,410</u>	<u>1,573,184</u>	<u>(665,226)</u>
Total Revenues			
	<u>2,238,410</u>	<u>1,573,184</u>	<u>(665,226)</u>
<b>Expenditures</b>			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,238,410	1,573,184	(665,226)
Other Financing Sources (Uses)			
Transfers Out	(375,000)	(1,120,988)	(745,988)
	<u>(375,000)</u>	<u>(1,120,988)</u>	<u>(745,988)</u>
Net Change in Fund Balance	1,863,410	452,196	(1,411,214)
Fund Balance, Beginning	5,710,836	5,710,836	-
	<u>5,710,836</u>	<u>5,710,836</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,574,246</u>	<u>\$ 6,163,032</u>	<u>\$ (1,411,214)</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 227,000	\$ 117,080	\$ (109,920)
Interest and Rentals	-	439	439
	<u>227,000</u>	<u>117,519</u>	<u>(109,481)</u>
<b>Total Revenues</b>			
	<u>227,000</u>	<u>117,519</u>	<u>(109,481)</u>
<b>Expenditures</b>			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	227,000	117,519	(109,481)
Other Financing Sources (Uses)			
Transfers Out	<u>(227,000)</u>	<u>(126,329)</u>	<u>100,671</u>
Net Change in Fund Balance	-	(8,810)	(8,810)
Fund Balance, Beginning	<u>22,146</u>	<u>22,146</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 22,146</u>	<u>\$ 13,336</u>	<u>\$ (8,810)</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 837	\$ 837
Grants	100,000	166,851	66,851
Total Revenues	<u>100,000</u>	<u>167,688</u>	<u>67,688</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>203,320</u>	<u>167,688</u>	<u>35,632</u>
Total Expenditures	<u>203,320</u>	<u>167,688</u>	<u>35,632</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(103,320)</u>	<u>-</u>	<u>103,320</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(57,330)</u>	<u>-</u>	<u>57,330</u>
Net Change in Fund Balance	(160,650)	-	160,650
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (160,650)</u>	<u>\$ -</u>	<u>\$ 160,650</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ 55,780	\$ 38,448	\$ (17,332)
Total Revenues	<u>55,780</u>	<u>38,448</u>	<u>(17,332)</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>57,900</u>	<u>38,667</u>	<u>19,233</u>
Total Expenditures	<u>57,900</u>	<u>38,667</u>	<u>19,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,120)	(219)	1,901
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>219</u>	<u>219</u>
Net Change in Fund Balance	(2,120)	-	2,120
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (2,120)</u>	<u>\$ -</u>	<u>\$ 2,120</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 2,406	\$ 2,406
Assessments	618,100	611,658	(6,442)
Other	53,240	-	(53,240)
	<u>671,340</u>	<u>614,064</u>	<u>(57,276)</u>
Total Revenues			
<b>Expenditures</b>			
Current			
Community Services	517,600	408,945	108,655
	<u>153,740</u>	<u>205,119</u>	<u>51,379</u>
Net Change in Fund Balance			
Fund Balance, Beginning	287,424	287,424	-
Fund Balance, Ending	<u>\$ 441,164</u>	<u>\$ 492,543</u>	<u>\$ 51,379</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 65,000	\$ 41,400	\$ (23,600)
Interest and Rentals	-	75	75
	<u>65,000</u>	<u>41,475</u>	<u>(23,525)</u>
Total Revenues			
	<u>65,000</u>	<u>41,475</u>	<u>(23,525)</u>
<b>Expenditures</b>			
Current			
Community Services	53,360	14,640	38,720
	<u>53,360</u>	<u>14,640</u>	<u>38,720</u>
Total Expenditures			
	<u>53,360</u>	<u>14,640</u>	<u>38,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,640	26,835	15,195
Other Financing Sources (Uses)			
Transfers Out	(22,000)	(26,835)	(4,835)
	<u>(22,000)</u>	<u>(26,835)</u>	<u>(4,835)</u>
Net Change in Fund Balance	(10,360)	-	10,360
Fund Balance, Beginning	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (10,360)</u>	<u>\$ -</u>	<u>\$ 10,360</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 10	\$ 10
Total Revenues	<u>-</u>	<u>10</u>	<u>10</u>
<b>Expenditures</b>			
Current			
Capital Outlay	<u>981</u>	<u>-</u>	<u>981</u>
Total Expenditures	<u>981</u>	<u>-</u>	<u>981</u>
Net Change in Fund Balance	(981)	10	991
Fund Balance, Beginning	<u>1,419</u>	<u>1,419</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 438</u>	<u>\$ 1,429</u>	<u>\$ 991</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 434	\$ 434
Grants	-	16,142	16,142
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>16,576</u>	<u>16,576</u>
<b>Expenditures</b>			
Current			
Public Safety	-	14,238	(14,238)
	<u>-</u>	<u>14,238</u>	<u>(14,238)</u>
Total Expenditures	<u>-</u>	<u>14,238</u>	<u>(14,238)</u>
Net Change in Fund Balance	-	2,338	2,338
Fund Balance, Beginning	<u>16,763</u>	<u>16,763</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 16,763</u>	<u>\$ 19,101</u>	<u>\$ 2,338</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, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ 700	\$ 1,173	\$ 473
Grants	30,000	60,341	30,341
Total Revenues	<u>30,700</u>	<u>61,514</u>	<u>30,814</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>32,800</u>	<u>19,642</u>	<u>13,158</u>
Total Expenditures	<u>32,800</u>	<u>19,642</u>	<u>13,158</u>
Net Change in Fund Balance	(2,100)	41,872	43,972
Fund Balance, Beginning	<u>138,445</u>	<u>138,445</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 136,345</u>	<u>\$ 180,317</u>	<u>\$ 43,972</u>

**CITY OF TULARE  
PUBLIC MITIGATION GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ 76,000	\$ 124,385	\$ 48,385
Other	-	754	754
	<u>76,000</u>	<u>125,139</u>	<u>49,139</u>
<b>Total Revenues</b>	<u>76,000</u>	<u>125,139</u>	<u>49,139</u>
<b>Expenditures</b>			
Current			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>76,000</u>	<u>125,139</u>	<u>49,139</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	-	(125,139)	(125,139)
	<u>-</u>	<u>(125,139)</u>	<u>(125,139)</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 76,000</u>	<u>\$ -</u>	<u>\$ (76,000)</u>

**CITY OF TULARE**  
**2009 COPS HIRING RECOVERY PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ 380,960	\$ 305,894	\$ (75,066)
Total Revenues	<u>380,960</u>	<u>305,894</u>	<u>(75,066)</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>885,960</u>	<u>857,747</u>	<u>28,213</u>
Total Expenditures	<u>885,960</u>	<u>857,747</u>	<u>28,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(505,000)</u>	<u>(551,853)</u>	<u>(46,853)</u>
Other Financing Sources (Uses)			
Transfers In	<u>505,000</u>	<u>551,853</u>	<u>46,853</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE  
 RENTAL REHABILITATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Other	\$ -	\$ 120	\$ 120
Total Revenues	<u>-</u>	<u>120</u>	<u>120</u>
<b>Expenditures</b>			
Current			
Community Development	-	120	(120)
Total Expenditures	<u>-</u>	<u>120</u>	<u>(120)</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**

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.

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, 2015**

	Technology CIP
<b>Assets</b>	
Cash and Investments	\$ 744,675
Total Assets	\$ 744,675
<b>Liabilities and Fund Balance</b>	
Accounts Payable and Accrued Liabilities	\$ 118
Total Liabilities	118
Fund Balance Committed	744,557
Total Fund Balance	744,557
Total Liabilities and Fund Balance	\$ 744,675

**CITY OF TULARE  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Technology CIP</u>
<b>Revenues</b>	
Interest and Rentals	<u>\$ -</u>
Total Revenues	<u>-</u>
<b>Expenditures</b>	
Current	
Community Development	<u>272,988</u>
Total Expenditures	<u>272,988</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(272,988)</u>
Other Financing Sources (Uses)	
Transfers In	<u>595,000</u>
Total Other Financing Sources (Uses)	<u>595,000</u>
Net Change in Fund Balance	322,012
Fund Balance - Beginning	<u>422,545</u>
Fund Balance - Ending	<u><u>\$ 744,557</u></u>

**CITY OF TULARE  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015		
	Budget	Technology CIP	Variance With Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>Expenditures</b>			
Current			
Community Development	225,543	272,988	(47,445)
Total Expenditures	225,543	272,988	(47,445)
Deficiency of Revenues Over Expenditures	(225,543)	(272,988)	(47,445)
Other Financing Sources			
Transfers In	172,910	595,000	(422,090)
Total Other Financing Sources	172,910	595,000	422,090
Net Change in Fund Balance	(52,633)	322,012	374,645
Fund Balance - Beginning	422,545	422,545	-
Fund Balance - Ending	<u>\$ 369,912</u>	<u>\$ 744,557</u>	<u>\$ 374,645</u>



## **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.

**CITY OF TULARE**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

<b>Assets and Deferred Outflows of Resources</b>	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
<b>Current Assets</b>			
Cash and Investments	\$ 4,050,790	\$ 50,000	\$ 1,000,000
Accounts Receivable	207,981	4,749	-
Other Receivables	113,158	-	-
Inventories	-	-	-
<b>Total Current Assets</b>	<u>4,371,929</u>	<u>54,749</u>	<u>1,000,000</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
<b>Nondepreciable</b>			
Land	75,000	-	-
<b>Depreciable</b>			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	18,958,658	-	-
Accumulated Depreciation	(14,766,752)	-	-
<b>Total Noncurrent Assets</b>	<u>12,103,259</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>16,475,188</u>	<u>54,749</u>	<u>1,000,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows from Pensions	-	11,011	14,139
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 16,475,188</u>	<u>\$ 65,760</u>	<u>\$ 1,014,139</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 84,647	\$ 19,598	\$ 4,092
Compensated Absences Payable - Current	2,794	596	622
Capital Leases Payable - Current	19,476	-	-
Unearned Revenue	-	206,473	-
Insurance Claims Payable	-	-	1,560,268
<b>Total Current Liabilities</b>	<u>106,917</u>	<u>226,667</u>	<u>1,564,982</u>
<b>Noncurrent Liabilities</b>			
Capital Leases Payable	157,732	-	-
Compensated Absences Payable	34,605	7,387	7,701
Net Pension Liability	-	116,106	149,090
<b>Total Noncurrent Liabilities</b>	<u>192,337</u>	<u>123,493</u>	<u>156,791</u>
<b>Total Liabilities</b>	<u>299,254</u>	<u>350,160</u>	<u>1,721,773</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows from Pensions	-	23,528	30,213
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>299,254</u>	<u>373,688</u>	<u>1,751,986</u>
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	11,926,051	-	-
Unrestricted	4,249,883	(307,928)	(737,847)
<b>Total Net Position (Deficit)</b>	<u>\$ 16,175,934</u>	<u>\$ (307,928)</u>	<u>\$ (737,847)</u>

General Insurance	Unemployment Insurance	Purchasing	Totals
\$ 903,230	\$ -	\$ 272,233	\$ 6,276,253
1,791	-	397	214,918
-	-	-	113,158
-	-	266,385	266,385
<u>905,021</u>	<u>-</u>	<u>539,015</u>	<u>6,870,714</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,648,583
-	-	13,419	18,972,077
-	-	(13,419)	(14,780,171)
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,103,259</u>
<u>905,021</u>	<u>-</u>	<u>539,015</u>	<u>18,973,973</u>
<u>12,888</u>	<u>-</u>	<u>11,329</u>	<u>49,367</u>
<u>\$ 917,909</u>	<u>\$ -</u>	<u>\$ 550,344</u>	<u>\$ 19,023,340</u>
\$ 3,906	\$ -	\$ 94,672	\$ 206,915
611	-	1,282	5,905
-	-	-	19,476
-	-	-	206,473
18,100	-	-	1,578,368
<u>22,617</u>	<u>-</u>	<u>95,954</u>	<u>2,017,137</u>
-	-	-	157,732
7,569	-	15,880	73,142
135,905	-	119,469	520,570
<u>143,474</u>	<u>-</u>	<u>135,349</u>	<u>751,444</u>
<u>166,091</u>	<u>-</u>	<u>231,303</u>	<u>2,768,581</u>
<u>27,541</u>	<u>-</u>	<u>24,210</u>	<u>105,492</u>
<u>193,632</u>	<u>-</u>	<u>255,513</u>	<u>2,874,073</u>
-	-	-	11,926,051
724,277	-	294,831	4,223,216
<u>\$ 724,277</u>	<u>\$ -</u>	<u>\$ 294,831</u>	<u>\$ 16,149,267</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
<b>Operating Revenues</b>			
Departmental Charges	\$ 3,017,001	\$ 2,467,680	\$ 479,673
Employee Contributions	-	1,383,466	-
Total Operating Revenues	<u>3,017,001</u>	<u>3,851,146</u>	<u>479,673</u>
<b>Operating Expenses</b>			
General Administration	770	5,253	3,926
Personnel Services	571,936	114,445	89,362
Contractual Services	309,307	-	-
Equipment Usage and Operation	415,197	1,953	1,952
Insurance	87,328	4,598,074	1,162,283
Depreciation	1,253,383	-	-
Total Operating Expenses	<u>2,637,921</u>	<u>4,719,725</u>	<u>1,257,523</u>
Operating Income (Loss)	<u>379,080</u>	<u>(868,579)</u>	<u>(777,850)</u>
<b>Nonoperating Revenues</b>			
Interest Income	69,187	4	1,552
Other Income	49,977	-	566
Total Nonoperating Revenues	<u>119,164</u>	<u>4</u>	<u>2,118</u>
Income (Loss) Before Transfers	<u>498,244</u>	<u>(868,575)</u>	<u>(775,732)</u>
Transfers In	2,625,046	554,396	1,067,040
Transfers Out	<u>(2,659,096)</u>	<u>-</u>	<u>-</u>
Change in Net Position	464,194	(314,179)	291,308
Net Position (Deficit), Beginning, as Restated	<u>15,711,740</u>	<u>6,251</u>	<u>(1,029,155)</u>
Net Position (Deficit), Ending	<u>\$ 16,175,934</u>	<u>\$ (307,928)</u>	<u>\$ (737,847)</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 736,234	\$ -	\$ 1,876,262	\$ 8,576,850
-	-	-	1,383,466
<u>736,234</u>	<u>-</u>	<u>1,876,262</u>	<u>9,960,316</u>
19,948	20	11,810	41,727
81,885	-	70,009	927,637
-	-	-	309,307
1,951	-	1,769,652	2,190,705
870,191	13,918	-	6,731,794
-	-	-	1,253,383
<u>973,975</u>	<u>13,938</u>	<u>1,851,471</u>	<u>11,454,553</u>
<u>(237,741)</u>	<u>(13,938)</u>	<u>24,791</u>	<u>(1,494,237)</u>
3,842	-	1,733	76,318
124,986	-	27,719	203,248
<u>128,828</u>	<u>-</u>	<u>29,452</u>	<u>279,566</u>
<u>(108,913)</u>	<u>(13,938)</u>	<u>54,243</u>	<u>(1,214,671)</u>
187,950	13,938	-	4,448,370
-	-	-	(2,659,096)
79,037	-	54,243	574,603
<u>645,240</u>	<u>-</u>	<u>240,588</u>	<u>15,574,664</u>
<u>\$ 724,277</u>	<u>\$ -</u>	<u>\$ 294,831</u>	<u>\$ 16,149,267</u>

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 2,827,084	\$ 3,850,946	\$ 481,364
Cash received from other operations	-	99,878	-
Cash paid for salaries and benefits	(558,677)	(112,728)	(87,642)
Cash paid for services and supplies	(699,366)	(17,336)	(288,377)
Cash paid for reported claims	(87,328)	(4,598,074)	(1,162,283)
Cash paid for other charges	(770)	(5,253)	(3,926)
Net Cash Provided by (Used for) Operating Activities	<u>1,480,943</u>	<u>(782,567)</u>	<u>(1,060,864)</u>
Cash Flows from Non-Capital Financing Activities:			
Other income	49,977	-	566
Operating transfers from other funds	2,625,046	554,396	1,067,040
Operating transfers to other funds	(2,659,096)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>15,927</u>	<u>554,396</u>	<u>1,067,606</u>
Cash Flows from Capital and Related Financing Activities:			
Payments made on capital leases	(19,476)	-	-
Acquisition of capital assets	(2,624,616)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,644,092)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest income (expense)	69,187	4	1,552
Net Cash Provided by (Used for) Investing Activities	<u>69,187</u>	<u>4</u>	<u>1,552</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,078,035)	(228,167)	8,294
Cash and Cash Equivalents, Beginning of the Year	<u>5,128,825</u>	<u>278,167</u>	<u>991,706</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 4,050,790</u>	<u>\$ 50,000</u>	<u>\$ 1,000,000</u>

General Insurance	Unemployment Insurance	Purchasing	Totals
\$ 735,734	\$ -	\$ 1,873,848	\$ 9,768,976
-	-	-	99,878
(62,071)	-	(70,634)	(891,752)
(619)	-	(1,734,987)	(2,740,685)
(870,191)	(13,938)	-	(6,731,814)
(19,948)	-	(11,810)	(41,707)
(217,095)	(13,938)	56,417	(537,104)
124,986	-	27,719	203,248
187,950	13,938	-	4,448,370
-	-	-	(2,659,096)
312,936	13,938	27,719	1,992,522
-	-	-	(19,476)
-	-	-	(2,624,616)
-	-	-	(2,644,092)
3,842	-	1,733	76,318
3,842	-	1,733	76,318
99,683	-	85,869	(1,112,356)
803,547	-	186,364	7,388,609
\$ 903,230	\$ -	\$ 272,233	\$ 6,276,253

(Continued)

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2015**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Income (Loss)	\$ 379,080	\$ (868,579)	\$ (777,850)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,253,383	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(189,917)	(200)	1,691
(Increase) Decrease in inventory	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	25,138	7,447	-
Increase (Decrease) in insurance claims payable	-	(22,830)	(286,425)
Increase (Decrease) in compensated absences payable	13,259	2,891	3,227
Increase (Decrease) in net pension liability and related items	-	(1,174)	(1,507)
Increase (Decrease) in unearned revenue	-	99,878	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,480,943</u>	<u>\$ (782,567)</u>	<u>\$ (1,060,864)</u>
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Statement of Net Position:			
Cash and investments	\$ 4,050,790	\$ 50,000	\$ 1,000,000
Cash and investments with fiscal agents	-	-	-
Cash and Cash Equivalents per Statement of Cash Flows	<u>\$ 4,050,790</u>	<u>\$ 50,000</u>	<u>\$ 1,000,000</u>



<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ (237,741)	\$ (13,938)	\$ 24,791	\$ (1,494,237)
-	-	-	1,253,383
(500)	-	(79)	(189,005)
-	-	(2,335)	(2,335)
1,332	-	34,665	68,582
18,100	-	-	(291,155)
3,088	-	583	23,048
(1,374)	-	(1,208)	(5,263)
-	-	-	99,878
<u>\$ (217,095)</u>	<u>\$ (13,938)</u>	<u>\$ 56,417</u>	<u>\$ (537,104)</u>
\$ 903,230	\$ -	\$ 272,233	\$ 6,276,253
-	-	-	-
<u>\$ 903,230</u>	<u>\$ -</u>	<u>\$ 272,233</u>	<u>\$ 6,276,253</u>

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## **FIDUCIARY FUNDS**

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

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

**CITY OF TULARE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>AGENCY FUND</b>				
Assets				
Cash and Investments	\$ 571,057	\$ 132,129	\$ 192,477	\$ 510,709
Accounts Receivable	-	10,800	10,800	-
<b>Total Assets</b>	<b>\$ 571,057</b>	<b>\$ 142,929</b>	<b>\$ 203,277</b>	<b>\$ 510,709</b>
Liabilities				
Accounts Payable	\$ 7,579	\$ 180,452	\$ 182,396	\$ 5,635
Deposits Payable	563,478	138,905	194,800	507,583
<b>Total Liabilities</b>	<b>\$ 571,057</b>	<b>\$ 319,357</b>	<b>\$ 377,196</b>	<b>\$ 513,218</b>
<b>AGENCY FUND - DEVELOPMENT IMPACT FEES</b>				
Assets				
Cash and Investments	\$ 2,217,981	\$ 4,125,110	\$ 3,655,182	\$ 2,687,909
Accounts Receivable	54,786	9,164	5,839	58,111
<b>Total Assets</b>	<b>\$ 2,272,767</b>	<b>\$ 4,134,274</b>	<b>\$ 3,661,021</b>	<b>\$ 2,746,020</b>
Liabilities				
Accounts Payable	\$ 18,693	\$ 17,645	\$ 18,692	\$ 17,646
Deposits Payable	2,254,074	4,373,715	3,899,417	2,728,372
<b>Total Liabilities</b>	<b>\$ 2,272,767</b>	<b>\$ 4,391,360</b>	<b>\$ 3,918,109</b>	<b>\$ 2,746,018</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and Investments	\$ 2,789,038	\$ 4,257,239	\$ 3,847,659	\$ 3,198,618
Accounts Receivable	54,786	19,964	16,639	58,111
<b>Total Assets</b>	<b>\$ 2,843,824</b>	<b>\$ 4,277,203</b>	<b>\$ 3,864,298</b>	<b>\$ 3,256,729</b>
Liabilities				
Accounts Payable	\$ 26,272	\$ 198,097	\$ 201,088	\$ 23,281
Deposits Payable	2,817,552	4,510,113	4,094,217	3,233,448
<b>Total Liabilities</b>	<b>\$ 2,843,824</b>	<b>\$ 4,708,210</b>	<b>\$ 4,295,305</b>	<b>\$ 3,256,729</b>

**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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 84,550	\$ 84,550	\$ 80,935	\$ 3,615
City Manager	583,890	583,890	536,575	47,315
Finance	1,231,222	1,231,222	1,020,845	210,377
Economic Development	135,260	(52,740)	(88,751)	36,011
CIP Admin	-	117,690	121,308	(3,618)
IT Division	-	353,020	333,552	19,468
Personnel	485,480	485,480	449,626	35,854
Non-Departmental	789,415	1,975,805	1,979,031	(3,226)
Animal Control	923,930	923,930	843,519	80,411
<b>Total General Government</b>	<b>4,233,747</b>	<b>5,702,847</b>	<b>5,276,640</b>	<b>426,207</b>
Public Safety				
Police	13,632,453	13,656,813	13,396,148	260,665
Fire Code Enforcement	7,151,535	7,174,925	6,978,411	196,514
<b>Total Public Safety</b>	<b>20,783,988</b>	<b>20,831,738</b>	<b>20,374,559</b>	<b>457,179</b>
Public Works				
Streets	2,628,460	2,628,460	2,427,427	201,033
Storm Drains	179,510	500,090	485,873	14,217
<b>Total Public Works</b>	<b>2,807,970</b>	<b>3,128,550</b>	<b>2,913,300</b>	<b>215,250</b>
Community Development				
Planning	-	-	-	-
Building Services	-	-	-	-
Engineering Administration	-	-	-	-
Building Inspection	-	-	-	-
Parking and Business Improvement	90,160	90,160	86,878	3,282
Dangerous Building Abatement	-	110,000	9,932	100,068
<b>Total Community Development</b>	<b>90,160</b>	<b>200,160</b>	<b>96,810</b>	<b>103,350</b>
Community Services				
Parks	3,937,380	3,954,880	3,295,221	659,659
Community Services	1,040,470	840,470	909,095	(68,625)
<b>Total Community Services</b>	<b>4,977,850</b>	<b>4,795,350</b>	<b>4,204,316</b>	<b>591,034</b>
Library and Cultural	1,245,510	1,259,010	1,185,082	73,928
Capital Outlay	43,686,552	45,421,672	33,103,216	12,318,456
Debt Service				
Principal	83,070	83,070	83,069	1
Interest	35,190	35,190	42,197	(7,007)
<b>Total Debt Service</b>	<b>118,260</b>	<b>118,260</b>	<b>125,266</b>	<b>(7,006)</b>
Transfers Out	5,567,380	7,355,190	8,100,799	(745,609)
<b>Total General Fund Expenditures</b>	<b>\$ 83,511,417</b>	<b>\$ 88,812,777</b>	<b>\$ 75,379,988</b>	<b>\$ 13,432,789</b>

**CITY OF TULARE  
 MEASURE I SALES TAX REVENUE AND RELATED  
 EXPENDITURES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Measure I Sales Tax	\$ 4,819,520	\$ 4,862,317	\$ 42,797
<b>Expenditures</b>			
Measure I - Police	2,990,120	3,110,530	(120,410)
Measure I - Fire	1,389,140	1,327,132	62,008
Measure I - Code Enforcement	117,215	112,942	4,273
Total Expenditures	4,496,475	4,550,604	(54,129)
Excess of Revenues Over Expenditures	\$ 323,045	\$ 311,713	\$ (11,332)

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

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

\$ 8,605,000

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

\$ 4,200,000

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

\$ 9,610,000  
(Continued)

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2015**

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 RDA 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 be returned to the Successor Agency which increased the advance to \$4,937,021. Included in the \$5,402,757 ending balance as of June 30, 2015, is also \$465,736 in property to be sold to the County Superintendent of Schools.

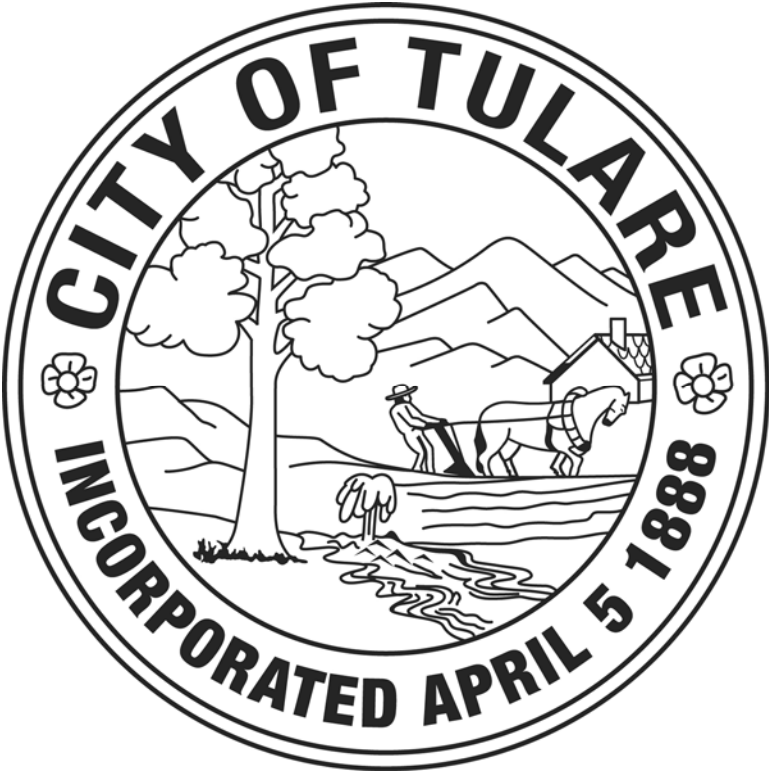
\$ 5,402,757

The annual requirements to amortize debt payable are as follows:

Fiduciary Fund - Private Purpose Trust Fund				
Year Ending June 30,	2010 Tax Allocation Bonds - Series A	2010 Tax Allocation Bonds - Series B	2010 Tax Allocation Bonds - Series C	Advances from the Primary Government
2016	\$ 529,113	\$ 683,640	\$ 1,007,131	\$ -
2017	529,113	683,548	1,007,225	-
2018	529,113	686,015	1,003,663	-
2019	529,113	685,788	1,003,788	-
2020	529,113	687,673	1,007,225	-
2021-2025	3,544,213	2,268,167	5,000,819	-
2026-2030	3,220,963	-	3,675,531	5,402,757
2031-2035	3,921,634	-	3,676,851	-
2036-2040	4,546,164	-	3,674,373	-
2041-2045	892,030	-	734,963	-
	18,770,569	5,694,831	21,791,569	5,402,757
Less Interest	10,165,569	1,494,831	12,181,569	-
Total	<u>\$ 8,605,000</u>	<u>\$ 4,200,000</u>	<u>\$ 9,610,000</u>	<u>\$ 5,402,757</u>



STATISTICAL SECTION



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## **STATISTICAL SECTION**

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**CITY OF TULARE  
STATISTICAL SECTION  
FOR THE YEAR ENDED JUNE 30, 2015**

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 say about the City's overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	138 – 147
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	148 – 155
<b>Debt Capacity</b>	
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.	156 – 163
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	164 – 166
<b>Operating Information</b>	
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.	167 – 171

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

	Fiscal Year				
	2007	2008	2009	2010	2011
<b><u>Governmental Activities:</u></b>					
Net Investment in Capital Assets	\$ 110,129,292	\$ 129,555,443	\$ 142,261,018	\$ 134,341,017	\$ 151,745,077
Restricted	-	23,652,940	19,215,692	5,079,552	5,950,633
Unrestricted	84,457,595	66,208,918	74,474,840	48,577,529	41,007,426
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 194,586,887</u></b>	<b><u>\$ 219,417,301</u></b>	<b><u>\$ 235,951,550</u></b>	<b><u>\$ 187,998,098</u></b>	<b><u>\$ 198,703,136</u></b>
<b><u>Business-Type Activities:</u></b>					
Net Investment in Capital Assets	\$ 52,468,556	\$ 107,113,034	\$ 86,649,558	\$ 83,970,647	\$ 87,741,783
Restricted	85,998,650	44,617,222	51,229,220	33,428,794	11,328,132
Unrestricted	(74,574,833)	(74,352,100)	(52,851,820)	(34,593,405)	(16,441,899)
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 63,892,373</u></b>	<b><u>\$ 77,378,156</u></b>	<b><u>\$ 85,026,958</u></b>	<b><u>\$ 82,806,036</u></b>	<b><u>\$ 82,628,016</u></b>
<b><u>Primary Government:</u></b>					
Net Investment in Capital Assets	\$ 162,597,848	\$ 236,668,477	\$ 228,910,576	\$ 218,311,664	\$ 239,486,860
Restricted	85,998,650	68,270,162	70,444,912	38,508,346	17,278,765
Unrestricted	9,882,762	(8,143,182)	21,623,020	13,984,124	24,565,527
<b>Total Primary Government Net Position</b>	<b><u>\$ 258,479,260</u></b>	<b><u>\$ 296,795,457</u></b>	<b><u>\$ 320,978,508</u></b>	<b><u>\$ 270,804,134</u></b>	<b><u>\$ 281,331,152</u></b>

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position

Fiscal Year			
2012	2013	2014	2015
\$ 154,050,235	\$ 165,585,033	\$ 177,172,689	\$ 207,289,716
5,112,388	2,212,182	1,283,898	1,164,494
<u>49,533,580</u>	<u>46,626,129</u>	<u>47,137,211</u>	<u>11,560,174</u>
<u><u>\$ 208,696,203</u></u>	<u><u>\$ 214,423,344</u></u>	<u><u>\$ 225,593,798</u></u>	<u><u>\$ 220,014,384</u></u>
\$ 83,851,638	\$ 83,470,628	\$ 85,354,787	\$ 86,153,865
14,901,129	14,901,128	12,828,344	8,572,997
<u>(11,609,337)</u>	<u>(8,501,979)</u>	<u>(7,120,889)</u>	<u>(6,566,796)</u>
<u><u>\$ 87,143,430</u></u>	<u><u>\$ 89,869,777</u></u>	<u><u>\$ 91,062,242</u></u>	<u><u>\$ 88,160,066</u></u>
\$ 237,901,873	\$ 249,055,661	\$ 262,527,476	\$ 293,443,581
20,013,517	17,113,310	14,112,242	9,737,491
<u>37,924,243</u>	<u>38,124,150</u>	<u>40,016,322</u>	<u>4,993,378</u>
<u><u>\$ 295,839,633</u></u>	<u><u>\$ 304,293,121</u></u>	<u><u>\$ 316,656,040</u></u>	<u><u>\$ 308,174,450</u></u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b><u>Expenses:</u></b>				
Governmental Activities:				
General Government	\$ 4,405,718	\$ 2,855,538	\$ 4,372,097	\$ 7,227,222
Intergovernmental	3,895	28,228	3,904	22,198
Public Safety	15,345,247	17,234,653	17,919,518	18,150,196
Public Works	2,499,561	2,816,141	2,655,054	2,253,586
Community Development	5,469,002	7,791,822	5,367,023	7,548,417
Community Services	3,534,104	4,075,367	4,161,627	4,119,626
Library and Cultural	3,513,601	3,331,468	4,082,194	5,254,822
Interest on Long-Term Debt	99,986	668,323	2,649,504	1,873,941
Total Governmental Activities Expenses	<u>34,871,114</u>	<u>38,801,540</u>	<u>41,210,921</u>	<u>46,450,008</u>
Business-Type Activities:				
Aviation	164,682	149,838	135,527	377,402
Transit	2,291,825	2,373,838	2,569,527	2,491,326
Development Services	-	-	-	-
Water	4,446,988	5,774,160	5,360,552	5,886,572
Solid Waste	6,276,096	6,828,700	6,392,221	6,630,196
Sewer	10,850,918	12,797,031	13,920,042	23,628,414
Total Business-Type Activities Expenses	<u>24,030,509</u>	<u>27,923,567</u>	<u>28,377,869</u>	<u>39,013,910</u>
Total Primary Government Expenses	<u>58,901,623</u>	<u>66,725,107</u>	<u>69,588,790</u>	<u>85,463,918</u>
<b><u>Program Revenues:</u></b>				
Governmental Activities:				
Charges for Services:				
General Government	525,607	307,426	465,136	404,289
Intergovernmental	1,649,615	180,370	176,350	261,239
Public Safety	2,022,999	2,079,850	2,139,721	1,311,651
Public Works	298,200	301,977	282,465	126,065
Community Development	2,617,517	2,428,421	1,692,768	1,506,687
Community Services	421,623	436,384	442,745	230,451
Library and Cultural	419,176	363,663	434,294	293,953
Operating Grants and Contributions	203,221	153,895	153,891	647,282
Capital Grants and Contributions	124,714	931,941	150,871	182,021
Total Governmental Activities Program Revenues	<u>8,282,672</u>	<u>7,183,927</u>	<u>5,938,241</u>	<u>4,963,638</u>
Business-Type Activities:				
Charges for Services:				
Aviation	99,294	103,064	111,999	113,350
Transit	1,864,717	1,507,696	2,131,920	1,885,297
Development Services	-	-	-	-
Water	5,214,527	6,383,693	4,673,549	5,112,671
Solid Waste	5,743,916	6,513,112	5,946,594	6,539,840
Sewer	12,303,626	18,812,643	16,887,266	20,134,580
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,887,471	7,543,285	4,604,955	2,246,055
Total Business-Type Activities Program Revenues	<u>27,113,551</u>	<u>40,863,493</u>	<u>34,356,283</u>	<u>36,031,793</u>
Total Primary Government Program Revenues	<u>35,396,223</u>	<u>48,047,420</u>	<u>40,294,524</u>	<u>40,995,431</u>

(Continued)



Fiscal Year				
2011	2012	2013	2014	2015
\$ 8,642,445	\$ 8,067,355	\$ 9,010,273	\$ 4,862,056	\$ 5,972,924
3,325	4,875	1,850	148,790	2,001
18,593,186	18,318,598	19,059,260	19,915,983	20,543,299
2,578,473	3,579,669	5,655,689	2,287,781	2,987,540
6,750,085	6,997,115	3,122,172	5,968,778	4,217,078
3,862,066	2,941,823	3,941,229	4,981,447	5,106,177
4,432,456	4,767,847	4,114,378	4,438,440	3,210,010
1,558,168	1,541,400	1,797,517	1,548,628	1,555,034
<u>46,420,204</u>	<u>46,218,682</u>	<u>46,702,368</u>	<u>44,151,903</u>	<u>43,594,063</u>
382,051	367,763	293,005	351,636	251,520
2,646,089	2,543,927	2,618,740	2,948,977	3,111,671
-	-	1,342,996	2,203,021	1,956,087
6,873,779	5,961,595	6,998,271	6,497,620	5,926,633
5,413,630	6,170,699	5,562,606	6,346,567	6,685,681
22,960,927	23,915,636	26,131,677	27,656,817	25,267,201
<u>38,276,476</u>	<u>38,959,620</u>	<u>42,947,295</u>	<u>46,004,638</u>	<u>43,198,793</u>
<u>84,696,680</u>	<u>85,178,302</u>	<u>89,649,663</u>	<u>90,156,541</u>	<u>86,792,856</u>
471,461	392,699	498,638	274,788	463,179
1,656,320	176,929	179,467	103,241	321,569
1,275,328	1,226,824	1,285,941	1,330,307	1,775,665
140,660	174,249	312,403	129,298	231,673
1,938,612	1,899,718	962,594	1,161,062	1,114,835
210,683	143,201	217,701	281,516	395,966
241,799	232,086	227,266	250,847	248,925
1,131,073	1,181,916	1,151,910	1,033,917	1,240,627
4,449,047	10,881,509	9,196,546	8,919,700	12,424,332
<u>11,514,983</u>	<u>16,309,131</u>	<u>14,032,466</u>	<u>13,484,676</u>	<u>18,216,771</u>
110,825	121,495	109,303	115,405	118,564
1,895,852	1,934,546	2,248,152	2,370,665	2,338,653
-	-	1,089,516	1,370,618	1,924,910
4,978,664	5,187,429	6,063,775	6,635,639	8,112,880
7,158,579	7,570,292	8,340,384	8,206,431	8,315,243
22,549,039	26,595,579	26,051,737	26,207,894	27,054,457
850,130	1,679,277	863,097	2,031,384	1,157,482
-	-	-	-	2,221,961
<u>37,543,089</u>	<u>43,088,618</u>	<u>44,765,964</u>	<u>46,938,036</u>	<u>51,244,150</u>
<u>49,058,072</u>	<u>59,397,749</u>	<u>58,798,430</u>	<u>60,422,712</u>	<u>69,460,921</u>

(Continued)

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

	Fiscal Year			
	2007	2008	2009	2010
Net Revenues (Expenses):				
Governmental Activities	(26,588,442)	(31,617,613)	(35,272,680)	(41,486,370)
Business-Type Activities	3,083,042	12,939,926	5,978,414	(2,982,117)
Total Net Revenues (Expenses)	<u>(23,505,400)</u>	<u>(18,677,687)</u>	<u>(29,294,266)</u>	<u>(44,468,487)</u>
<b><u>General Revenues and Other Changes in Net Position:</u></b>				
Governmental Activities:				
Taxes:				
Sales Tax/Gas Tax/Measure R Taxes	11,859,889	16,163,788	14,466,030	17,003,577
Property Tax	3,577,111	4,279,124	4,583,226	4,040,713
Utility Tax	5,370,352	5,348,107	5,295,978	5,462,182
Motel/Hotel and Franchise Tax	2,515,731	2,524,436	2,548,329	2,147,819
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,042,805	4,580,676	4,819,229	4,701,932
Other Taxes	-	-	-	-
Investment Income	5,644,508	6,504,081	6,709,281	897,402
Other General Revenues	8,458,768	15,202,114	9,123,660	3,035,817
Grants and Contributions Not Restricted to Specific Programs	349,443	1,285,206	955,672	591,426
Gain on Sale of Capital Assets	76,882	30,055	-	-
Transfers	289,624	530,440	3,305,524	-
Total Governmental Activities	<u>42,185,113</u>	<u>56,448,027</u>	<u>51,806,929</u>	<u>37,880,868</u>
Business-Type Activities:				
Investment Income	1,706,908	1,076,297	4,777,743	719,593
Gain on Sale of Capital Assets	-	-	-	41,602
Transfers	(289,624)	(530,440)	(3,305,524)	-
Total Business-Type Activities	<u>1,417,284</u>	<u>545,857</u>	<u>1,472,219</u>	<u>761,195</u>
Total Primary Government	<u>43,602,397</u>	<u>56,993,884</u>	<u>53,279,148</u>	<u>38,642,063</u>
<b><u>Special Items</u></b>				
Debt Forgiveness-Governmental Activities	-	-	-	(44,258,915)
Extraordinary Gain or (Loss) on Dissolution of Redevelopment Agency	-	-	-	-
Total Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,258,915)</u>
Changes in Net Position				
Governmental Activities	15,596,671	24,830,414	16,534,249	(47,864,417)
Business-Type Activities	4,500,326	13,485,783	7,450,633	(2,220,922)
Total Primary Government	<u>\$ 20,096,997</u>	<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>	<u>\$ (50,085,339)</u>

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position

Fiscal Year				
2011	2012	2013	2014	2015
(34,905,221)	(29,909,551)	(32,669,902)	(30,667,227)	(25,377,292)
<u>(733,387)</u>	<u>4,128,998</u>	<u>1,818,669</u>	<u>933,398</u>	<u>8,045,357</u>
<u>(35,638,608)</u>	<u>(25,780,553)</u>	<u>(30,851,233)</u>	<u>(29,733,829)</u>	<u>(17,331,935)</u>
16,314,384	20,311,365	23,905,777	23,393,201	31,070,736
4,153,674	4,447,600	4,026,662	4,705,679	4,688,189
5,533,018	5,234,472	5,343,876	5,592,318	5,869,634
2,299,093	820,038	1,984,941	2,101,367	2,215,176
4,734,280	4,367,392	4,229,944	4,326,227	4,629,563
-	1,608,623	633,097	660,950	695,971
579,731	652,931	212,232	736,701	567,673
3,357,639	3,514,588	-	1,708,873	8,499,838
265,222	-	-	-	-
17,734	-	-	-	-
8,355,484	2,713,404	(304,524)	(728,438)	(746,270)
<u>45,610,259</u>	<u>43,670,413</u>	<u>40,032,005</u>	<u>42,496,878</u>	<u>57,490,510</u>
656,937	679,628	631,930	692,776	636,054
-	-	-	-	-
<u>(101,570)</u>	<u>(293,211)</u>	<u>275,748</u>	<u>728,438</u>	<u>746,270</u>
<u>555,367</u>	<u>386,417</u>	<u>907,678</u>	<u>1,421,214</u>	<u>1,382,324</u>
<u>46,165,626</u>	<u>44,056,830</u>	<u>40,939,683</u>	<u>43,918,092</u>	<u>58,872,834</u>
-	-	-	-	-
-	(3,767,795)	(1,634,962)	-	-
-	(3,767,795)	(1,634,962)	-	-
10,705,038	9,993,067	5,727,141	11,829,651	32,113,218
<u>(178,020)</u>	<u>4,515,415</u>	<u>2,726,347</u>	<u>2,354,612</u>	<u>9,427,681</u>
<u>\$ 10,527,018</u>	<u>\$ 14,508,482</u>	<u>\$ 8,453,488</u>	<u>\$ 14,184,263</u>	<u>\$ 41,540,899</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ 22,001,145	\$ 25,285,362	\$ 26,437,732	\$ 26,437,732
Unreserved	15,676,717	10,431,701	9,409,100	6,320,602
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>\$ 37,677,862</b>	<b>\$ 35,717,063</b>	<b>\$ 35,846,832</b>	<b>\$ 32,758,334</b>
All Other Governmental Funds:				
Reserved, Reported in:				
Debt Service Funds	\$ 1,112,693	\$ 23,427,969	\$ 16,374,755	\$ 4,293,093
Unreserved, Reported in:				
Special Revenue Funds	4,313,146	5,119,028	6,069,714	7,141,590
Capital Projects Funds	(224,289)	(297,431)	(455,256)	(253,448)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 5,201,550</b>	<b>\$ 28,249,566</b>	<b>\$ 21,989,213</b>	<b>\$ 11,181,235</b>

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

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Balance Sheet – Governmental Funds

Fiscal Year				
2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
(13,386)	-	8,708	29,077	1,431,320
21,781,536	22,797,424	19,998,080	22,004,228	21,840,982
-	-	-	-	-
-	(3,951,915)	(1,634,962)	-	-
<u>\$ 21,768,150</u>	<u>\$ 18,845,509</u>	<u>\$ 18,371,826</u>	<u>\$ 22,033,305</u>	<u>\$ 23,272,302</u>
\$ -	\$ -	\$ -	\$ 2,876,426	\$ 2,880,133
-	-	-	-	-
-	-	-	-	-
-	-	35,000	35,000	35,000
12,310,686	17,345,677	14,986,150	9,718,237	8,154,275
3,381,226	-	626,408	722,545	744,557
-	(189,068)	-	-	22,951
-	-	-	(1,082)	(624,325)
<u>\$ 15,691,912</u>	<u>\$ 17,156,609</u>	<u>\$ 15,647,558</u>	<u>\$ 13,351,126</u>	<u>\$ 11,212,591</u>

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues:</b>				
Taxes	\$ 27,365,888	\$ 32,896,131	\$ 31,712,792	\$ 33,356,223
Intergovernmental	2,738,351	177,349	317,124	259,997
Licenses and Permits	1,652,910	1,218,021	640,257	600,944
Fines and Forfeitures	192,294	233,436	233,308	296,334
Charges for Services	4,148,235	4,098,683	4,102,455	2,493,574
Interest and Rentals	1,686,320	1,962,211	2,893,221	740,036
Grants	677,378	2,044,042	1,232,934	1,420,729
Meals	67,150	65,411	57,093	35,006
Assessments	312,148	370,602	481,527	483,486
Other	7,464,240	14,837,908	8,620,736	2,770,855
<b>Total Revenues</b>	<b>46,304,914</b>	<b>57,903,794</b>	<b>50,291,447</b>	<b>42,457,184</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	4,238,567	3,798,782	4,194,242	3,842,671
Intergovernmental	3,896	1,628,184	3,904	22,198
Public Safety	14,319,066	16,532,003	16,934,752	17,119,531
Public Works	2,251,300	2,606,821	2,398,132	2,014,853
Community Development	3,927,092	6,027,437	7,945,185	15,862,715
Community Services	3,384,773	3,987,118	4,034,706	4,027,590
Library and Cultural	763,357	859,849	855,572	822,996
Capital Outlay	8,231,702	28,645,304	18,524,487	8,785,378
<b>Debt Service:</b>				
Principal	1,164,169	6,432,137	1,914,942	1,352,491
Interest and Fiscal Charges	558,445	1,073,901	2,604,554	2,266,398
<b>Total Expenditures</b>	<b>38,842,367</b>	<b>71,591,536</b>	<b>59,410,476</b>	<b>56,116,821</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>7,462,547</b>	<b>(13,687,742)</b>	<b>(9,119,029)</b>	<b>(13,659,637)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	6,428,333	20,856,930	22,570,192	23,144,987
Transfers Out	(6,189,421)	(20,840,420)	(19,581,747)	(23,381,826)
Issuance of Bonds	-	34,758,449	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>238,912</b>	<b>34,774,959</b>	<b>2,988,445</b>	<b>(236,839)</b>
<b>Net Change in Fund Balances Before Extraordinary Item</b>	<b>7,701,459</b>	<b>21,087,217</b>	<b>(6,130,584)</b>	<b>(13,896,476)</b>
<b>Extraordinary Item</b>				
Extraordinary Loss	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 7,701,459</b>	<b>\$ 21,087,217</b>	<b>\$ (6,130,584)</b>	<b>\$ (13,896,476)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>5.63%</b>	<b>17.48%</b>	<b>11.05%</b>	<b>7.65%</b>

<b>Fiscal Year</b>				
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ 28,300,169	\$ 36,789,494	\$ 40,124,297	\$ 40,779,742	\$ 49,169,269
6,390,419	176,692	179,365	94,832	321,414
880,876	839,048	78,939	102,983	89,279
261,035	335,121	233,167	204,719	182,604
2,447,307	2,174,778	2,481,343	2,407,782	3,259,979
502,658	555,667	239,841	648,751	491,354
5,845,341	12,063,425	5,564,425	9,913,617	13,664,959
40,879	40,238	26,296	26,416	24,935
689,506	720,068	711,196	720,743	698,536
2,658,216	2,845,740	4,088,635	1,241,758	8,118,499
<u>48,016,406</u>	<u>56,540,271</u>	<u>53,727,504</u>	<u>56,141,343</u>	<u>76,020,828</u>
4,250,919	4,426,111	3,354,212	3,477,232	5,276,640
3,325	4,875	1,850	80,434	2,001
17,934,692	17,592,694	18,458,371	18,951,852	21,472,541
2,423,082	3,422,798	5,544,549	2,159,172	2,913,300
5,347,788	4,972,369	2,149,595	1,715,725	914,959
3,806,034	2,874,852	3,884,359	4,915,473	5,075,036
914,157	864,684	794,455	879,266	1,185,082
14,714,906	17,196,246	16,668,830	19,376,263	33,103,216
3,128,889	777,332	1,062,010	839,461	878,069
1,758,832	1,677,870	1,753,594	1,605,503	1,563,978
<u>54,282,624</u>	<u>53,809,831</u>	<u>53,671,825</u>	<u>54,000,381</u>	<u>72,384,822</u>
<u>(6,266,218)</u>	<u>2,730,440</u>	<u>55,679</u>	<u>2,140,962</u>	<u>3,636,006</u>
14,415,335	11,796,917	17,031,556	19,122,308	22,601,066
(14,628,624)	(12,217,506)	(17,435,007)	(20,035,107)	(25,136,610)
-	-	-	-	-
<u>(213,289)</u>	<u>(420,589)</u>	<u>(403,451)</u>	<u>(912,799)</u>	<u>(2,535,544)</u>
<u>(6,479,507)</u>	<u>2,309,851</u>	<u>(347,772)</u>	<u>1,228,163</u>	<u>1,100,462</u>
-	(3,767,795)	(1,634,962)	-	33,384,431
<u>\$ (6,479,507)</u>	<u>\$ (1,457,944)</u>	<u>\$ (1,982,734)</u>	<u>\$ 1,228,163</u>	<u>\$ 34,484,893</u>
12.35%	6.71%	7.61%	6.91%	6.87%

**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		
2006	\$ 2,279,956,409	\$ 4,856,345	\$ 84,618,122	\$ 2,369,430,876	0.14%
2007	2,700,640,190	4,820,292	98,180,959	2,803,641,441	0.14%
2008	3,239,720,598	3,715,327	117,457,704	3,360,893,629	0.14%
2009	3,492,619,589	3,247,492	122,421,553	3,618,288,634	0.14%
2010	3,439,006,802	3,653,677	124,029,765	3,566,690,244	0.14%
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202	0.14%
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871	0.14%
2013	3,265,369,337	3,653,677	133,272,910	3,402,295,924	0.14%
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863	0.14%
2015	3,593,640,822	2,859,722	134,753,531	3,731,254,075	0.14%

(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 FIFTEEN YEARS AGO**

	2015	1999
City Direct Rates:		
City Basic Rate	0.143	0.410
Total Average City Direct Rate	0.143	0.410
Overlapping Rates:		
General	1.00000	1.00000
Tulare Joint Union High School District	0.06910	0.02000
College of the Sequoias	0.02320	0.00000
Kaweah Delta Water District	0.00040	0.00040
Tulare Local Health Care District	0.08150	0.03934
Total Average Direct Rate	1.317200	1.469740

**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%

**Source:**

State Board of Equalization, State of California

**Notes:**

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

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

Taxpayer	2015 (2)		2005 (1)	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese, USA, Inc. (formerly Stella Cheese Company, Inc.)	\$ 261,280,311	7.27%	\$ 39,692,921	1.79%
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	172,475,479	4.80%	261,999,562	11.81%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	79,545,651	2.21%	61,566,790	2.78%
U.S. Cold Storage of California	65,343,266	1.82%	26,038,663	1.17%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	51,919,986	1.44%	38,550,362	1.74%
1407 Rutherford Street Holdings, LLC (formerly Horizon Outlet Centers, Ltp.)	34,021,465	0.95%	12,774,299	0.58%
Paul A. and Vickie L. Daley, LP	23,845,973	0.66%	10,809,993	0.49%
General Mills Operations, Inc.	-	n/a	11,572,400	0.52%
Sulphur Springs Cultured Specialties, LLC	22,994,868	0.64%	-	n/a
Target Corporation	22,967,671	0.64%	-	n/a
Wal-Mart Real Estate Business Trust	-	n/a	10,251,896	0.46%
KindtCorp	-	n/a	9,627,162	0.43%
International Agri-Center, Inc.	16,850,338	0.47%	-	n/a
Total taxable assessed value of top thirteen largest taxpayers	<u>\$ 751,245,008</u>	<u>20.89%</u>	<u>\$ 482,884,048</u>	<u>21.77%</u>
Total assessed value of all taxpayers	<u>\$ 3,593,640,822</u>	<u>100.00%</u>	<u>\$ 2,217,793,061</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**

<u>Fiscal Year Ended June 30</u>		<u>Taxes Levied for the Fiscal Year (1)</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount (2)</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2006	(4)	\$ 3,102,138	\$ 2,799,164	90.23%	(3)	\$ 2,799,164	90.23%
2007	(5)	3,841,381	3,361,285	87.50%	(3)	3,361,285	87.50%
2008	(6)	4,628,069	3,973,382	85.85%	(3)	3,973,382	85.85%
2009	(7)	4,978,367	3,973,382	79.81%	(3)	3,973,382	79.81%
2010	(8)	4,673,554	3,888,715	83.21%	\$ 80,491	3,969,206	84.93%
2011	(9)	4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%
2012	(10)	5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%
2013	(11)	4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%
2014	(12)	4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%
2015	(13)	4,454,173	3,880,262	87.12%	133,290	4,013,552	90.11%

**Sources:**

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) The City entered into an agreement to participate in the Teeter Plan whereby the County pays all taxes levied. The County accepts the responsibility for all collections and all risk of non-payment.
- (4) Reduced approximately \$1,458,821 for the property tax shift to education.
- (5) Reduced approximately \$1,568,945 for the property tax shift to education.
- (6) Reduced approximately \$1,385,911 for the property tax shift to education.
- (7) Reduced approximately \$1,635,368 for the property tax shift to education.
- (8) Reduced approximately \$1,774,310 for the property tax shift to education.
- (9) Reduced approximately \$1,675,639 for the property tax shift to education.
- (10) Reduced approximately \$1,698,640 for the property tax shift to education.
- (11) Reduced approximately \$1,626,244 for the property tax shift to education.
- (12) Reduced approximately \$1,639,505 for the property tax shift to education.
- (13) Reduced approximately \$1,747,188 for the property tax shift to education.

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

	Fiscal Year							
	2006		2007		2008		2009	
<b>Sales:</b>								
General Retail	\$ 1,798	27.49%	\$ 1,883	26.91%	\$ 2,066	28.61%	\$ 1,961	30.08%
Food Products	1,047	16.01%	1,093	15.62%	1,185	16.41%	1,166	17.88%
Transportation	1,874	28.65%	1,965	28.08%	2,022	28.00%	1,637	25.11%
Construction	1,169	17.87%	1,242	17.75%	1,158	16.04%	1,041	15.97%
Business to Business	593	9.07%	743	10.62%	731	10.12%	656	10.06%
Miscellaneous	59	0.90%	71	1.01%	59	0.82%	59	0.90%
<b>Total</b>	<b>\$ 6,540</b>	<b>100.00%</b>	<b>\$ 6,997</b>	<b>100.00%</b>	<b>\$ 7,221</b>	<b>100.00%</b>	<b>\$ 6,520</b>	<b>100.00%</b>

**Source:**  
MuniServices, LLC

Fiscal Year

2010		2011		2012		2013		2014		2015	
\$ 1,919	30.44%	\$ 1,909	26.95%	\$ 2,015	25.14%	\$ 2,119	25.69%	\$ 2,153	24.90%	\$ 2,156	24.40%
1,260	19.98%	1,228	17.33%	1,163	14.51%	1,268	15.37%	1,261	14.59%	1,280	14.49%
1,541	24.44%	2,266	31.99%	2,735	34.13%	2,849	34.54%	2,906	33.61%	2,958	33.48%
994	15.77%	1,027	14.50%	1,374	17.14%	1,334	16.17%	1,588	18.37%	1,615	18.28%
531	8.42%	604	8.53%	684	8.54%	628	7.61%	686	7.94%	785	8.89%
60	0.95%	50	0.71%	43	0.54%	51	0.62%	51	0.59%	41	0.46%
<u>\$ 6,305</u>	<u>100.00%</u>	<u>\$ 7,084</u>	<u>100.00%</u>	<u>\$ 8,014</u>	<u>100.00%</u>	<u>\$ 8,249</u>	<u>100.00%</u>	<u>\$ 8,645</u>	<u>100.00%</u>	<u>\$ 8,835</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	General Obligation Bond	Total Governmental Activities
2006	\$ 10,555,000	\$ 475,162	\$ 407,638	\$ -	\$ 11,437,800
2007	9,905,000	1,687,521	310,289	-	11,902,810
2008	38,438,958	1,537,672	-	-	39,976,630
2009	37,397,009	1,400,851	-	-	38,797,860
2010	36,025,061	1,285,944	-	-	37,311,005
2011	32,883,113	1,273,634	291,000	-	34,447,747
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

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	Advances from Other Funds	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 58,665,000	\$ 486,188	\$ -	\$ -	\$ 59,151,188	\$ 70,588,988	1,371	2.98%	5.68%
136,451,266	8,834,773	-	-	145,286,039	157,188,849	2,810	5.61%	(a)
134,632,678	8,628,016	-	-	143,260,694	183,237,324	3,194	5.45%	(a)
187,544,091	8,334,263	-	-	195,878,354	234,676,214	4,011	6.49%	(a)
185,330,504	8,108,519	-	-	193,439,023	230,750,028	3,876	6.47%	(a)
202,456,916	12,925,015	-	-	215,381,931	249,829,678	4,164	6.93%	(a)
200,218,330	12,190,869	-	-	212,409,199	246,053,868	4,106	8.57%	22.65%
197,068,905	11,059,545	-	-	208,128,450	240,596,340	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	1,730,000	205,305,787	236,114,958	3,940	6.78%	20.90%
189,179,833	8,657,524	1,031,886	1,536,667	200,405,910	230,290,821	3,843	6.17%	20.30%

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

Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
2006	\$ -	\$ 2,090	\$ 2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14
2008	-	1,725	1,725	0.00%	30.07
2009	-	1,530	1,530	0.00%	26.67
2010	-	24,675	24,675	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	384.32
2013	-	23,250	23,250	0.67%	373.21
2014	-	22,845	22,845	0.66%	369.32
2015	-	22,415	22,415	0.60%	359.42

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, 2015**

2014-15 Assessed Valuation

\$ 3,731,254,075

	Total Debt 6/30/15	Percentage Applicable (1)	City's Share of Debt 6/30/15
<u>Overlapping Tax and Assessment Debt:</u>			
College of the Sequoias Tulare School Facilities Improvement District	\$ 36,192,739	48.210%	\$ 17,448,519
Tulare Union High School District	32,128,365	62.374%	20,039,746
Liberty School District	831,182	9.443%	78,489
Buena Vista School District	130,000	0.685%	891
Tulare Local Health Care District	84,810,000	60.605%	51,399,101
Total Overlapping Tax and Assessment Debt			88,966,746
<u>Direct and Overlapping General Fund Debt:</u>			
Tulare County General Fund Obligations	42,920,000	12.817%	5,501,056
Tulare County Board of Education Certificates of Participation	36,865,000	12.817%	4,724,987
College of the Sequoias General Fund Obligations	8,045,000	13.916%	1,119,542
Tulare School District General Fund Obligations	16,510,999	94.459%	15,596,125
Liberty School District General Fund Obligations	2,490,000	9.443%	235,131
City of Tulare General Fund Obligations	29,884,911	100.000%	29,884,911
Total Direct and Overlapping General Fund Debt			57,061,752
<u>Overlapping Tax Increment Debt (Successor Agency)</u>	\$ 22,415,000	100.000%	22,415,000
Total Direct Debt			28,365,000
Total Overlapping Debt			138,558,587
Combined Total Debt			\$ 168,443,498 (2)

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.38%
Total Direct Debt (\$28,365,000)	0.76%
Combined Total Debt	4.47%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$647,618,544)

Total Overlapping Tax Increment Debt	3.46%
--------------------------------------	-------

AB: (\$475)

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

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

Source:

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2006	2007	2008	2009
Assessed Valuation	\$ 2,369,430,876	\$ 2,803,641,441	\$ 3,360,893,629	\$ 3,618,288,634
Debt Margin Ratio (1)	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	88,853,658	105,136,554	126,033,511	135,685,824
Less Outstanding General Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Margin	<u>\$ 88,853,658</u>	<u>\$ 105,136,554</u>	<u>\$ 126,033,511</u>	<u>\$ 135,685,824</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					
2010	2011	2012	2013	2014	2015
\$ 3,566,690,244	\$ 3,602,778,202	\$ 3,507,263,871	\$ 3,402,295,924	\$ 3,484,810,863	\$ 3,731,254,075
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
133,750,884	135,104,183	131,522,395	127,586,097	130,680,407	139,922,028
-	-	-	-	-	-
<u>\$ 133,750,884</u>	<u>\$ 135,104,183</u>	<u>\$ 131,522,395</u>	<u>\$ 127,586,097</u>	<u>\$ 130,680,407</u>	<u>\$ 139,922,028</u>

**CITY OF TULARE  
PLEGGED-REVENUE COVERAGE  
LAST NINE 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
2007	\$ 13,378	\$ 6,763	\$ 6,615	\$ 1,233	5.37	\$ 5,382	\$ 4,476	1.20
2008	19,517	8,582	10,935	1,236	8.85	9,699	6,640	1.46
2009	21,512	9,140	12,372	1,233	10.03	11,139	6,627	1.68
2010	19,270	10,786	8,484	1,229	8.09	7,255	6,912	1.26
2011	21,431	8,778	12,653	1,230	11.65	11,423	10,032	1.31
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51
2013	24,963	9,087	15,876	1,056	15.04	14,821	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

- (1) Operating expenses in Fiscal Year Ending June 30, 2014, include 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.

Historical operating expenses shown may include some nonoperating expenses funded by the sewer enterprise's operating fund.

Operating expenses exclude interest expenses and depreciation.

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

For purposes of calculating debt service coverage, Sewer Revenue excludes the Federal Reimbursable Credit for the Sewer Revenue Bonds, Series 2009 (Taxable Build America Bonds - Direct Pay), which is instead treated as a reduction in Parity Debt Service.

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

Debt service shown for Fiscal Year Ending June 30, 2013, includes total payments due and payable in the year, which excludes payments made from refunding escrows, and also includes the City's cash contribution toward accrued interest on debt that was defeased during the fiscal year.

- (2) The City is no longer receiving tax increment funds since the dissolution of the Redevelopment Agency.

Source:

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

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 5,156	\$ 180	\$ 108	17.90
5,529	185	99	19.47
5,968	195	88	21.09
6,077	205	79	21.40
6,505	1,325	888	2.94
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Personal Income (amounts expressed in thousands) (4)</u>	<u>Total Personal Income / Per Capita (4)</u>	<u>Assessed Valuation (in thousands) (2)</u>	<u>Per Capita Assessed Valuation</u>	<u>City Unemployment Rate (3)</u>	<u>County Unemployment Rate (3)</u>
2006	\$ 51,477	\$ 1,243,323,981	\$ 1,243,324	\$ 24,153	\$ 2,369,431	46.03	6.60%	7.90%
2007	55,935	(a)	(a)	(a)	2,803,641	50.12	7.30%	8.60%
2008	57,375	(a)	(a)	(a)	3,360,894	58.58	8.30%	9.80%
2009	58,506	(a)	(a)	(a)	3,618,289	61.84	12.50%	14.70%
2010	59,535	(a)	(a)	(a)	3,566,690	59.91	13.50%	15.70%
2011	59,926	(a)	(a)	17,734	3,602,778	60.12	13.40%	15.60%
2012	60,627	1,086,557,094	1,086,557	17,922	3,507,264	57.85	12.90%	15.10%
2013	61,199	1,114,556,188	1,114,556	18,212	3,402,296	55.59	10.90%	12.80%
2014	61,857	1,129,508,820	1,129,508	18,260	3,484,811	56.34	9.80%	11.60%
2015	62,363	1,134,393,312	1,134,393	18,336	3,731,254	59.83	9.20%	10.90%

(a) Information unavailable

**Sources:**

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



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

<u>Employer</u>	<u>2015</u>		<u>2005</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Land O'Lakes (formerly Dairyman's Cooperative Creamery)	530	1.95%	600	3.03%
Haagen Dazs (formerly Nestle Ice Cream Co.)	350	1.29%	300	1.53%
Wal-Mart	225	0.83%	280	1.43%
Southern Ca Edison Company	120	0.44%	200	1.01%
Saputo Cheese USA, Inc	550	2.02%	150	0.76%
US Cold Storage	200	0.74%	-	n/a
Ruan, Inc	180	0.66%	-	n/a
Cheese & Protein International	-	n/a	170	0.86%
Kings County Truck Lines	-	n/a	150	0.76%
Rocktekn	-	n/a	-	n/a
Kraft USA Tulare	180	0.66%	130	0.66%
J.D. Heiskell Company	350	1.29%	-	n/a
Morris Levin & Sons Hardware	200	0.74%	170	0.86%
Golden Valley Dairy Products	-	0.00%	210	1.06%

“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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	34	35	40	40	40	40	48	48	48	46
Public Safety	137	147	161	166	166	166	158	158	156	160
Public Works	71	73	79	79	79	86	86	86	86	88
Community Development	19	23	24	24	24	24	16	16	16	17
Community Services	33	34	39	39	36	36	22	22	22	22
Library and Cultural	9	10	11	11	11	11	10	10	10	10
<b>Total</b>	<b>303</b>	<b>322</b>	<b>354</b>	<b>359</b>	<b>356</b>	<b>363</b>	<b>340</b>	<b>340</b>	<b>338</b>	<b>343</b>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Arrests	2,792	3,113	3,363	3,405	3,479
Parking Citations Issued	2,023	3,149	3,436	(1)	623
(1) Fire:					
Number of Emergency Calls	4,526	5,113	5,186	5,152	5,393
Inspections	1,333	705	1,494	1,159	1,317
Parks and Recreation:					
Number of Recreation Classes	101	113	140	137	107
Number of Facility Rentals	1,036	1,388	2,143	2,137	1,983
Water:					
New Connections	471	782	268	250	85
Average Daily Consumption (millions of gallons)	11	14	17	17	16
Sewer:					
New Connections	453	759	358	263	101

(1) Information unavailable.

**Source:**

Various City of Tulare Departments as appropriate

Fiscal Year				
2011	2012	2013	2014	2015
3,118	3,046	3,486	3,824	4,429
308	400	387	346	246
5,813	6,216	6,108	4,754	5,762
2,200	821	1,184	1,993	2,205
110	107	107	116	320
1,989	1,852	1,542	1,338	2,428
157	101	2	179	211
16	16	17	17	14
161	128	14	166	239

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	3	3	3	3	3
Public Works:					
Streets (miles)	170.00	184.60	187.52	192.67	194.32
Traffic Signals	40	41	41	41	41
Parks and Recreation:					
Parks	15	16	17	17	17
Park Acreage	189.15	206.15	207.81	207.81	207.81
Water:					
Water Mains (miles)	184.20	192.90	208.51	214.32	215.26
Average Daily Consumption (millions of gallons)	10.86	13.58	16.72	16.48	15.80
Sewer:					
Sanitary Sewers (miles)	176.90	184.60	197.64	203.78	231.82
Average Daily Wastewater Flow (millions of gallon)	11.22	11.30	11.36	11.18	11.06

**Source:**

Various City of Tulare Departments as appropriate

Fiscal Year				
2011	2012	2013	2014	2015
1	1	1	1	1
3	3	3	3	3
194.32 41	195.02 41	195.23 44	211.00 37	215.32 37
18 303.15	18 341.00	18 363.00	15 363.00	15 189.15
215.98 16.04	219.26 16.44	220.82 17.50	227.00 16.99	231.68 14.43
232.46 11.64	235.94 12.44	242.40 11.79	239.00 11.74	243.31 11.37

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