



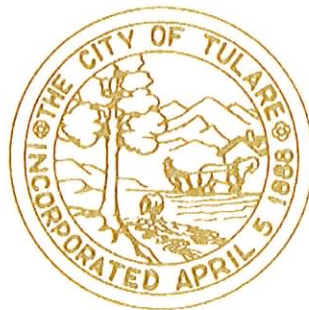
## **CALIFORNIA**

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**



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**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

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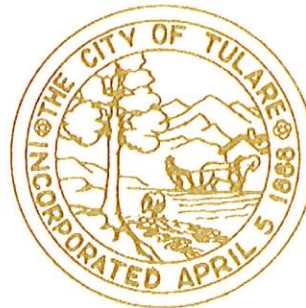
## **CALIFORNIA**

### **COMPREHENSIVE**

### **ANNUAL**

### **FINANCIAL**

### **REPORT**



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FOR THE FISCAL YEAR ENDED JUNE 30, 2009

PREPARED BY THE FINANCE DEPARTMENT STAFF  
DARLENE J. THOMPSON, C.P.A.  
FINANCE DIRECTOR/TREASURER

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**CITY OF TULARE,  
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

**CITY OF TULARE,  
CALIFORNIA  
JUNE 30, 2009**

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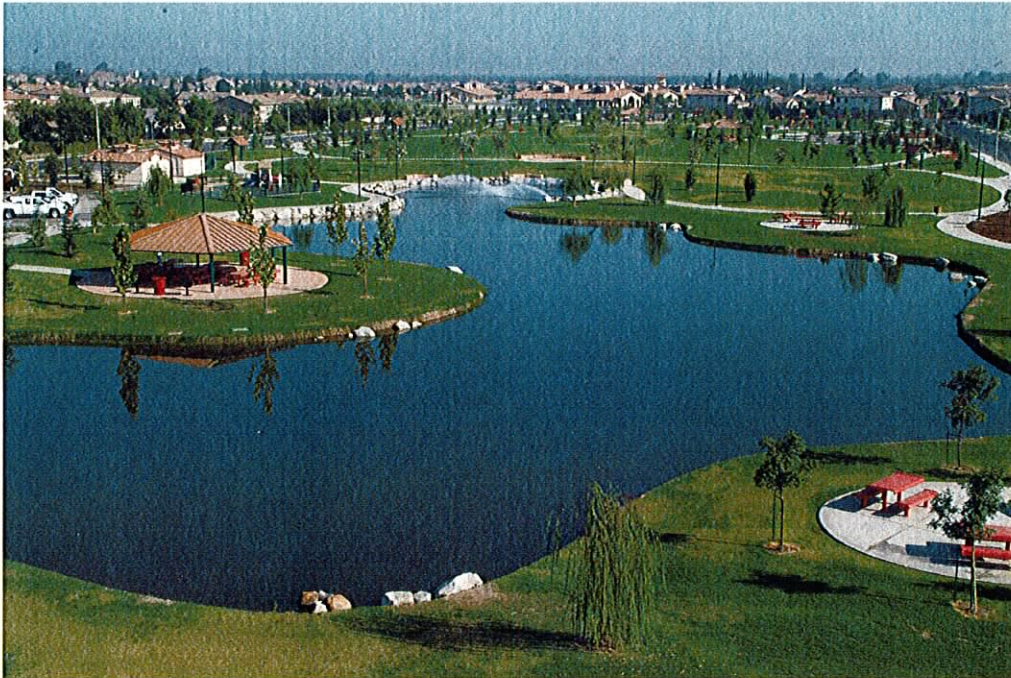
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# PARKS DIVISION Introductory Section



Sun shaded play areas



Phase II of Del Lago Park is Tulare's 1<sup>st</sup> community park that wasn't designed for a specific team sports use. It's a passive park with a beautiful lake stocked with fish, an arboretum full of big shade trees, large covered group picnic areas, children's wet and dry play areas, and tennis courts at one end.



On April 16, 2009, the city celebrated its 20<sup>th</sup> consecutive year of observing Arbor Day by planting 96 trees in the "J" Street Greenway.



January 22, 2010

Honorable Mayor and Members of the City Council  
Darrel L. Pyle, City Manager  
City of Tulare, California

State law requires that 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, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon comprehensive framework of internal control that it has established. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The auditing firm of Brown Armstrong Accountancy Corporation has issued an unqualified (“clean”) opinion on the City of Tulare’s financial statements for the year ending June 30, 2009. The independent auditor’s report is located at the front of the financial section of this report.

Our Comprehensive Annual Financial Report (CAFR) is divided into the following sections:

**The Introductory Section** includes this transmittal letter and other information to familiarize the reader with the City, a directory of officials and City’s organization chart.

**The Financial Section** includes the independent Auditor’s report on the Basic Financial Statements, management’s discussion and analysis (MD&A), the Basic Financial Statements, required supplementary information, non-major governmental funds and an additional schedule for Measure I. The Basic Financial Statements include the government-wide financial statements that present an overview of the City’s entire financial operations and the fund financial statements that present the financial information of each of the City’s major funds as well as non-major government, internal service and other funds.

**The Statistical Section** includes selected financial and demographic information, generally presented on a multi-year basis.

**Government Profile.** The City of Tulare 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-Manager form of government. The City Council is comprised of five members who are elected at large to alternating four-year terms staggered every two years. The Council selects one of its members to serve as Mayor for a two-year term. City Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the ordinances and policies of the City Council and overseeing operations. All other department heads are appointed by the City Manager.

Tulare 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), Tulare 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 58,506 as of January 2009.

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 of Tulare 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 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.** Development in the last several years has been rapid. This year, however, development slowed and showed signs of a severe drop in activity. Single family dwelling construction for past three years has gone from 681 to 406 to 176 homes this past year. Five months in to the fiscal year the pace has increased with 91 new home permits being issued.

At the same time, a number of business related projects are complete, about to be complete or have been issued a building permit. Among these projects are the following:

- ❖ 2 CVS Pharmacies opened, one at Bardsley and Mooney and another on Tulare and West Street
- ❖ The opening of a branch office of Bank of the Sierra on Prosperity Avenue
- ❖ The construction of a new Burger King at Bardsley and O Street
- ❖ The ground breaking of the \$80 million expansion and retrofitting of the Tulare Regional Hospital
- ❖ The construction of a House of David chicken processing plant
- ❖ The construction of a new Holiday Inn Express at Hillman and Highway 99

At the same time, slower economic activity has led to a slowdown in business activity, such as:

- ❖ The closing of a Starbucks at Prosperity at the Super Target Shopping Center
- ❖ The closing of the Mervyn's in the Tulare Pavilion Shopping Center
- ❖ The closing of the Jim Boy Taco at Prosperity Avenue
- ❖ Layoffs in various construction related firms

The City of Tulare 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 440,750. The anticipated growth in population of the Metropolitan Area is approximately 1.80%, with Tulare estimated to grow by about 2.30%. There are approximately 183,000 jobs in Tulare County. The countywide unemployment rate is about 14.7%, not seasonally adjusted. The City of Tulare has an unemployment rate of about 12.5% with 21,700 employed out of a workforce of 24,800.

**City Capital Improvements.** Although the private sector may be slowing, many of the governmental projects take time to accumulate resources and lag private sector activity. A number of significant projects were completed, started or in process. Some of the major projects in 2008-09 fiscal year include:

- ❖ The completion of a new 16,500 square feet fleet maintenance facility
- ❖ Near completion of a 28 acre Del Lago Community Park which will feature a 2-acre lake, 6 large picnic pavilions, 3 small picnic shelters, tiny tots playground, 2 school age playgrounds, a water feature, 2 lighted tennis courts, and over 2 miles of walkways and trails
- ❖ Began the construction of a new 2,100 square feet library that will increase the library capacity by 100 times
- ❖ Near completion of the new Industrial Wastewater Plant that will increase capacity from 4 million gallons per day (MGD) to 12 MGD

The City completed a number of street and storm drain projects, including:

- ❖ J Street Storm Drain
- ❖ West Street Street Reconstruction
- ❖ K Street Downtown Streetscape
- ❖ Bardsley Avenue Street Reconstruction
- ❖ Tulare Drive Street Reconstruction
- ❖ I Street Basin Improvements
- ❖ Pine Avenue Storm Drain Improvements

**Long-Term Financial Events.** An integral part of the City's budget process, the Council adopts *City Goals* in April of each year. These goals address the highest priority issues, community-wide concerns and needs. The City Budget process is the City's main tool for programming implementation of these goals, plans and policies by allocating the resources necessary to do so.

The following is a brief summary of New Goals adopted by the Council on April 6, 2009:

#### *City Manager*

- ❖ Develop an environmental impact report policy related to the City's participation as "lead agency"

#### *Engineering*

- ❖ To pursue the design, easement acquisition, funding, and construction of a new industrial sewer trunk line to serve future industrial properties located between the UPRR and Pratt Street, south of Paige Avenue, south of Avenue 200, between the UPRR and State Highway 99, and east of Highway 99, south of the Elk Bayou
- ❖ Do a complete update of the City's Development Impact Fee Program
- ❖ Expand sidewalk construction pursuing grant funding through the Safe Route to Schools program (working jointly with Public Works in the application process)

#### *Fire*

- ❖ Relocate Station 62, construct new Station 64 and remodel Station 61

#### *Police*

- ❖ Staff two existing Community Policing Neighborhood Centers and the Problem Oriented Policing Team

#### *Public Works*

- ❖ Upgrade and expand domestic/commercial wastewater treatment capacity
- ❖ Expand sidewalk construction pursuing grant funding through the Safe Route to Schools program (working jointly with Engineering in the application process)
- ❖ Establish an Energy Independence/Sustainable Community Program
- ❖ Development of an alley fencing and lighting policy/program

## *Recreation and Parks*

- ❖ Pursue funding to purchase, plan and build a neighborhood park in Sunrise Estates
- ❖ Seek funding to replace antiquated registration program
- ❖ Seek funding to acquire and develop 30 acres of defunct subdivision land on the east side of North Street for six practice soccer fields and two practice football fields
- ❖ Seek funding and a location to construct a dog park
- ❖ Creation of a neighborhood park on the south end of Mulcahy Middle School
- ❖ Seek funding to acquire the new undeveloped 11.25 acre Alpine Park

**Cash Management Policies and Practices.** Cash temporarily idle during the fiscal year, was invested in certificates of deposit, obligations of the U.S. Treasury, and State of California's Local Agency Investment Fund (LAIF). The maturities of the investments generally range from 30 days to five years. The average yield on investments was 3.43 percent and earned interest revenue of \$1,860,000 for the fiscal year ended June 30, 2009. The City's investment portfolio at June 30, 2009, included \$12.1 million in LAIF, \$13 million in U.S. Securities, and \$17.5 million in the certificate of deposit and cash in the bank.

**Risk Management.** The City is self-insured for worker's compensation and general liability insurance, and participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a consortium of fifty-four (54) entities in the San Joaquin Valley. Note 8 of the Notes to the Financial Statements provides a more detailed explanation of the City's insurance coverage.

The City's risk management program has enabled the City to minimize its exposure to risk and control the associated costs of providing the program. In addition, an active employee safety training and inspection program has continued to provide a safe work environment.

The employee health insurance benefit is not part of the CSJVRMA program. The City contracts with Gallagher Benefit Services of California Insurance Service which acts as broker for the City. The City is partially self-insured and utilizes a third party administrator, Brickmore Risk Services, for processing claims.

**Pension and Other Post-Employment Benefits (OPEB).** The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provision and all other requirements are established by State statute and City ordinance. The amount of the City's required annual contribution is determined actuarially. It is the policy of the City to fully fund the annual contribution to ensure that the plan will be able to fully meet its obligation to retired employees on a timely basis. See Note 7 in the notes of the financial statements for additional information.

The City's primary OPEB cost obligation is for retiree health benefits. 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 with the City. As of the end of the current fiscal year, there were 63 retired employees receiving this benefit, which is financed on a pay-as-you-go-basis. See Note 10 in the notes of the financial statements for additional information.

**Awards and Acknowledgements.** The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulare for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the 12<sup>th</sup> consecutive year Tulare 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet these requirements and we will submit it for GFOA's Award program.

The divider pages for the Introductory, Financial and Statistical Sections feature various activities of the City of Tulare Parks and Recreation Department. The Parks and Recreation Department, led by Milton Stowe, was honored as the City's department of the year for calendar year 2008 because of its extraordinary efforts for the benefit of the community.

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  
California  
Principal City Officials  
June 30, 2009

City Council

Craig Vejvoda	Mayor
Philip Vandegrift	Vice Mayor
David Macedo	Council Member
Richard Orteg	Council Member
Wayne Ross	Council Member

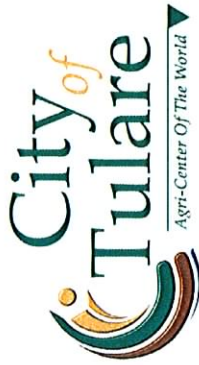
Board of Public Utilities Commissioners

Wayne Hinman	President
Scott Hillman	Vice President
Darlene Jensen	Commissioner
Richard Johnson	Commissioner
Ronald Quinn	Commissioner

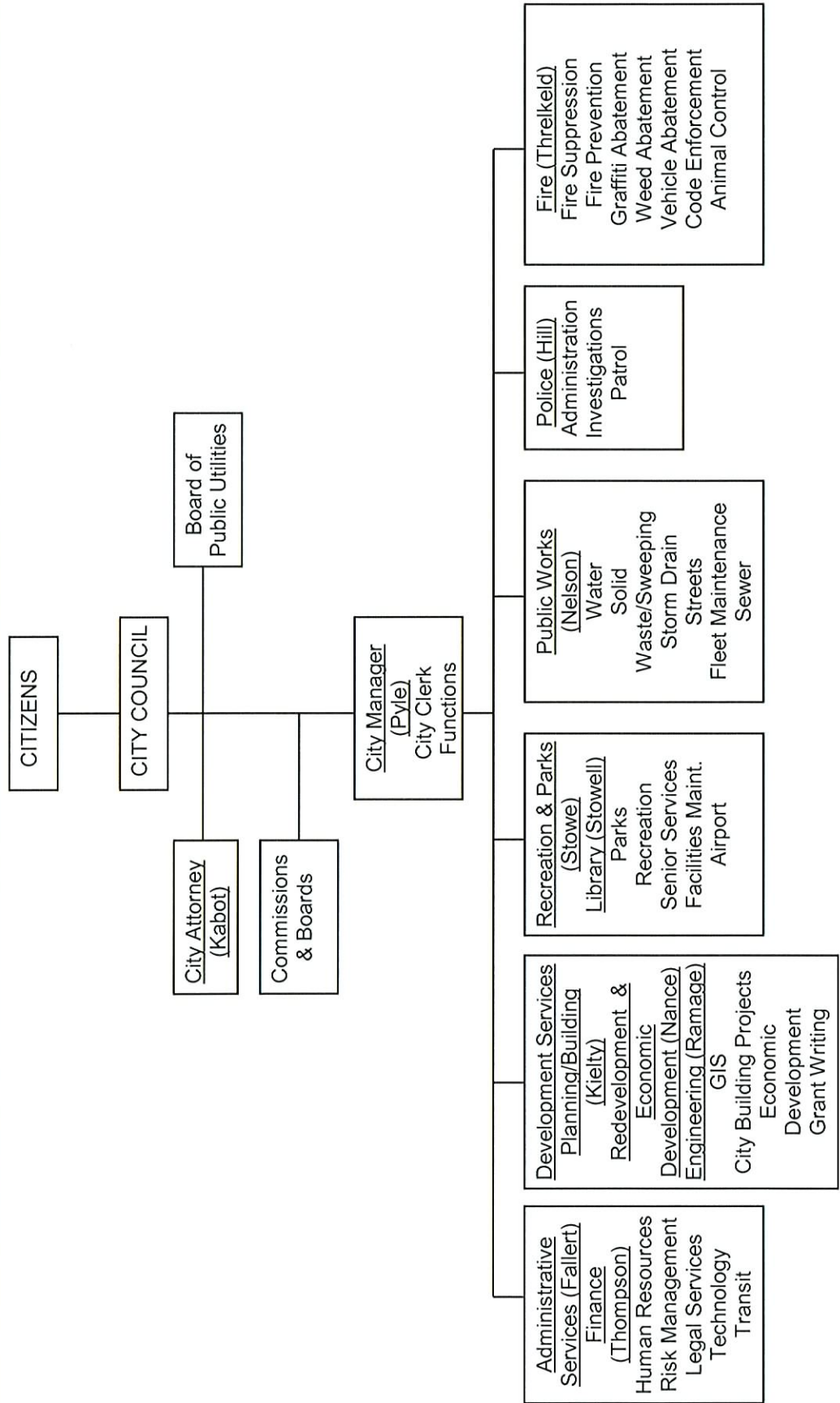
Administrative Officials and Department Heads

Darrel L. Pyle	City Manager
Margee Fallert	Administrative Services Director
Roger L. Hill	Chief of Police
Mark Kielty	Planning & Building Director
Bob Nance	Redevelopment & Economic Development Director
Lew Nelson	Public Works Director
Michael C. Stowell	Library Director
Darlene J. Thompson	Finance Director/Treasurer
Michael Threlkeld	Fire Chief
Milton Stowe	Director of Recreation & Parks
Kenneth Ramage/ Michael Whitlock	City Engineers





## Organizational Chart



Note: Underline denotes position is member of top management.

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# TULARE MUNICIPAL AIRPORT Financial Section



*Above Left:* Refurbishment of the vintage military WWII Mefford Field Hangar  
*Above Right:* Fire suppression hydrants installed throughout key points of the airport

*Right:* Installation of Water Well Site  
42



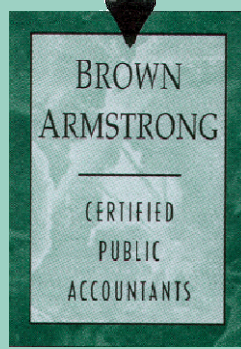
AWOS - Automated  
Weather Observation System



The construction of the new Dale Fry Road



Peter C. Brown, CPA  
Burton H. Armstrong, CPA, MST  
Andrew J. Paulden, CPA  
Steven R. Starbuck, CPA  
Chris M. Thornburgh, CPA  
Eric H. Xin, CPA, MBA  
Richard L. Halle, CPA, MST  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of  
the City of Tulare, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tulare's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the fiscal year 2009, the City adopted the provisions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

The *management's discussion and analysis* and *schedules of funding progress* as listed in the accompanying table of contents are not a required part of the City's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we do not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tulare, California's basic financial statements. The introductory section, the major fund budgetary comparison schedule, combining and individual non-major fund financial statements and schedules, and the statistical tables identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. These financial statements and schedules are also the responsibility of the management of the City of Tulare, California. The major fund budgetary comparison schedule and the combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, 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* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
January 22, 2010

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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's financial activities for the fiscal year ended June 30, 2009. 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 of the City of Tulare exceeded its liabilities at the close of the most recent fiscal year by \$320,978,508 (net assets). Of this amount, \$90,546,694 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$24,183,051 over the prior fiscal year. The majority of this increase is attributable to an increase in depreciable and nondepreciable capital assets, advances to component units and deferred charges.
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balances of \$57,836,045, a decrease of \$6,130,584 in comparison with the prior year. Approximately 26% of this total amount, \$15,023,558 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,409,100, or 18% of total general fund expenditures excluding re-appropriations of past-approved expenses.
- The City of Tulare total debt showed a net increase of \$52,625,727 (26%) during the current fiscal year. The increase in debt was a result of a sewer revenue issuance for \$54,775,000 to complete the expansion and upgrade of the industrial wastewater treatment plant, design of domestic treatment plant, extension of the City's industrial wastewater collection system for the new Industrial Park and a cross town sewer line.

### THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Tulare (City) and its component units, using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The City has fully complied with the GASB 34 infrastructure reporting requirements. The current financial statements include all current and historical infrastructure assets for governmental activities constructed or acquired through the 2008-09 fiscal year.

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 GASB statements in regards to inter-fund activity, payables and receivables.

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.



## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

#### **The Statement of Net Assets and the Statement of Activities and Changes in Net Assets**

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets 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 assets and changes in them. Net assets are 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 assets 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 Assets and the Statement of Activities and Changes in Net Assets, 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 and Wastewater Fund, Solid Waste and Street Sweeping Fund, Aviation Fund and Transit Fund are reported in this category.

## **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 fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation schedule following each Governmental Fund 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 Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use 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 Fiduciary Net Assets. We exclude 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 the Financial Statements** – The notes to the 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, budgetary comparison schedules for the general fund and other major funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tulare, assets exceeded liabilities by \$320,978,508 at the close of the most recent fiscal year.

By far the largest portion of the City of Tulare's net asset (49.80%) 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 of Tulare uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tulare'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 assets (\$106,886,116), approximately 93.52% (\$99,963,000) 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 its use.

**City of Tulare  
Statement of Net Assets  
As of June 30, 2008 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Assets:</b>						
Current and Other Assets	\$ 122,141,569	\$ 123,426,102	\$ 57,971,169	\$ 56,093,715	\$ 180,112,738	\$ 179,519,817
Capital Assets (Net of Depreciation)	145,879,132	161,843,186	172,012,285	233,449,930	317,891,417	395,293,116
<b>Total Assets</b>	<b>268,020,701</b>	<b>285,269,288</b>	<b>229,983,454</b>	<b>289,543,645</b>	<b>498,004,155</b>	<b>574,812,933</b>
<b>Liabilities:</b>						
Current and Other Liabilities	8,075,876	9,918,056	11,095,860	10,664,660	19,171,736	20,582,716
Long-Term Liabilities	40,527,524	39,399,682	141,509,438	193,852,027	182,036,962	233,251,709
<b>Total Liabilities</b>	<b>48,603,400</b>	<b>49,317,738</b>	<b>152,605,298</b>	<b>204,516,687</b>	<b>201,208,698</b>	<b>253,834,425</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	129,555,443	142,261,018	107,113,034	86,649,558	236,668,477	228,910,576
Restricted	23,652,940	19,215,692	44,617,222	51,229,220	68,270,162	70,444,912
Unrestricted	66,208,918	74,474,840	(74,352,100)	(52,851,820)	(8,143,182)	21,623,020
<b>Total Net Assets</b>	<b>\$ 219,417,301</b>	<b>\$ 235,951,550</b>	<b>\$ 77,378,156</b>	<b>\$ 85,026,958</b>	<b>\$ 296,795,457</b>	<b>\$ 320,978,508</b>

An additional portion of the City of Tulare's net assets \$70,444,912 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$21,623,020 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Tulare is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental and business-type activities. The same situation held true for the prior fiscal year. This means the City has sufficient current assets to satisfy both its current and long-term liabilities, fulfill its obligations pursuant to external restrictions imposed on City assets, and still have assets remaining for discretionary spending.

The government's net assets increased by \$23,984,882 compared to the prior fiscal year. This increase is due primarily to additions to infrastructure and construction in progress throughout the City. The construction in progress increase relates to the ongoing work on the wastewater treatment facility and the continuing road improvements throughout the City.

**Statement of Activities**

As discussed earlier, the Statement of Net Assets 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 assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2009 than it was at June 30, 2008.

**City of Tulare**  
**Statement of Activities**  
**Fiscal Year Ended June 30, 2008 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>REVENUES:</b>						
Programs Revenues:						
Charges for Services	\$ 6,098,091	\$ 5,633,479	\$ 33,320,208	\$ 29,751,328	\$ 39,418,299	\$ 35,384,807
Operating Grants and Contributions	153,895	153,891	-	-	153,895	153,891
Capital Grants and Contributions	931,941	150,871	7,543,285	4,604,955	8,475,226	4,755,826
General Revenues:						
Taxes	32,896,131	31,712,792	-	-	32,896,131	31,712,792
Investment Earnings	6,504,081	6,709,281	1,076,297	4,777,743	7,580,378	11,487,024
Other Revenue	16,517,375	10,079,332	-	-	16,517,375	10,079,332
<b>TOTAL REVENUES</b>	<b>63,101,514</b>	<b>54,439,646</b>	<b>41,939,790</b>	<b>39,134,026</b>	<b>105,041,304</b>	<b>93,573,672</b>
<b>EXPENSES:</b>						
Governmental Activities:						
General Government	2,855,538	4,372,097	-	-	2,855,538	4,372,097
Intergovernmental	28,228	3,904	-	-	28,228	3,904
Public Safety	17,234,653	17,919,518	-	-	17,234,653	17,919,518
Public Works	2,816,141	2,655,054	-	-	2,816,141	2,655,054
Community Development	7,791,822	5,367,023	-	-	7,791,822	5,367,023
Community Services	4,075,367	4,161,627	-	-	4,075,367	4,161,627
Library and Cultural	3,331,468	4,082,194	-	-	3,331,468	4,082,194
Debt Service	668,323	2,649,504	-	-	668,323	2,649,504
Business-Type Activities						
Aviation	-	-	149,838	135,527	149,838	135,527
Transit	-	-	2,373,838	2,569,527	2,373,838	2,569,527
Water	-	-	5,774,160	5,360,552	5,774,160	5,360,552
Solid Waste and Street Sweeping	-	-	6,828,700	6,392,221	6,828,700	6,392,221
Sewer and Wastewater	-	-	12,797,031	13,920,042	12,797,031	13,920,042
<b>TOTAL EXPENSES</b>	<b>38,801,540</b>	<b>41,210,921</b>	<b>27,923,567</b>	<b>28,377,869</b>	<b>66,725,107</b>	<b>69,588,790</b>
Increase in Net Assets Before Transfers	24,299,974	13,228,725	14,016,223	10,756,157	38,316,197	23,984,882
Transfers	530,440	3,305,524	(530,440)	(3,305,524)	-	-
Increase in Net Assets	24,830,414	16,534,249	13,485,783	7,450,633	38,316,197	23,984,882
Net Assets, Beginning of Year, as Restated	194,586,887	219,417,301	63,892,373	77,576,325	258,479,260	296,993,626
<b>Net Assets, End of Year</b>	<b>\$ 219,417,301</b>	<b>\$ 235,951,550</b>	<b>\$ 77,378,156</b>	<b>\$ 85,026,958</b>	<b>\$ 296,795,457</b>	<b>\$ 320,978,508</b>

Revenue from all activities in fiscal year 2009 decreased by \$11,502,555 or 11%. Total governmental revenues for the year were \$54,264,554, which is \$8,696,791 or 14% less than in 2008 and business-type revenues decreased by \$2,805,764 or 7%. Taxes, which include property, sales, utility users, business license/franchise, and other taxes, account for \$31,712,792 or 58% of the City's governmental activities revenue and only slightly less than 2008. Capital grants and contributions for both governmental and business-type decreased \$3,719,400 or 44% from the previous year, due mostly to a decrease in capital donated by developers and other revenue decreased \$6,472,966 or 40% due mostly to a decrease in development impact fees. Investment earnings increased by \$3,906,646 or 52% mainly due from interest earned from idled bond proceeds.

Expenses of the City totaled \$69,588,790, an increase of \$2,863,683, which represents a 4.0% increase from the prior year. The largest individual categories of expense are public safety, representing 26%, and sewer/wastewater, representing 20% of total expense. General Government showed the largest increase for government activities in expenses over the prior year, with an increase of \$1,516,559. This increase in cost resulted from legal cost for environmental impact studies and general plan and master plans. The sewer/wastewater fund showed the largest increase in expenses over the prior year for the business-type activities, with an increase of \$1,106,610. This increase in costs resulted from depreciation and chemicals to treat the effluent.

As depicted in Statement of Net Assets, net assets increased during the year. In those funds included within the Governmental Activities category, net assets increased by \$16,534,249, an increase of 7%. Net assets increased in those funds included within the Business-Type Activities category by \$7,648,802, or an increase of 10%.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As previously noted, the City of Tulare 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 of Tulare's governmental funds is on short-term inflows and outflows and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the City's governmental funds reported total ending fund balance of \$57,836,045, a decrease of \$6,130,584 from the beginning of the year. Approximately 26% of this total amount, \$15,023,558, is available for spending at the government's discretion (unreserved fund balance). The remainder of fund balance is "*reserved*" to indicate that it is not available for new spending because it has already been committed 1) for repayment from other funds (\$26,437,732) and 2) to pay debt service (\$16,374,755).

The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, unreserved fund balance of the General Fund (consisting of general fund and various capital project funds) was \$9,409,100, while total fund balance reached \$35,846,832. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Total unreserved fund balance for the General Fund represents approximately 18% of general fund expenditures.

The fund balance of the City of Tulare General Fund is \$129,769 higher than the prior fiscal year. The major factors in General Fund activity that resulted in this increase are as follows:

- \$6,221,497 in decreases in other revenue compared to the prior year. This represents a 42% decrease over the prior fiscal year. This decrease is a result a down turn in new construction and the collection of development impact fees and the acceptance of contributed capital from development on completed subdivisions.
- \$10,141,324 decrease in capital outlay compared to the prior year. This represents a 35% decrease over the prior fiscal year. As mentioned above, due to the down turn in construction.

Other Governmental Funds realized a net decrease in fund balance, including the Capital Improvement Funds. These funds are primarily used to account for capital improvement projects that span more than one year. Therefore, the decrease in fund balance is generally due to the timing of funding, which generally occurs in one year, in relation to the timing of expenditures, which occur over more than one year. Any remaining fund balances are either reserved or earmarked specifically for the continuing cost of the related projects.

**Financing Authority** – The City Financing Authority Fund accounts for the annual debt service on the 2002 and 2008 Lease Revenue Bonds. Lease revenues are derived from lease payments made by the City's General Fund.

At June 30, 2009, the Financing Authority Fund had decreased its reserved fund balance by \$7,053,214 due to usage for loan proceeds on qualified projects.

Interest and fiscal charges increased by \$1,209,086 due to a full year of interest on the 2008 Lease Revenue Bond and a decrease of \$5,230,000 in principal for the 1997 Lease Revenue Bond was defeased with the issuance of the 2008 Lease Revenue Bonds in the prior fiscal year.

**Proprietary Funds** – The City proprietary funds include the Water, Solid Waste and Sewer/Wastewater Funds, and Aviation and Transit Funds. All of the proprietary funds are highly capital intensive, requiring a significant investment in capital equipment and facilities to conduct operation, whether it be in water and sewer lines, water and wastewater treatment facilities or runways.

The Transit Fund has total net assets of \$4,523,087 at the end of the fiscal year, an increase of \$830,780 or 23%. Total net asset include \$4,549,940 invested in capital assets, net of related debt, which are not available to cover current expenses. The increase to net assets was due to an increase to charges for services (\$734,670 or 55%) from the prior fiscal year. The City received \$100,000 from the County ½ cent district sales tax for starting a new route and due to the increase cost of fuel, the transit service saw an increase in ridership.

The Water Fund has total net assets of \$31,229,979 at the end of the fiscal year, an increase of \$792,593 over the prior year. Total net assets include \$31,570,744 invested in capital assets, net of related debt, which are not available to cover current expenses. \$6,504,275 of total net assets is restricted for capital improvements (including plant and equipment replacement).

The Solid Waste Fund has total negative net assets of \$(5,339,585) at the end of the fiscal year, a decrease of \$3,650,345 over the prior year. Total net assets include \$53,220 invested in capital assets, which are not available to cover current expenses.

The Sewer/Wastewater Fund has total net assets of \$52,816,235 at the end of the fiscal year, an increase of \$9,056,027 over the prior year. Total net assets include \$48,266,382 invested in capital assets, which are not available to cover current expenses. \$44,042,738 of total net assets is restricted for capital improvements.

The Aviation Fund has total net assets of \$1,797,242 at the end of the fiscal year, and increase of \$421,581 or 31%. The major factor for this increase is due to grants (\$421,980) received for various capital projects that were completed in current fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The City of Tulare’s investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$395,293,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The total increase in the City’s investment in capital assets for the current fiscal year was \$77,401,700. (Please refer to Note 4 – Capital Assets, page 45)

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2008-09 fiscal years.

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

- A variety of street construction projects, rehabilitation and maintenance for \$4,327,260.
- A dairy waste line replacement, the expansion, and various upgrades to sewer and wastewater treatment facilities for \$54,339,260.
- The completion of a corporation yard for \$3,874,610.
- The construction of Del Lago Park for \$3,758,400.



- A variety of water projects and new wells for \$791,720.
- The construction of a new library building, which will house the council chamber for \$2,726,250 which is scheduled to be completed in fiscal year 2009-10.

**City of Tulare  
Capital Assets  
As of June 30, 2008 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Land and Construction In Progress	\$ 19,828,971	\$ 24,076,836	\$ 60,354,943	\$ 100,429,310	\$ 80,183,914	\$ 124,506,146
Depreciable Buildings, Property, Equipment and Infrastructure, Net of Depreciation	126,050,161	137,766,350	111,657,341	133,020,620	237,707,502	270,786,970
<b>Total Capital Assets</b>	<b>\$ 145,879,132</b>	<b>\$ 161,843,186</b>	<b>\$ 172,012,284</b>	<b>\$ 233,449,930</b>	<b>\$ 317,891,416</b>	<b>\$ 395,293,116</b>

**Long-Term Debt** – At the end of the fiscal year, the City of Tulare had a total debt outstanding of \$234,676,214. (Please refer to Note 6 – Long Term Debt, page 47)

**City of Tulare  
Outstanding Debt  
As of June 30, 2008 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Lease Revenue Bonds	\$ 38,438,958	\$ 37,397,009	\$ -	\$ -	\$ 38,438,958	\$ 37,397,009
Lease Payable	1,537,672	1,400,851	8,628,016	8,334,263	10,165,688	9,735,114
Notes Payable	-	-	-	-	-	-
Revenue Bonds Payable	-	-	134,632,678	187,544,091	134,632,678	187,544,091
<b>Total Outstanding Debt</b>	<b>\$ 39,976,630</b>	<b>\$ 38,797,860</b>	<b>\$ 143,260,694</b>	<b>\$ 195,878,354</b>	<b>\$ 183,237,324</b>	<b>\$ 234,676,214</b>

With respect to the Governmental Activities, the outstanding \$37,397,009 in lease revenue bonds consisted of two bonds issuance. One was issued in 2002 for \$3,690,000 for street repairs and to remodel or purchase land for the library. The other bond was 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 \$195,878,354 outstanding debt in the Business–Type Activities, \$187,544,091 relates to the Sewer/Wastewater 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. A new Sewer Revenue Bond 2009 bond was issued in June 2009 for \$54,775,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflects an increase in appropriation of \$4,900,000 and can be briefly summarized as follow:

- \$4,400,000 in increase for the completion of the Skate Park and Phase II of Del Lago Park
- \$600,000 in increase for capital outlay to complete various projects from prior year

The final amended budget figures were higher than actual expenditures in the General Fund by \$1,115,018 and can be briefly summarized as follow:

- \$447,885 difference between actual and final budget in public safety was due to the elimination of booking fees and vacancies.
- \$345,157 difference between actual and final budget in capital outlay was due to various projects requiring multi years to complete.
- \$403,896 difference between actual and final budget in community services was also due to various projects requiring multi years to complete.

The interest and fiscal charges budget exceeded appropriations by \$388,532 due to the accrued interest due to developers for oversize agreements. (See Note 11 – Excess of Expenditures over Appropriations, page 60).

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

The key assumptions in the General Fund forecast for fiscal year 2009-10 were:

- Because of general economic slowdown property tax revenues are projected at a 5% decrease in the upcoming year.
- Sales tax revenues are projected with a 10% decrease from 2008-09.
- City Council approved the use of around \$1,800,000 in reserve to balance the 2009-10 budget.
- A repayment from the Redevelopment Agency of \$1,800,000.
- Golden handshake and vacancies from employee attrition remain unfilled unless deemed critical to the operation of the City.
- The elimination of two general positions.
- As the population increases, additional personnel are needed in the police department. One additional police position has been included in the 2009-10 budget. Funding to be provided from the ½% general sales tax.
- There's a continuing need to expand and upgrade the wastewater treatment plant for the seven dairy industries in Tulare combined with new state requirements. The 2009-10 budget includes the completion of the expansion of the industrial treatment plant to meet the demands from the seven dairy industries.
- Various street widening projects and preliminary study report for railroad grade separation have been budgeted for \$9,480,000 through Gas Tax Fund, Prop 1B, Measure I (½% general sales tax) and General Fund.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers and 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 ASSETS**  
**JUNE 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Redevelopment Agency
<b>Assets</b>				
Cash and Investments	\$ 28,364,300	\$ 2,675,026	\$ 31,039,326	\$ 2,071,939
Cash and Investments with Fiscal Agent	19,215,692	39,901,088	59,116,780	255,482
Restricted Cash and Investments	-	9,806,894	9,806,894	-
Receivables:				
Accounts	1,144,761	2,890,664	4,035,425	609,381
Interest	69,084	-	69,084	17,990
Taxes	1,565,928	-	1,565,928	-
Intergovernmental	912,916	339,763	1,252,679	921,870
Deposits	-	-	-	150,000
Inventories	208,444	-	208,444	-
Note Receivable	14,805	-	14,805	1,394,407
Interfund Balances:				
Due from Other Funds	2,786,860	(2,786,860)	-	-
Advances to Other Funds	1,149,852	(1,149,852)	-	-
Advances to Component Units	66,311,763	-	66,311,763	(66,311,763)
Deferred Charges	-	4,416,992	4,416,992	-
Deferred Loans Receivable	-	-	-	8,484,226
Land Held for Resale	-	-	-	8,627,081
Nondepreciable Capital Assets	24,076,836	100,429,310	124,506,146	-
Depreciable Capital Assets, Net	137,766,350	133,020,620	270,786,970	-
Bond Issuance Costs, Net of Amortization	1,681,697	-	1,681,697	89,035
<b>Total Assets</b>	<b>\$ 285,269,288</b>	<b>\$ 289,543,645</b>	<b>\$ 574,812,933</b>	<b>\$ (43,690,352)</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 6,718,484	\$ 7,895,532	\$ 14,614,016	\$ 1,790,457
Accrued Interest Payable	506,403	-	506,403	62,480
Deposits Payable	944,824	300,907	1,245,731	-
Unearned Revenue	80,544	-	80,544	128,550
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences Payable	150,517	28,616	179,133	1,996
Leases Payable	145,336	226,018	371,354	-
Notes Payable	-	-	-	207,000
Tax Allocation Bonds Payable	-	-	-	205,000
Revenue Bonds Payable	1,371,948	2,213,587	3,585,535	-
Total Due Within One Year	1,667,801	2,468,221	4,136,022	413,996
Due After One Year:				
Compensated Absences Payable	1,918,799	362,847	2,281,646	25,308
Leases Payable	1,255,515	8,108,245	9,363,760	-
Notes Payable	-	-	-	2,664,598
Tax Allocation Bonds Payable	-	-	-	1,325,000
Net Post Employment Benefits Obligation	200,307	50,431	250,738	4,262
Revenue Bonds Payable	36,025,061	185,330,504	221,355,565	-
Total Due After One Year	39,399,682	193,852,027	233,251,709	4,019,168
<b>Total Liabilities</b>	<b>49,317,738</b>	<b>204,516,687</b>	<b>253,834,425</b>	<b>6,414,651</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	142,261,018	86,649,558	228,910,576	-
Restricted for Capital Improvements	19,215,692	51,229,220	70,444,912	255,482
Unrestricted	74,474,840	(52,851,820)	21,623,020	(50,360,485)
<b>Total Net Assets</b>	<b>\$ 235,951,550</b>	<b>\$ 85,026,958</b>	<b>\$ 320,978,508</b>	<b>\$ (50,105,003)</b>

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



**CITY OF TULARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

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	\$ 4,372,097	\$ 465,136	\$ -	\$ -	\$ 465,136
Intergovernmental	3,904	176,350	-	-	176,350
Public Safety	17,919,518	2,139,721	-	-	2,139,721
Public Works	2,655,054	282,465	-	-	282,465
Community Development	5,367,023	1,692,768	-	150,871	1,843,639
Community Services	4,161,627	442,745	153,891	-	596,636
Library and Cultural	4,082,194	434,294	-	-	434,294
Interest on Long-Term Debt	2,649,504	-	-	-	-
<b>Total Governmental Activities</b>	<b>41,210,921</b>	<b>5,633,479</b>	<b>153,891</b>	<b>150,871</b>	<b>5,938,241</b>
<b>Business-Type Activities:</b>					
Aviation	135,527	111,999	-	445,109	557,108
Transit	2,569,527	2,131,920	-	1,251,273	3,383,193
Water	5,360,552	4,673,549	-	1,547,805	6,221,354
Solid Waste	6,392,221	5,946,594	-	-	5,946,594
Sewer	13,920,042	16,887,266	-	1,360,768	18,248,034
<b>Total Business-Type Activities</b>	<b>28,377,869</b>	<b>29,751,328</b>	<b>-</b>	<b>4,604,955</b>	<b>34,356,283</b>
<b>Total Primary Government</b>	<b>\$ 69,588,790</b>	<b>\$ 35,384,807</b>	<b>\$ 153,891</b>	<b>\$ 4,755,826</b>	<b>\$ 40,294,524</b>
<b>Component Units:</b>					
Redevelopment Agency	\$ 12,065,109	\$ -	\$ -	\$ 601,057	\$ 601,057

(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, 2009**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Agency
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
General Government	\$ (3,906,961)	\$ -	\$ (3,906,961)	\$ -
Intergovernmental	172,446	-	172,446	-
Public Safety	(15,779,797)	-	(15,779,797)	-
Public Works	(2,372,589)	-	(2,372,589)	-
Community Development	(3,523,384)	-	(3,523,384)	-
Community Services	(3,564,991)	-	(3,564,991)	-
Library and Cultural	(3,647,900)	-	(3,647,900)	-
Interest on Long-Term Debt	(2,649,504)	-	(2,649,504)	-
<b>Total Governmental Activities</b>	<b>(35,272,680)</b>	<b>-</b>	<b>(35,272,680)</b>	<b>-</b>
<b>Business-Type Activities:</b>				
Aviation	-	421,581	421,581	-
Transit	-	813,666	813,666	-
Water	-	860,802	860,802	-
Solid Waste	-	(445,627)	(445,627)	-
Sewer	-	4,327,992	4,327,992	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>5,978,414</b>	<b>5,978,414</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ (35,272,680)</b>	<b>\$ 5,978,414</b>	<b>\$ (29,294,266)</b>	<b>\$ -</b>
<b>Component Units:</b>				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (11,464,052)
<b>General Revenues:</b>				
Sales Tax	\$ 14,466,030	\$ -	\$ 14,466,030	\$ -
Property Tax	4,583,226	-	4,583,226	5,968,505
Utility Tax	5,295,978	-	5,295,978	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,819,229	-	4,819,229	-
Motel/Hotel and Franchise Tax	2,548,329	-	2,548,329	-
Grants and Contributions Not Restricted to Specific Programs	955,672	-	955,672	-
Investment Earnings - Unrestricted	6,709,281	4,777,743	11,487,024	-
Use of Money and Property	-	-	-	2,548,378
Miscellaneous	9,123,660	-	9,123,660	1,058,428
Gain on Sale of Capital Assets	-	-	-	-
<b>Transfers</b>	<b>3,305,524</b>	<b>(3,305,524)</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>	<b>51,806,929</b>	<b>1,472,219</b>	<b>53,279,148</b>	<b>9,575,311</b>
<b>Change in Net Assets</b>	<b>16,534,249</b>	<b>7,450,633</b>	<b>23,984,882</b>	<b>(1,888,741)</b>
Net Assets - Beginning of Year, As Restated	219,417,301	77,576,325	296,993,626	(48,216,262)
Net Assets - End of Year	<b>\$ 235,951,550</b>	<b>\$ 85,026,958</b>	<b>\$ 320,978,508</b>	<b>\$ (50,105,003)</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, 2009**

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Investments	\$ 11,936,019	\$ -	\$ 6,061,242	\$ 17,997,261
Cash and Investments with Fiscal Agent	-	17,735,392	-	17,735,392
Receivables				
Accounts	1,385,078	-	2,240	1,387,318
Interest	30,055	12,174	26,855	69,084
Taxes	1,370,678	-	195,250	1,565,928
Intergovernmental	654,579	-	136,602	791,181
Due from Other Funds	3,905,852	-	-	3,905,852
Advances to Other Funds	686,369	-	-	686,369
Advances to Component Units	66,311,763	-	-	66,311,763
<b>Total Assets</b>	<b>\$ 86,280,393</b>	<b>\$ 17,747,566</b>	<b>\$ 6,422,189</b>	<b>\$ 110,450,148</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 5,197,274	\$ 444,240	\$ 584,119	\$ 6,225,633
Deposits Payable	944,824	-	-	944,824
Due to Other Funds	32,548	928,571	143,068	1,104,187
Deferred Revenue	44,258,915	-	80,544	44,339,459
<b>Total Liabilities</b>	<b>50,433,561</b>	<b>1,372,811</b>	<b>807,731</b>	<b>52,614,103</b>
<b>Fund Balances</b>				
Reserved, Reported in:				
General Fund	26,437,732	-	-	26,437,732
Debt Service Funds	-	16,374,755	-	16,374,755
Unreserved, Undesignated Reported in:				
General Fund	9,409,100	-	-	9,409,100
Special Revenue Funds	-	-	6,069,714	6,069,714
Capital Projects Funds	-	-	(455,256)	(455,256)
<b>Total Fund Balances</b>	<b>35,846,832</b>	<b>16,374,755</b>	<b>5,614,458</b>	<b>57,836,045</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 86,280,393</b>	<b>\$ 17,747,566</b>	<b>\$ 6,422,189</b>	<b>\$ 110,450,148</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 ASSETS  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009**

	Amount
<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 57,836,045</b>
 Amounts reported for Governmental Activities in the Statement of Net Assets are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	147,731,120
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	1,681,697
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, 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 assets.	25,657,913
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.	(506,403)
In governmental funds, future payments for notes receivable are treated as Unearned revenue. In governmental-wide statements, future payments of notes receivable are recorded as offset of notes receivable.	44,258,915
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	(37,397,009)
Advances from Other Funds	(18,099)
Net Post Employment Benefit Obligation	(200,307)
Capital Leases Payable	(1,087,482)
Compensated Absences Payable	(2,004,840)
	(5,727,737)
<b>Net Assets of Governmental Activities</b>	<b>\$ 235,951,550</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, 2009**

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 28,934,927	\$ -	\$ 2,777,865	\$ 31,712,792
Intergovernmental	170,892	-	146,232	317,124
Licenses and Permits	640,257	-	-	640,257
Fines and Forfeitures	(3,542)	-	236,850	233,308
Charges for Services	4,102,455	-	-	4,102,455
Interest and Rentals	2,206,834	396,057	290,330	2,893,221
Grants	1,001,690	-	231,244	1,232,934
Meals	-	-	57,093	57,093
Assessments	84,430	-	397,097	481,527
Other	8,583,687	-	37,049	8,620,736
<b>Total Revenues</b>	<b>45,721,630</b>	<b>396,057</b>	<b>4,173,760</b>	<b>50,291,447</b>
<b>Expenditures</b>				
Current				
General Government	4,194,242	-	-	4,194,242
Intergovernmental	-	3,904	-	3,904
Public Safety	16,834,805	-	99,947	16,934,752
Public Works	2,398,132	-	-	2,398,132
Community Development	5,216,836	-	2,728,349	7,945,185
Community Services	2,829,184	-	1,205,522	4,034,706
Library and Cultural	794,986	-	60,586	855,572
Capital Outlay	18,496,463	-	28,024	18,524,487
Debt Service				
Principal	929,942	985,000	-	1,914,942
Interest and Fiscal Charges	554,272	2,050,282	-	2,604,554
<b>Total Expenditures</b>	<b>52,248,862</b>	<b>3,039,186</b>	<b>4,122,428</b>	<b>59,410,476</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,527,232)	(2,643,129)	51,332	(9,119,029)
Other Financing Sources (Uses)				
Transfers In	16,989,705	2,643,129	2,937,358	22,570,192
Transfers Out	(10,332,704)	(7,053,214)	(2,195,829)	(19,581,747)
<b>Total Other Financing Sources (Uses)</b>	<b>6,657,001</b>	<b>(4,410,085)</b>	<b>741,529</b>	<b>2,988,445</b>
<b>Net Change in Total Fund Balances</b>	<b>129,769</b>	<b>(7,053,214)</b>	<b>792,861</b>	<b>(6,130,584)</b>
Fund Balances - Beginning	35,717,063	23,427,969	4,821,597	63,966,629
Fund Balances - Ending	<u>\$ 35,846,832</u>	<u>\$ 16,374,755</u>	<u>\$ 5,614,458</u>	<u>\$ 57,836,045</u>

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

**CITY OF TULARE  
RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	Amount
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (6,130,584)</b>
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	10,243,072
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-wide Statement of Activities.</p>	
This amount represents long-term debt repayments	2,079,629
This amount represents amortization of bond issuance costs	(84,588)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.</p>	
This amount represents costs of compensated absences	(307,889)
This amount represents costs of post employment benefit	(200,307)
<p>Interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, the interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.</p>	(209,636)
<p>In governmental funds, interest earned on advances to component units are treated as unearned revenue. In governmental-wide statements, interest earned from advances to component units are recognized as investment earnings.</p>	3,483,248
<p>Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	7,661,304
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 16,534,249</b>

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



**CITY OF TULARE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
<b>Assets</b>							
<b>Current Assets</b>							
Cash and Investments	\$ 59,786	\$ (3,251,342)	\$ -	\$ 5,812,210	\$ 54,372	\$ 2,675,026	\$ 10,367,039
Cash and Investments with Fiscal Agent	-	-	-	39,901,088	-	39,901,088	1,480,300
Restricted Cash and Investments	-	4,877,700	-	4,929,194	-	9,806,894	-
Deposits	-	-	-	-	-	-	-
Accounts Receivable	90,908	435,583	621,380	1,740,612	2,181	2,890,664	387,443
Intergovernmental Receivable	9,710	-	53,669	-	276,384	339,763	121,735
Inventories	-	-	-	-	-	-	208,444
Due from Other Funds	-	-	-	-	-	-	376,190
Advances to Other Funds	-	3,422,086	-	-	-	3,422,086	18,099
Deferred Charges	-	-	-	4,416,992	-	4,416,992	-
<b>Total Current Assets</b>	<b>160,404</b>	<b>5,484,027</b>	<b>675,049</b>	<b>56,800,096</b>	<b>332,937</b>	<b>63,452,513</b>	<b>12,959,250</b>
<b>Noncurrent Assets</b>							
<b>Capital Assets</b>							
Nondepreciable:							
Land	193,261	2,347,356	-	1,544,349	279,215	4,364,181	75,000
Construction in Progress	-	83,836	-	94,986,513	994,780	96,065,129	-
Depreciable:							
Buildings	4,211,998	6,900	-	396,132	161,451	4,776,481	6,187,770
Improvements Other Than Buildings	-	45,264,820	8,992	114,279,007	2,849,493	162,402,312	1,596,932
Machinery and Equipment	3,280,265	692,240	138,836	3,677,068	47,830	7,836,239	15,485,284
Accumulated Depreciation	(2,505,584)	(13,864,355)	(94,608)	(23,406,368)	(2,123,497)	(41,994,412)	(9,232,920)
<b>Total Noncurrent Assets</b>	<b>5,179,940</b>	<b>34,530,797</b>	<b>53,220</b>	<b>191,476,701</b>	<b>2,209,272</b>	<b>233,449,930</b>	<b>14,112,066</b>
<b>Total Assets</b>	<b>\$ 5,340,344</b>	<b>\$ 40,014,824</b>	<b>\$ 728,269</b>	<b>\$ 248,276,797</b>	<b>\$ 2,542,209</b>	<b>\$ 296,902,443</b>	<b>\$ 27,071,316</b>

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF NET ASSETS (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 171,790	\$ 669,966	\$ 149,319	\$ 6,846,984	\$ 57,473	\$ 7,895,532	\$ 492,851
Deposits Payable	-	140,949	-	159,958	-	300,907	-
Due to Other Funds	-	-	2,786,860	-	-	2,786,860	376,190
Compensated Absences - Current	928	8,347	7,486	9,912	62	26,735	3,963
Advances from Other Funds - Current	90,000	-	200,051	16,987	686,369	993,407	14,590
Leases Payable - Current	-	216,927	-	9,091	-	226,018	99,445
Revenue Bonds Payable - Current	-	-	-	2,213,587	-	2,213,587	-
<b>Total Current Liabilities</b>	<b>262,718</b>	<b>1,036,189</b>	<b>3,143,716</b>	<b>9,256,519</b>	<b>743,904</b>	<b>14,443,046</b>	<b>987,039</b>
<b>Noncurrent Liabilities</b>							
Advances from Other Funds	540,000	-	2,800,714	237,817	-	3,578,531	151,927
Compensated Absences Payable	13,829	115,755	102,115	131,966	1,063	364,728	60,513
Leases Payable	-	7,620,826	-	487,419	-	8,108,245	213,924
Net Post Employment Benefits Obligation	710	12,075	21,309	16,337	-	50,431	-
Revenue Bonds Payable	-	-	-	185,330,504	-	185,330,504	-
<b>Total Noncurrent Liabilities</b>	<b>554,539</b>	<b>7,748,656</b>	<b>2,924,138</b>	<b>186,204,043</b>	<b>1,063</b>	<b>197,432,439</b>	<b>426,364</b>
<b>Total Liabilities</b>	<b>817,257</b>	<b>8,784,845</b>	<b>6,067,854</b>	<b>195,460,562</b>	<b>744,967</b>	<b>211,875,485</b>	<b>1,413,403</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	4,549,940	31,570,744	53,220	48,266,382	2,209,272	86,649,558	13,798,697
Restricted for Capital Improvements	313,441	6,504,275	-	44,042,738	368,766	51,229,220	75,000
Unrestricted	(340,294)	(6,845,040)	(5,392,805)	(39,492,885)	(780,796)	(52,851,820)	11,784,216
<b>Total Net Assets</b>	<b>\$ 4,523,087</b>	<b>\$ 31,229,979</b>	<b>\$ (5,339,585)</b>	<b>\$ 52,816,235</b>	<b>\$ 1,797,242</b>	<b>\$ 85,026,958</b>	<b>\$ 25,657,913</b>

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

**CITY OF TULARE**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal
							Service Funds
<b>Operating Revenues</b>							
Charges for Services	\$ 2,075,103	\$ 4,569,336	\$ 5,898,169	\$ 16,595,791	\$ 112,644	\$ 29,251,043	\$ 8,458,979
Connection Fees	-	39,724	-	69,921	-	109,645	-
Employee Contributions	-	-	-	-	-	-	1,083,904
Other	56,817	64,489	48,425	221,554	(645)	390,640	-
<b>Total Operating Revenues</b>	<u>2,131,920</u>	<u>4,673,549</u>	<u>5,946,594</u>	<u>16,887,266</u>	<u>111,999</u>	<u>29,751,328</u>	<u>9,542,883</u>
<b>Operating Expenses</b>							
General Administration	-	-	-	-	-	-	10,889
Personal Services	84,507	1,183,778	1,841,695	1,497,872	18,201	4,626,053	849,095
Contractual Services	-	-	-	-	-	-	196,385
Maintenance and Supplies	2,253,209	3,076,871	4,541,488	7,642,019	35,570	17,549,157	-
Equipment Usage and Operation	-	-	-	-	-	-	1,920,973
Insurance	-	-	-	-	-	-	4,405,623
Depreciation	231,811	1,099,903	4,798	2,276,291	81,756	3,694,559	1,578,971
<b>Total Operating Expenses</b>	<u>2,569,527</u>	<u>5,360,552</u>	<u>6,387,981</u>	<u>11,416,182</u>	<u>135,527</u>	<u>25,869,769</u>	<u>8,961,936</u>
<b>Operating Income (Loss)</b>	<u>(437,607)</u>	<u>(687,003)</u>	<u>(441,387)</u>	<u>5,471,084</u>	<u>(23,528)</u>	<u>3,881,559</u>	<u>580,947</u>
<b>Nonoperating Revenues</b>							
Interest Income	17,111	136,347	-	4,624,285	-	4,777,743	332,812
Interest Expense	-	-	(4,240)	(2,503,860)	-	(2,508,100)	-
Grants	1,251,273	-	-	-	445,109	1,696,382	27,500
Other Income	-	-	-	-	-	-	270,740
<b>Total Nonoperating Revenues</b>	<u>1,268,384</u>	<u>136,347</u>	<u>(4,240)</u>	<u>2,120,425</u>	<u>445,109</u>	<u>3,966,025</u>	<u>631,052</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>830,777</u>	<u>(550,656)</u>	<u>(445,627)</u>	<u>7,591,509</u>	<u>421,581</u>	<u>7,847,584</u>	<u>1,211,999</u>
Capital Contributions	-	1,547,805	-	1,360,768	-	2,908,573	-
Transfers In	-	-	-	410,374	-	410,374	6,600,212
Transfers Out	-	(204,556)	(3,204,718)	(306,624)	-	(3,715,898)	(150,907)
<b>Change in Net Assets</b>	<u>830,777</u>	<u>792,593</u>	<u>(3,650,345)</u>	<u>9,056,027</u>	<u>421,581</u>	<u>7,450,633</u>	<u>7,661,304</u>
<b>Net Assets, Beginning, as Restated</b>	<u>3,692,310</u>	<u>30,437,386</u>	<u>(1,689,240)</u>	<u>43,760,208</u>	<u>1,375,661</u>	<u>77,576,325</u>	<u>17,996,609</u>
<b>Net Assets, Ending</b>	<u>\$ 4,523,087</u>	<u>\$ 31,229,979</u>	<u>\$ (5,339,585)</u>	<u>\$ 52,816,235</u>	<u>\$ 1,797,242</u>	<u>\$ 85,026,958</u>	<u>\$ 25,657,913</u>

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

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**CITY OF TULARE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>							
Cash Received from Customers/Current Services	\$ 2,237,273	\$ 5,317,388	\$ 6,009,451	\$ 17,053,740	\$ 111,438	\$ 30,729,290	\$ 10,277,308
Cash Paid for Salaries and Benefits	(81,353)	(1,171,703)	(1,810,073)	(1,471,114)	(18,201)	(4,552,444)	(848,058)
Cash Paid for Services and Supplies	(2,227,677)	(6,615,367)	(4,611,372)	(11,671,307)	(248,353)	(25,374,076)	(6,398,290)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(71,757)</b>	<b>(2,469,682)</b>	<b>(411,994)</b>	<b>3,911,319</b>	<b>(155,116)</b>	<b>802,770</b>	<b>3,030,960</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>							
Grants	1,251,273	-	-	-	445,109	1,696,382	27,500
Advances from Other Funds	(90,000)	-	-	(9,748)	281,676	181,928	-
Due to Other Funds	-	-	3,671,954	-	-	3,671,954	-
Transfers from Other Funds	-	-	-	410,374	-	410,374	6,600,212
Transfers to Other Funds	-	(204,556)	(3,204,718)	(306,624)	-	(3,715,898)	(150,907)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>1,161,273</b>	<b>(204,556)</b>	<b>467,236</b>	<b>94,002</b>	<b>726,785</b>	<b>2,244,740</b>	<b>6,476,805</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Proceeds from the Sale of Assets	(1,226,134)	-	-	-	-	(1,226,134)	-
Capital Contribution	-	1,547,805	-	1,360,768	-	2,908,573	-
Principal and Interest Paid on Notes Payable	-	(271,604)	(4,240)	-	301	(275,543)	-
Principal and Interest Paid on Revenue Bonds	-	-	-	50,407,553	-	50,407,553	-
(Acquisition) of Capital Assets	-	(2,524,571)	(51,002)	(60,609,711)	(522,615)	(63,707,899)	(7,366,607)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(1,226,134)</b>	<b>(1,248,370)</b>	<b>(55,242)</b>	<b>(8,841,390)</b>	<b>(522,314)</b>	<b>(11,893,450)</b>	<b>(7,366,607)</b>
<b>Cash Flows from Investing Activities:</b>							
Interest Income	17,111	136,347	-	4,624,285	-	4,777,743	332,812
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(119,507)</b>	<b>(3,786,261)</b>	<b>-</b>	<b>(211,784)</b>	<b>49,355</b>	<b>(4,068,197)</b>	<b>2,473,970</b>
Cash and Cash Equivalents, July 1	179,293	5,412,619	-	50,854,276	5,017	56,451,205	9,373,369
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 59,786</b>	<b>\$ 1,626,358</b>	<b>\$ -</b>	<b>\$ 50,642,492</b>	<b>\$ 54,372</b>	<b>\$ 52,383,008</b>	<b>\$ 11,847,339</b>

(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, 2009**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (437,607)	\$ (687,003)	\$ (441,387)	\$ 5,471,084	\$ (23,528)	\$ 3,881,559	\$ 580,947
Other Income	-	-	-	-	-	-	270,740
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	231,811	1,099,903	4,798	2,276,291	81,756	3,694,559	1,578,971
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	51,838	642,144	80,746	166,475	(561)	940,642	(238,004)
(Increase) Decrease in Inventory	-	-	-	-	(258,884)	(258,884)	24,752
(Increase) Decrease in Intergovernmental Receivable	53,515	1,695	(17,889)	-	-	37,321	-
(Increase) Decrease in Advance to Other Fund	-	(3,391,886)	-	-	-	(3,391,886)	859,776
(Increase) Decrease in Due from Other Fund	-	-	-	-	-	-	(158,092)
(Increase) Decrease in Deferred Charges	-	-	-	(3,636,370)	-	(3,636,370)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	25,532	(146,610)	(69,883)	(404,931)	46,101	(549,791)	(194,465)
Increase (Decrease) in Deposits Payable	-	-	-	12,012	-	12,012	-
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	308,999
Increase (Decrease) in Advance from Other Funds	-	-	-	-	-	-	(14,590)
Increase (Decrease) in Net Post Employment Benefits Obligation	710	12,075	21,309	16,337	-	50,431	-
Increase (Decrease) in Compensated Absences Payable	2,444	-	10,312	10,421	-	23,177	11,926
Net Cash Provided by (Used for) Operating Activities	<u>\$ (71,757)</u>	<u>\$ (2,469,682)</u>	<u>\$ (411,994)</u>	<u>\$ 3,911,319</u>	<u>\$ (155,116)</u>	<u>\$ 802,770</u>	<u>\$ 3,030,960</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:							
Cash and Investments	\$ 59,786	\$ (3,251,342)	\$ -	\$ 5,812,210	\$ 54,372	\$ 2,675,026	\$ 10,367,039
Restricted Cash and Investments	-	4,877,700	-	4,929,194	-	9,806,894	-
Cash and Investments with Fiscal Agents	-	-	-	39,901,088	-	39,901,088	1,480,300
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 59,786</u>	<u>\$ 1,626,358</u>	<u>\$ -</u>	<u>\$ 50,642,492</u>	<u>\$ 54,372</u>	<u>\$ 52,383,008</u>	<u>\$ 11,847,339</u>

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

**CITY OF TULARE  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009**

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Cash and Investments	\$ 10,170	\$ 4,628,610
Due from Other Governments	-	509,827
Accounts Receivable	33	25,703
Prepaid Expense	-	79,805
	<hr/>	<hr/>
Total Assets	<u>\$ 10,203</u>	<u>\$ 5,243,945</u>
<b>Liabilities and Fund Balances</b>		
Accounts Payable and Accrued Liabilities	\$ -	\$ 459,131
Due to Other Funds	-	14,805
Deposits Payable	-	4,770,009
	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>5,243,945</u>
<b>Net Assets</b>	<u>\$ 10,203</u>	<u>\$ -</u>

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

**CITY OF TULARE  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust Fund
<b>Revenues</b>	
Interest and Rentals	\$ 311
<b>Expenditures</b>	
Books and Magazines	-
Change in Net Assets	311
Net Assets, July 1	9,892
Net Assets, June 30	\$ 10,203

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



**CITY OF TULARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**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.

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, 2009, and for the year then ended.

A. Description of the Reporting Entity

The City of Tulare 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 of Tulare (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. However, elected officials of the City of Tulare have a continuing accountability for fiscal matters of the other entities. 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 (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 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 Debt Service Funds of the City.

Discretely Presented Component Unit:

The Tulare Redevelopment Agency (Agency) was established pursuant to the State of California Health and Safety Codes, Section 33000 entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City's Council members appoint the Agency's directors, designate management, and have full accountability for the Agency's fiscal matters. The City is financially accountable for the Agency because the City's Council approves the Agency's budget, levies taxes (if necessary), and must approve any debt issuance. The Agency's financial data and transactions are presented as a governmental fund type.

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

### A. Description of the Reporting Entity (Continued)

Complete financial statements for the Tulare Redevelopment Agency can be obtained from the City of Tulare Finance Department, 411 East Kern Avenue; Tulare, CA 93274. Separate financial statements are not prepared for the Tulare Public Financing Authority.

### B. Basis of Presentation

#### Government-wide Financial Statements

The Government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. 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 and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental 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 assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. 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 principle 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.

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.

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.

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of the City other than debt service payments made by proprietary funds.

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 account for revenue and expenditures of the Zumwalt Trust.

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

**C. Basis of Accounting**

The government-wide, proprietary fund financial statements, and 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, 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 accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. 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 has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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 Assets or Equity, 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.

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

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

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.

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 Services 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 Statements

In the government-wide financial statements, capital assets 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 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 Assets or Equity, and Other Financial Statement Items (Continued)

Capital Assets (Continued)

Government-Wide Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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

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 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 types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 Assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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

D. Assets, Liabilities, Net Assets or Equity, 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.

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

Net Assets/Fund Equity

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets* – 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 Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balances that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Reserved fund balances for June 30, 2009 are as follows:

	General Fund	Financing Authority Fund
	<u>                    </u>	<u>                    </u>
Advance to Other Funds and Component Units	\$ 26,437,732	\$ -
Debt Service	<u>-</u>	<u>16,374,755</u>
Total	<u>\$ 26,437,732</u>	<u>\$ 16,374,755</u>

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

D. Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (Continued)

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 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 they are collected within 60 days of year-end.

The property tax calendar for the City and the Discretely Presented Component Unit 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.

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2009. 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.



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

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

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. Budgets for Capital Projects Funds are not presented because they are 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, 2009 the City Council approved \$11,958,180 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Equity

The Solid Waste Enterprise Fund had a deficit fund balance of \$5,318,276. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. Library expansion capital project fund had a deficit fund balance of \$543,025. The deficit is expected to be eliminated in future years through revenues or transfers from other funds. Purchasing Internal Service Fund had a deficit fund balance of \$61,396. The deficit is expected to be eliminated in future years through departmental charges. Landscape and Lighting Fund had a deficit fund balance of \$139,035. The deficit is expected to be eliminated in future years through additional grants revenue anticipated from the state.

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 changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$10,243,072 difference are as follows:

Capital Outlay	\$ 21,550,959
Transfer of Capital Assets to Proprietary Funds	(6,132,227)
Depreciation Expense	<u>(5,175,660)</u>
Difference	<u>\$ 10,243,072</u>

G. Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for 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.

Certain reclassifications have been made to the prior year financial statements to be in conformity with fiscal year 2009 presentation.

## NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Primary Government	
Cash and Investments	\$ 31,039,326
Cash and Investments with Fiscal Agent	59,116,780
Restricted Cash and Investments	9,806,894
Component Unit:	
Cash and Investments	2,071,939
Cash and Investments with Fiscal Agent	255,482
Fiduciary Funds:	
Cash and Investments	<u>4,638,780</u>
 Total Cash and Investments	 <u><u>\$ 106,929,201</u></u>

Deposits and investments as of June 30, 2009 consist of the following:

Deposits:	
Cash on Hand	\$ 7,445
Cash with Financial Institutions	16,597,484
Investments	26,022,906
Cash and Investment with Fiscal Agents	<u>64,301,366</u>
 Total Cash and Investments	 <u><u>\$ 106,929,201</u></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 Funds (LAIF)	N/A	\$20 million	N/A
Banker's Acceptances	270 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	90 days	N/A	N/A
Medium Term Notes/Corporate Bonds	5 years	30%	N/A
Mutual Funds	N/A	15%	N/A
Commercial Paper	N/A	25%	N/A
Zero Coupon Bonds	N/A	N/A	N/A
Passbook Savings Account Demand Deposits	N/A	N/A	N/A

**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
Banker's 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. All the City's investments, as shown below, are not adversely affected by changes in interest rates.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 13,191,136	2.4
Certificates of Deposit	99,000	1.0
Local Agency Investment Fund (LAIF)	12,087,000	N/A
Held by Bond Trustee:		
Money Market Funds	59,608,853	0.2
Investment Contracts	9,651,539	1.5
Held by Insurance Administrator		
Pooled Investments	<u>1,481,254</u>	N/A
Total	<u>\$ 96,118,782</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	\$ 13,191,136	N/A	\$ -	\$ 13,191,136	\$ -
Certificates of Deposit	99,000	N/A	-	-	99,000
Local Agency Investment Fund (LAIF)	12,087,000	Collateralized	-	-	12,087,000
Held by Bond Trustee:					
Money Market Funds	59,608,853	A	59,608,853	-	-
Investment Contracts	9,651,539	N/A	9,651,539	-	-
Held by Insurance Administrator					
Pooled Investments	1,481,254	N/A	-	-	1,481,254
<b>Total</b>	<b>\$ 96,118,782</b>		<b>\$ 69,260,392</b>	<b>\$ 13,191,136</b>	<b>\$ 13,667,254</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	\$ 3,048,636
Federal Farm Credit Banks	Federal Agency Securities	10,142,500

### 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). 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.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: At June 30, 2009, \$17,530,280 of the City's deposits with a financial institution were in excess of federal depository insurance limits. However, the financial institution participates in the FDIC's Temporary Liquidity Guarantee Program, whereby unlimited deposit insurance coverage is available through December 31, 2009 for non-interest bearing transaction accounts. As of June 30, 2009, \$96,019,782 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

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

**Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The 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 RECEIVABLE**

Notes receivable for the component unit consist of:

Secured notes receivable from the Salvation Army, Tulare Residence, Inc., a third party, dated March 18, 2005, bearing no interest, due on March 18, 2055, for managing sixty units of affordable senior housing project. \$ 221,407

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. 375,000

Secured note receivable from Tulare Family Housing Partners, L.P., a third party, dated October 23, 2007, bearing simple interest at the rate of three percent (3%) per annum, for construction of a multi-family tax credit low-income apartment complex project in Tulare, California. For the first thirty (30) years from the date a Certificate of Occupancy is issued for the Apartment Complex, the note amount will be paid by the borrower's annual payment to the Agency of the interest which has accrued on the note amount during the previous year. After the thirtieth (30th) annual payment is made, the parties shall calculate the amount of annual payments necessary to fully repay the note amount through twenty-five (25) annual, fully amortized level payments, and Borrower shall make such payments annually beginning upon the thirty-first (31st) anniversary of the date a Certificate of Occupancy is issued for the Apartment Complex. Any remaining portion of the note amount shall be due and payable on the fifty-fifth (55th) anniversary of the date a Certificate of Occupancy is granted for the Apartment Complex. 298,000

Secured Note Receivable from Self-Help Enterprises, a California nonprofit public benefit corporation, a third party, dated July 24, 2008 bearing no interest and due on August 1, 2009. Self-Help will use the loan proceeds to pay for the acquisition of the 22 parcels of land located at the north west corner of North "E" Street and Gail Avenue. 500,000

Total \$ 1,394,407

**NOTE 4 – CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2009 were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b><u>Governmental Activities</u></b>				
Nondepreciable Capital Assets:				
Land	\$ 8,673,524	\$ 17,575	\$ -	\$ 8,691,099
Construction in Progress	11,155,447	9,854,043	(5,623,753)	15,385,737
Subtotal	19,828,971	9,871,618	(5,623,753)	24,076,836
Depreciable Capital Assets:				
Infrastructure	173,749,666	10,104,107	(106,518)	183,747,255
Structures and Improvements	23,186,863	9,514,321	(978,051)	31,723,133
Equipment	19,446,942	1,405,343	(688,708)	20,163,577
Subtotal	216,383,471	21,023,771	(1,773,277)	235,633,965
Accumulated Depreciation:				
Infrastructure	(71,623,558)	(5,552,713)	316,259	(76,860,012)
Structures and Improvements	(7,872,689)	(1,899,952)	686,958	(9,085,683)
Equipment	(10,837,063)	(1,675,371)	590,514	(11,921,920)
Subtotal	(90,333,310)	(9,128,036)	1,593,731	(97,867,615)
Net Capital Assets	<u>\$ 145,879,132</u>	<u>\$ 21,767,353</u>	<u>\$ (5,803,299)</u>	<u>\$ 161,843,186</u>
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b><u>Business Activities</u></b>				
Nondepreciable Capital Assets:				
Land	\$ 4,354,080	\$ 10,101	\$ -	\$ 4,364,181
Construction in Progress	56,000,863	54,232,756	(14,168,490)	96,065,129
Subtotal	60,354,943	54,242,857	(14,168,490)	100,429,310
Depreciable Capital Assets:				
Buildings	4,573,068	203,413	-	4,776,481
Improvements Other Than Buildings	138,685,368	23,649,668	-	162,335,036
Equipment	7,130,164	1,204,757	(498,682)	8,833,603
Subtotal	150,388,600	25,057,838	(498,682)	175,945,120
Accumulated Depreciation:				
Buildings	(734,847)	(101,857)	-	(836,704)
Improvements Other Than Buildings	(31,787,513)	(3,258,213)	-	(35,045,726)
Equipment	(6,208,899)	(334,489)	498,682	(7,042,070)
Subtotal	(38,731,259)	(3,694,559)	498,682	(42,924,500)
Net Capital Assets	<u>\$ 172,012,284</u>	<u>\$ 75,606,136</u>	<u>\$ (14,168,490)</u>	<u>\$ 233,449,930</u>

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

Depreciation expense for the fiscal year ending June 30, 2009 was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,802,593
Public Safety	1,441,342
Public Works	393,004
Community Development	194,303
Community Services	170,213
Library and Cultural	<u>5,126,581</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,128,036</u>
Business Activities:	
Aviation	\$ 81,756
Transit	231,811
Water	1,099,903
Solid Waste	4,798
Sewer	<u>2,276,291</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 3,694,559</u>

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

The City's accounts payable and accrued liabilities for the year ended June 30, 2009 for the major funds, nonmajor funds and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 5,197,274
Financing Authority Fund	444,240
Nonmajor Governmental Funds	584,119
Internal Service Funds	<u>492,851</u>
Total Governmental Activities	<u>\$ 6,718,484</u>
Business-Type Activities:	
Transit	\$ 171,790
Water	669,966
Solid Waste	149,319
Sewer	6,846,984
Aviation	<u>57,473</u>
Total Business-Type Activities	<u>\$ 7,895,532</u>

## NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2009:

Type of Debt	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Lease Revenue Bonds	\$ 36,740,000	\$ -	\$ 985,000	\$ 35,755,000	\$ 1,315,000
Bond Premium	1,698,958	-	56,949	1,642,009	56,949
Leases Payable	1,537,672	-	136,821	1,400,851	145,336
Net Post Employment Benefits Obligation	-	200,307	-	200,307	-
Compensated Absences Payable	1,857,239	319,814	107,737	2,069,316	150,517
<b>Total Governmental Activities</b>	<b>\$ 41,833,869</b>	<b>\$ 520,121</b>	<b>\$ 1,286,507</b>	<b>\$ 41,067,483</b>	<b>\$ 1,667,802</b>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 134,632,678	\$ 54,775,000	\$ 1,863,587	\$ 187,544,091	\$ 2,213,587
Leases Payable	8,628,016	-	293,753	8,334,263	226,018
Net Post Employment Benefits Obligation	-	50,431	-	50,431	-
Compensated Absences Payable	354,583	36,880	-	391,463	28,616
<b>Total Business-Type Activities</b>	<b>\$ 143,615,277</b>	<b>\$ 54,862,311</b>	<b>\$ 2,157,340</b>	<b>\$ 196,320,248</b>	<b>\$ 2,468,221</b>
<b>Primary Government:</b>					
Revenue Bonds Payable	\$ 171,372,678	\$ 54,775,000	\$ 2,848,587	\$ 223,299,091	\$ 3,528,587
Bond Premium	1,698,958	-	56,949	1,642,009	56,949
Leases Payable	10,165,688	-	430,574	9,735,114	371,354
Net Post Employment Benefits Obligation	-	250,738	-	250,738	-
Compensated Absences Payable	2,211,822	356,694	107,737	2,460,779	179,133
<b>Total Primary Government:</b>	<b>\$ 185,449,146</b>	<b>\$ 55,382,432</b>	<b>\$ 3,443,847</b>	<b>\$ 237,387,731</b>	<b>\$ 4,136,023</b>
<b>Discretely Presented Component Unit:</b>					
Tax Allocation Bonds	\$ 1,725,000	\$ -	\$ 195,000	\$ 1,530,000	\$ 205,000
Notes Payable	2,550,000	387,000	65,402	2,871,598	207,000
Net Post Employment Benefits Obligation	-	4,262	-	4,262	-
Compensated Absences Payable	27,047	257	-	27,304	1,996
<b>Total Discretely Presented Component Unit:</b>	<b>\$ 4,302,047</b>	<b>\$ 391,519</b>	<b>\$ 260,402</b>	<b>\$ 4,433,164</b>	<b>\$ 413,996</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. The compensated absences and the post employment benefits obligation for discretely presented component unit will be paid by the respective Tulare Redevelopment Agency Funds.



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

Governmental Activities -

Lease Revenue Bonds (City of Tulare Public Financing Authority):

On September 5, 2002, the Authority issued \$6,020,000 in Lease Revenue Bonds. The bonds are payable in amounts ranging from \$380,000 to \$880,000 per year on October 1, each year, commencing October 1, 2003 through October 1, 2013 and bear an interest at rates ranging from 2.00% to 3.30% depending upon the date of maturity.

\$ 3,080,000

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 4.50% depending upon the date of maturity. At June 30, 2009, the outstanding balance, including the related bond premium, was:

\$ 34,317,009

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave and compensatory time) in accordance with GASB Code Sec. C60. 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 assets.

\$ 2,069,316

Net Post Employment Benefits Obligation:

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

\$ 200,307

Lease Payable:

Obligation of \$310,558 on a capital lease for a street grinder: Interest at 3.74% per annum and five annual payments of \$66,755.

\$ 64,348

Obligation of \$416,702 on a capital lease for various energy retrofit capital expenditures: Interest at 5.38% and semi-annual payments of \$27,212 for ten years.

\$ 26,499

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.

\$ 1,310,004

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

The annual requirements to amortize the lease payable outstanding, including interest of \$502,147 are as follows:

Year Ending June 30,	Street Grinder	Energy Retrofit Project	Citi Capital Muni	Totals
2010	\$ 66,755	\$ 27,212	\$ 82,486	\$ 176,453
2011	-	-	69,682	69,682
2012	-	-	103,281	103,281
2013	-	-	147,960	147,960
2014	-	-	147,960	147,960
2015-2019	-	-	739,801	739,801
2020-2023	-	-	517,861	517,861
	66,755	27,212	1,809,031	1,902,998
Less Interest	2,407	713	499,027	502,147
Total	<u>\$ 64,348</u>	<u>\$ 26,499</u>	<u>\$ 1,310,004</u>	<u>\$ 1,400,851</u>

Business-Type Activities -

Lease Payable:

In December 1999, the City entered into a lease agreement to obtain an obligation of \$1,181,047 on a capital lease for various energy retrofit capital expenditures. The ten-year lease bears an interest rate at 5.38% and has semi-annual payments of \$77,127 due on May 17 and November 17 of each year. At June 30, 2009, the outstanding balance was \$75,107.

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, 2009, the outstanding balance was \$8,259,156.

The annual requirements to amortize the lease payable outstanding, including interest of \$3,146,152 are as follows:

Year Ending June 30,	Energy Retrofit Project	Citi Capital Muni	Totals
2010	\$ 77,127	\$ 519,953	\$ 597,080
2011	-	439,241	439,241
2012	-	651,038	651,038
2013	-	932,672	932,672
2014	-	932,672	932,672
2015-2019	-	4,663,360	4,663,360
2020-2023	-	3,264,352	3,264,352
	77,127	11,403,288	11,480,415
Less Interest	2,020	3,144,132	3,146,152
Total	<u>\$ 75,107</u>	<u>\$ 8,259,156</u>	<u>\$ 8,334,263</u>

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

2003 Sewer Revenue Bonds:

On December 18, 2003, the City Issued \$42,700,000 in Sewer Revenue Bonds. Serial bonds totaling \$32,035,000 are payable in amounts ranging from \$825,000 to \$2,085,000 per year on November 15, each year, commencing November 15, 2004 through November 15, 2024 and bear interest rates from 1.0% to 4.6%. Term bonds totaling \$4,145,000 are due November 15, 2028 at an interest rate of 4.75%. Other term bonds totaling \$6,520,000 are due November 15, 2033 at an interest rate of 4.875%. At June 30, 2009, the outstanding balance was \$35,805,000.

On September 1, 2001, the City issued \$20,000,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15, each year, commencing November 15, 2002 through November 15, 2031 and bear interest rates from 4.375% to 4.750%. At June 30, 2009, the outstanding balance was \$17,460,000.

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 3.33% to 4.39%. At June 30, 2009, the outstanding balance, including the related bond premium, was \$79,504,091.

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, 2009, the outstanding balance was \$54,775,000.

Net Post Employment Benefits Obligation:

The City accounts for net post employment benefits obligation in accordance with GASB Statement No. 45. Unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-wide Statement of Net Assets. At June 30, 2009, the net post employment benefits obligation totaled \$50,431.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with GASB Code Sec. C60. At June 30, 2009, the compensated absences payable totaled \$391,463 for business-type activities.

Discretely Presented Component Unit -

Compensated Absences:

The Tulare Redevelopment Agency accounts for compensated absences (unpaid, vacation, sick leave and compensatory time) in accordance with GASB Code Sec. C60. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the Tulare Redevelopment Agency's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the Statement of Net Assets.

\$ 27,304

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

Net Post Employment Benefits Obligation:

The Tulare Redevelopment Agency accounts for net post employment benefits obligation in accordance with GASB Statement No. 45. Its share of unfunded annual required contribution is recorded as a liability in the government-wide statement of net assets.

\$ 4,262

Tax Allocation Bonds:

On July 1, 1997, the Tulare Redevelopment Agency participated with the Associations of Bay Area Governments in issuing \$3,255,000 in Tax Allocation Bonds. Serial bonds totaling \$2,615,000 are payable in amounts ranging from \$125,000 to \$240,000 per year on December 1 each year, commencing December 1, 1998 through December 1, 2012 and bear interest rates from 4.00% to 6.00%. Term bonds of \$385,000 are due December 1, 2017 at interest rates of 5.25% and 6.125%. Term bonds totaling \$255,000 are due December 1, 2025 at an interest rate of 5.35% and 6.25%. Tax Allocation Bonds maturing on or after December 15, 2008 are subject to redemption, in whole, or in part by lot, at the option of the Agency prior to their stated maturities on any date on or after December 15, 2007 at a redemption price equal to the principal amount thereof plus a premium ranging from 0% to 2%.

\$ 1,530,000

Notes Payable:

On November 9, 2007, the Agency received a \$387,000 "Section 108 Loan" from U.S. Department of Housing and Urban Development for the economic development, housing rehabilitation, public facilities rehab, construction or installation for the benefit of low- to moderate-income persons, or to aid in the prevention of slums. The loan is payable in amounts ranging from \$30,000 to \$49,000 per year on August 1 each year, commencing August 1, 2008 through August 1, 2017 and bears an annual interest rate of 0.3%.

\$ 357,000

On October 4, 2001, the Tulare Redevelopment Agency received a \$750,000 "HELP LOAN" from the California Housing Finance Agency for acquisition, relocation and demolition costs related to an eighty unit affordable elderly housing project. The loan is due in annual principal installments of \$175,000 commencing June 21, 2006 through June 2010 and bears an annual interest rate of 3%.

\$ 364,598

On September 29, 2005, the Tulare Redevelopment Agency received a \$1,650,000 "HELP LOAN" from the California Housing Finance Agency for acquisition, relocation and demolition costs related to an eighty unit affordable elderly housing project. The loan is due in full on March 28, 2015 and bears an annual interest rate of 3%.

\$ 1,650,000

On March 27, 2009, the Agency received a \$500,000 "Help Loan" from the California Housing Finance Agency for the acquisition and construction of 22 affordable homes in the Gail Estates subdivision, City of Tulare. Loan payments are deferred for a period of 10 years. Interest is to be charged at a rate of 3.5% on funds disbursed.

\$ 500,000

Advance from General Fund:

During the period from inception to June 30, 2006, the City advanced the Tulare Redevelopment Agency funds for operations. These advances are payable upon demand, with interest accruing at 8% per annum on the unpaid balance. The Agency expects to repay these advances from future tax increment funds when such funds become available; therefore, no retirement schedule has been prepared for repayment of these advances.

\$ 66,311,763

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

The annual requirements to amortize long-term debt, other than lease payable, primary government advance, and compensated absences, including interest of \$299,528,138 are as follows:

Year Ending June 30,	Primary Government							
	Governmental Activities			Business-Type Activities				
	2002 Lease Revenue	2008 Lease Revenue	2008 Lease Revenue	2001 Sewer Revenue	2003 Sewer Revenue	2006 Sewer Revenue	2006 Sewer Revenue	2009 Sewer Revenue
	Bonds	Bonds	Bonds - Premium	Bonds	Bonds	Bonds	Bonds - Premium	Bonds
2010	\$ 765,235	\$ 2,326,725	\$ 56,948	\$ 1,229,400	\$ 2,985,138	\$ 3,927,225	\$ 18,587	\$ 4,193,711
2011	806,140	2,327,700	56,948	1,229,825	2,981,575	3,934,825	18,587	4,792,813
2012	854,240	2,327,325	56,948	1,229,350	2,977,675	3,941,625	18,587	4,792,813
2013	909,040	2,324,125	56,948	1,227,975	2,981,038	3,947,625	18,587	4,792,813
2014	-	2,324,925	56,948	1,225,700	2,978,088	3,952,825	18,587	4,792,813
2015-2019	-	11,624,675	284,742	6,151,013	14,933,550	20,094,525	92,935	23,964,062
2020-2024	-	11,624,222	284,742	6,225,907	10,241,805	24,741,700	92,935	23,964,062
2025-2029	-	10,722,250	284,742	6,320,756	7,273,189	27,562,563	92,935	23,964,062
2030-2034	-	9,368,701	284,742	3,857,081	7,347,044	27,675,250	92,935	25,421,033
2035-2039	-	7,489,581	218,301	-	-	28,118,750	92,935	33,544,718
2040-2044	-	-	-	-	-	16,494,375	46,481	42,458,468
2045	-	-	-	-	-	-	-	11,053,312
	3,334,655	62,460,229	1,642,009	28,697,007	54,699,102	164,391,288	604,091	207,734,680
Less Interest	254,655	29,785,229	-	11,237,007	18,894,102	85,491,288	-	152,959,680
<b>Total</b>	<b>\$ 3,080,000</b>	<b>\$ 32,675,000</b>	<b>\$ 1,642,009</b>	<b>\$ 17,460,000</b>	<b>\$ 35,805,000</b>	<b>\$ 78,900,000</b>	<b>\$ 604,091</b>	<b>\$ 54,775,000</b>

Year Ending June 30,	Component Unit				
	Tax Allocation	Section 108 Loan	2002 Help Loan	2006 Help Loan	2007 Help Loan
	Bonds	Loan	Loan	Loan	Loan
2010	\$ 283,996	\$ 32,112	\$ 185,938	\$ 49,500	\$ 17,500
2011	282,889	34,119	195,286	49,500	17,500
2012	285,984	35,122	-	49,500	17,500
2013	283,301	37,129	-	49,500	17,500
2014	284,759	39,136	-	49,500	17,500
2015-2019	256,703	180,629	-	1,699,500	587,500
2020-2024	203,472	-	-	-	-
2025-2029	65,200	-	-	-	-
2030-2034	-	-	-	-	-
2035-2039	-	-	-	-	-
2040-2044	-	-	-	-	-
2045	-	-	-	-	-
	1,946,304	358,247	381,224	1,947,000	675,000
Less Interest	416,304	1,247	16,626	297,000	175,000
<b>Total</b>	<b>\$ 1,530,000</b>	<b>\$ 357,000</b>	<b>\$ 364,598</b>	<b>\$ 1,650,000</b>	<b>\$ 500,000</b>

## **NOTE 7 – PENSION PLAN**

### Plan Description:

The City's defined benefit pension plans, the Miscellaneous and the Safety Plans of the City of Tulare, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and the Safety Plans of the City of Tulare are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), 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 are established by State Statutes within the Public Employees' Retirement Law. The City of Tulare 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. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

### Funding Policy:

The City makes the contributions required of City employees on their behalf and for their account. The present required contribution rates of annual covered salaries are as follows:

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits Under article 21252.02	8% Modified (July 1, 2001 - December 31, 2001, Bi-weekly contributions = 8% X Earnings - \$109.84) 9% (January 1, 2002 - June 30, 2009)

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2009 was 13.893% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 28.414% for the period July 1, 2008 through June 30, 2009. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

CalPERS determines contribution requirements using the Entry Age Actuarial Cost Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to compute contribution requirements and also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions with each payroll.

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0% and overall payroll growth at 3.25%. Annual salary increases are assumed to vary by category, entry age, and duration of service. Changes in liability due to Plan amendments, changes in actuarial assumptions, or changes in actuarial method are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

**NOTE 7 – PENSION PLAN** (Continued)

Annual Pension Cost:

For the fiscal year ended June 30, 2009, the City's annual pension cost of \$5,221,422 for PERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2009 was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 3.75% to 11.59% for safety members), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial values of the Miscellaneous and the Safety Plans of the City of Tulare's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a two-to five year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City of Tulare's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 18 years for miscellaneous and 7 years for safety.

Three-Year Trend Information for PERS (dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 4,456	100%	-
6/30/08	\$ 4,805	100%	-
6/30/09	\$ 5,221	100%	-

Three-Year Funding Status (dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>(A) Entry Age Actuarial Accrued Liability</u>	<u>(B) Actuarial Asset Value</u>	<u>(C) Unfunded Liability (Excess Assets) (A)-(B)</u>	<u>(D) Funded Ratio (B)/(A)</u>	<u>(E) Covered Payroll</u>	<u>(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)</u>
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	43,462	36,465	6,997	83.9%	4,494	155.7%
Total	<u>\$ 94,678</u>	<u>\$ 81,973</u>	<u>\$ 12,705</u>	86.6%	<u>\$ 15,983</u>	79.5%
6/30/07						
Misc.	\$ 59,522	\$ 52,404	\$ 7,118	88.0%	\$ 12,070	59.0%
Safety	50,510	43,186	7,324	85.5%	5,254	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 95,590</u>	<u>\$ 14,442</u>	86.9%	<u>\$ 17,324</u>	83.4%
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	55,022	47,214	7,808	85.8%	5,781	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%

CalPERS issues a separate audited comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814

**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 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 meets three to four times a year. The Board has contracted with a management group to supervise and conduct CSJVRMA affairs.

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

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

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

**Workers' Compensation:** The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on the member's own losses up to its retention level plus a pro rata share of general/administrative expenses and losses between \$100,000 and \$500,000. The City of Tulare 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, 2009 were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	General Operations	\$ 3,905,852	\$ 32,548
Major Governmental Fund - Financing Authority Fund	General Operations	-	928,571
Nonmajor Governmental Funds	General Operations	-	143,068
Enterprise Funds - Solid Waste	General Operations	-	2,786,860
Internal Service Funds	General Operations	376,190	376,190
Fiduciary Funds - Agency Fund	General Operations	-	14,805
		<u>\$ 4,282,042</u>	<u>\$ 4,282,042</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 2008-09 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<b>General Fund</b>			
Nonmajor Governmental Funds	To purchase equipment	\$ -	\$ 153,775
Nonmajor Governmental Funds	To pay unemployment claims	-	11,910
Nonmajor Governmental Funds	General fund contribution	-	412,818
Financing Authority Fund	For lease revenue bond payment	-	2,643,129
General Fund CIP	To fund construction in progress activity	12,242,930	6,728,541
Nonmajor Governmental Funds	To fund construction in progress activity	-	382,531
Financing Authority Fund	To fund construction in progress activity	4,460,026	-
Nonmajor Governmental Funds	For traffic safety activity	202,802	-
Nonmajor Governmental Funds	To reimburse General Fund	83,947	-
Total General Fund		<u>16,989,705</u>	<u>10,332,704</u>
<b>Financing Authority Fund</b>			
Nonmajor Governmental Funds	To fund construction in progress activity	-	7,053,214
General Fund	For lease revenue bond payment	2,643,129	-
Total Internal Service Funds		<u>2,643,129</u>	<u>7,053,214</u>
<b>Nonmajor Capital Project Funds</b>			
General Fund	To fund construction in progress activity	384,630	-
Financing Authority Fund	To fund construction in progress activity	2,182,814	-
Total Capital Project Funds		<u>2,567,444</u>	<u>-</u>
<b>Nonmajor Special Revenue Funds</b>			
General Fund	To fund construction in progress activity	-	1,903,355
General Fund	For Traffic Safety activity	-	202,802
General Fund	General Fund contribution	30,766	43,144
General Fund	To reimburse Senior Services	339,148	-
Nonmajor Governmental Funds	To purchase equipment	-	46,528
Total Special Revenue Funds		<u>369,914</u>	<u>2,195,829</u>
<b>Enterprise Funds</b>			
<b>Sewer/Wastewater Fund</b>			
General Fund	To fund construction in progress activity	-	3,460,125
Nonmajor Governmental Funds	To fund construction in progress activity	-	255,773
General Fund	To reimburse General Fund	410,374	-
Total Enterprise Funds		<u>410,374</u>	<u>3,715,898</u>
<b>Internal Service Funds</b>			
Nonmajor Governmental Funds	To pay for unemployment claims	11,910	-
General Fund	To purchase equipment	153,775	-
Nonmajor Governmental Funds	To purchase equipment	302,300	-
General Fund	To fund construction in progress activity	-	150,907
General Fund	To transfer over building and improvement	6,132,227	-
Total Internal Service Funds		<u>6,600,212</u>	<u>150,907</u>
<b>Primary Government</b>			
General Fund	To transfer over building and improvement to proprietary funds	-	6,132,226
Totals		<u>\$ 29,580,778</u>	<u>\$ 29,580,778</u>

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

Interfund advances to/from at June 30, 2009 were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
General Fund	For General Operations - Airport	\$ -	\$ 686,369
	For General Operations - Transit	-	630,000
	To Perform Street Repairs	18,099	-
Water Fund	To Construct LNG Fuel and Corporate Maintenance Facility	-	3,422,086
Solid Waste Fund	To Construct Corporation Maintenance Facility	3,000,765	-
Sewer Fund	For General Operations	254,804	-
Aviation Enterprise Funds	For General Operations	686,369	-
Transit Enterprise Fund	For General Operations	630,000	-
Internal Service Funds	To Perform Street Repairs	-	18,099
Internal Service Funds	To Construct Corporation Maintenance Facility	166,517	-
		<u>\$ 4,756,554</u>	<u>\$ 4,756,554</u>

A loan from the Fleet Maintenance Fund to the General Fund in June 2000 to allow for additional street repairs and maintenance: \$136,000 original loan in 10 annual payments of \$19,366 including interest at 7.00%.

\$ 18,099

A loan from the Water Fund to the Solid Waste Fund in June 2009 for the construction of a Corporation Maintenance Facility: \$3,000,765 original loan in 15 annual payments of \$200,051 plus interest of 7.00%.

\$ 3,000,765

A loan from the Water Fund to the Sewer Fund in June 2009 for the construction of a Corporation Maintenance Facility: \$254,804 original loan in 15 annual payments of \$16,987 plus interest of 3.0%.

\$ 254,804

On June 30, 2009, the City's General Fund advanced \$686,369 to the Aviation Fund for operations. The advance is due within one year at an interest rate of 0%.

\$ 686,369

A loan from the Water Fund to the Fleet Maintenance Fund in June 2009 for the construction of a new Corporation Maintenance Facility: \$150,907 original loan; 15 annual installment payments of \$16,703 including interest of 3.00%.

\$ 166,517

A loan from the City's General Fund to the Transit Enterprise 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.

\$ 630,000

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS**

A. Plan Description

In addition to the employee retirement benefits described in Note 7, the City provides 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 premiums of those active employees and retirees hired before June 23, 1984.
- An explicit subsidy for postemployment life insurance benefits.

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

A. Plan Description (Continued)

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 premium being charged at the time of their retirement and the City pays the excess of the cost over the amount of the premium. The employees' premium 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 premiums 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 premium. The City's obligation under the agreements continues until the death of the employee unless the employee chooses to discontinue the insurance.

The cost of the retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis in advance. For the fiscal year ended June 30, 2009, those costs approximated \$443,628. Sixty-three retired employees were affected by the provisions of these benefits at the end of the 2008-09 fiscal year.

B. Funding Policy

As required by GASB 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.

The City has not established a separate irrevocable trust for its postretirement benefits plan as of June 30, 2009 and plans to use the pay-as-you-go method to fund the current cost.

C. Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the City's postemployment benefit plan assets/liabilities at June 30, 2009:

Item	June 30, 2009
Annual Required Contributions	\$ 255,000
Interest on Net OPEB Obligation/(Asset)	-
Adjustment to Annual Required Contributions	-
Annual OPEB Cost (Expense)	255,000
Contributions Made	-
Increase in Net OPEB Obligation/(Asset)	255,000
Net OPEB Obligation/(Asset) - Beginning of Year	-
Net OPEB Obligation/(Asset) - End of Year	<u>\$ 255,000</u>

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 year ended June 30, 2009 are as follows:

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net OPEB Obligation/(Asset)
6/30/09	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 255,000

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

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, the end of the first year of GASB 45 applicability, was as follows:

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%	\$ 23,602,000	23.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions 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 the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

GASB 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 **Unit Credit**. This method is the only method allowed under the Financial Accounting Standards Board's corresponding statement, *Statement of Financial Accounting Standards No. 106*.

The valuation results are developed assuming a **discount rate** of 5.00%. Under GASB 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 postemployment 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. The City should consult with its auditors in selecting an appropriate discount rate. Alternative valuation results are provided in Section 5 assuming discount rates of 6.00% and 8.00% in the event the City wishes to determine the impact of a change in the discount rate on its annual OPEB expense.

Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation 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 11.00% in the year July 1, 2007 to June 30, 2008 grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 6.00%.

The **participation assumption** is the assumed percentage of future retirees that participate and enroll in the health plan. In absence of any recent postemployment plan participant enrollment data, the participation assumption used in this valuation is 95% for those retiring before age 65 and 80% for those retiring at 65 or older, and is based on the subsidies and participant's share of the cost of postemployment health plan. The City should monitor the postemployment plan participant enrollment in future years in case this assumption needs to be revised.

The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over 20 years. The remaining amortization period as of June 30, 2009 was 20 years.

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

As of June 30, 2009, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>General Fund</u>	
Community Development	\$ 34,826
Interest and Fiscal Charges	388,532

**NOTE 12 – SUBSEQUENT EVENT**

To assist the Redevelopment Agency in carrying out its redevelopment activities, the City has, from time to time, advanced funds to the Agency in accordance with cooperation agreements entered into from time to time with respect to reach of the individual redevelopment project. These loaned funds carried an eight (8%) percent interest rate that has compounded the Agency’s debt to an amount in excess of sixty-six (\$66,000,000) million dollars. Several of the projects undertaken and loan funds provided were done for the benefit of the City.

In light of recent approvals by the Agency and City of the amendments to and merger of the individual redevelopment plans, approval and adoption of the single Amended Plan covering all of the Merged Project Areas, and other recent circumstances that have occurred affecting the financing of redevelopment projects throughout the State, it has become beneficial for the Agency and City to enter into a formal Repayment Agreement acknowledging the amounts of advances currently outstanding, establish a formal repayment plan, repayment terms and adjustment of interest rate.

On October 20, 2009, City Council approved above Loan Repayment Agreement between the Tulare Redevelopment Agency and the City of Tulare as follows:

Interest Rate:	3% per annum
Repayment Method:	Agency pays interest only until fiscal year 2024/25; Principal and interest final payment in fiscal year 2038/39.
Total Payment:	\$21,500,000
Accrued Interest Forgiven:	Approximately \$44,000,000

As a result, \$44,258,915 advances payable and receivable was written off to reflect the City’s forgiveness of the Agency’s debt.

**NOTE 13 – PRIOR PERIOD ADJUSTMENTS**

Beginning net assets in the Component Unit – Redevelopment Agency and in Aviation Enterprise Fund were restated as follows:

<u>Activity</u>	<u>Net Assets</u>			<u>Beginning, as restated</u>
	<u>Beginning, as previously reported</u>	<u>Adjustment for Overstatement of Land Purchased</u>	<u>Adjustment for Understatement of Section 108 Loan</u>	
Component Unit:				
Redevelopment Agency	\$ (47,829,262)	\$ -	\$ (387,000)	\$ (48,216,262)
Aviation Enterprise Fund	1,573,831	(198,170)	-	1,375,661

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 27,999,850	\$ 28,029,850	\$ 28,934,927	\$ 905,077
Intergovernmental	1,035,000	1,210,160	170,892	(1,039,268)
Licenses and Permits	734,050	734,050	640,257	(93,793)
Fines and Forfeitures	40,000	40,000	(3,542)	(43,542)
Charges for Services	3,791,640	3,966,420	4,102,455	136,035
Interest and Rentals	846,530	846,530	2,206,834	1,360,304
Grants	382,080	875,430	1,001,690	126,260
Assessments	61,000	61,000	84,430	23,430
Other	4,253,560	8,075,140	8,583,687	508,547
<b>Total Revenues</b>	<b>39,143,710</b>	<b>43,838,580</b>	<b>45,721,630</b>	<b>1,883,050</b>
Expenditures				
Current				
General Government	4,013,160	4,121,650	4,194,242	(72,592)
Public Safety	17,092,140	17,282,690	16,834,805	447,885
Public Works	2,284,390	2,471,810	2,398,132	73,678
Community Development	4,669,310	5,182,010	5,216,836	(34,826)
Community Services	3,234,780	3,233,080	2,829,184	403,896
Library and Cultural	847,340	847,340	794,986	52,354
Capital Outlay	7,880,900	18,841,620	18,496,463	345,157
Debt Service				
Principal	1,217,940	1,217,940	929,942	287,998
Interest and Fiscal Charges	165,740	165,740	554,272	(388,532)
<b>Total Expenditures</b>	<b>41,405,700</b>	<b>53,363,880</b>	<b>52,248,862</b>	<b>1,115,018</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,261,990)	(9,525,300)	(6,527,232)	2,998,068
Other Financing Sources (Uses)				
Transfers In	8,121,500	10,540,960	16,989,705	6,448,745
Transfers Out	(5,144,490)	(8,158,820)	(10,332,704)	(2,173,884)
Proceeds of Long-Term Debt	-	5,415,000	-	(5,415,000)
<b>Total Other Financing Sources (Uses)</b>	<b>2,977,010</b>	<b>7,797,140</b>	<b>6,657,001</b>	<b>(1,140,139)</b>
<b>Net Change in Total Fund Balances</b>	<b>715,020</b>	<b>(1,728,160)</b>	<b>129,769</b>	<b>1,857,929</b>
Fund Balances, July 1	-	35,717,063	35,717,063	-
<b>Fund Balances, June 30</b>	<b>\$ 715,020</b>	<b>\$ 33,988,903</b>	<b>\$ 35,846,832</b>	<b>\$ 1,857,929</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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 76,610	\$ 76,610	\$ 62,136	\$ 14,474
City Manager	485,610	484,010	409,731	74,279
Finance	1,027,150	1,141,990	1,031,614	110,376
City Clerk	213,210	236,170	226,725	9,445
Personnel	388,060	384,860	300,814	84,046
Non-departmental	1,281,380	1,337,380	1,633,142	(295,762)
Animal Control	541,140	589,310	530,080	59,230
Total General Government	<u>4,013,160</u>	<u>4,250,330</u>	<u>4,194,242</u>	<u>56,088</u>
Public Safety				
Police	9,584,430	9,501,880	9,137,077	364,803
Fire	7,507,710	7,780,810	7,697,728	83,082
Total Public Safety	<u>17,092,140</u>	<u>17,282,690</u>	<u>16,834,805</u>	<u>447,885</u>
Public Works				
Streets	2,009,960	2,167,680	2,088,827	78,853
Storm Drains	274,430	304,130	309,305	(5,175)
Total Public Works	<u>2,284,390</u>	<u>2,471,810</u>	<u>2,398,132</u>	<u>73,678</u>
Community Development				
Planning	498,960	866,390	1,110,584	(244,194)
Building Services	1,234,750	1,259,750	1,170,230	89,520
Engineering Administration	2,083,240	2,122,510	2,055,301	67,209
Building Inspection	852,360	852,360	769,496	82,864
Parking and Business Improvement	-	61,000	84,430	(23,430)
Dangerous Building Abatement	-	20,000	26,795	(6,795)
Total Community Development	<u>4,669,310</u>	<u>5,182,010</u>	<u>5,216,836</u>	<u>(34,826)</u>
Community Services				
Parks	2,097,610	2,095,910	1,894,613	201,297
Community Services	1,131,670	1,131,670	925,460	206,210
Cycle Park	5,500	5,500	9,111	(3,611)
Total Community Services	<u>3,234,780</u>	<u>3,233,080</u>	<u>2,829,184</u>	<u>403,896</u>
Library and Cultural	<u>847,340</u>	<u>847,340</u>	<u>794,986</u>	<u>52,354</u>
Capital Outlay	<u>7,880,900</u>	<u>18,841,620</u>	<u>18,496,463</u>	<u>345,157</u>
Debt Service				
Principal	1,217,940	1,217,940	929,942	287,998
Interest	165,740	165,740	554,272	(388,532)
Total Debt Service	<u>1,383,680</u>	<u>1,383,680</u>	<u>1,484,214</u>	<u>(100,534)</u>
Transfers Out	<u>46,550,190</u>	<u>8,158,820</u>	<u>10,332,704</u>	<u>(2,173,884)</u>
Total General Fund Expenditures	<u>\$ 87,955,890</u>	<u>\$ 61,651,380</u>	<u>\$ 62,581,566</u>	<u>\$ (930,186)</u>



**CITY OF TULARE**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR PENSION PLAN WITH CALPERS**  
**(Dollar Amount in Thousands)**

Actuarial Valuation Date	(A) Entry Age Actuarial Accrued Liability	(B) Actuarial Asset Value	(C) Unfunded Liability (Excess Assets) (A)-(B)	(D) Funded Ratio (B)/(A)	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)
<u>Retirement Program</u>						
6/30/03						
Misc.	\$ 37,613	\$ 36,701	\$ 912	97.6%	\$ 9,840	9.3%
Safety	<u>31,919</u>	<u>26,748</u>	<u>5,171</u>	83.8%	<u>3,554</u>	145.5%
Total	<u>\$ 69,532</u>	<u>\$ 63,449</u>	<u>\$ 6,083</u>	91.3%	<u>\$ 13,394</u>	45.4%
6/30/04						
Misc.	\$ 40,858	\$ 38,848	\$ 2,010	95.1%	\$ 9,740	20.6%
Safety	<u>34,673</u>	<u>28,501</u>	<u>6,172</u>	82.2%	<u>3,700</u>	166.8%
Total	<u>\$ 75,531</u>	<u>\$ 67,349</u>	<u>\$ 8,182</u>	89.2%	<u>\$ 13,440</u>	60.9%
6/30/05						
Misc.	\$ 46,886	\$ 41,615	\$ 5,271	88.8%	\$ 10,141	52.0%
Safety	<u>39,788</u>	<u>33,104</u>	<u>6,684</u>	83.2%	<u>4,141</u>	161.4%
Total	<u>\$ 86,674</u>	<u>\$ 74,719</u>	<u>\$ 11,955</u>	86.2%	<u>\$ 14,282</u>	83.7%
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>43,462</u>	<u>36,465</u>	<u>6,997</u>	83.9%	<u>4,494</u>	155.7%
Total	<u>\$ 94,678</u>	<u>\$ 81,973</u>	<u>\$ 12,705</u>	86.6%	<u>\$ 15,983</u>	79.5%
6/30/07						
Misc.	\$ 59,522	\$ 52,404	\$ 7,118	88.0%	\$ 12,070	59.0%
Safety	<u>50,510</u>	<u>43,186</u>	<u>7,324</u>	85.5%	<u>5,254</u>	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 95,590</u>	<u>\$ 14,442</u>	86.9%	<u>\$ 17,324</u>	83.4%
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	<u>55,022</u>	<u>47,214</u>	<u>7,808</u>	85.8%	<u>5,781</u>	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%

**CITY OF TULARE  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR OTHER POSTEMPLOYMENT BENEFIT 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%	\$ 23,602,000	23.7%

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## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and Investments	\$ 5,973,758	\$ 87,484	\$ 6,061,242
Receivables			
Accounts	2,240	-	2,240
Interest	26,570	285	26,855
Taxes	195,250	-	195,250
Intergovernmental	136,602	-	136,602
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 6,334,420</u>	<u>\$ 87,769</u>	<u>\$ 6,422,189</u>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 50,379	\$ 533,740	\$ 584,119
Due to Other Funds	133,783	9,285	143,068
Deferred Revenue	80,544	-	80,544
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>264,706</u>	<u>543,025</u>	<u>807,731</u>
Fund Balances			
Special Revenue Funds	6,069,714	-	6,069,714
Capital Projects Funds	-	(455,256)	(455,256)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>6,069,714</u>	<u>(455,256)</u>	<u>5,614,458</u>
Total Liabilities and Fund Balances	<u>\$ 6,334,420</u>	<u>\$ 87,769</u>	<u>\$ 6,422,189</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 2,777,865	\$ -	\$ 2,777,865
Intergovernmental	146,232	-	146,232
Fines and Forfeitures	236,850	-	236,850
Interest and Rentals	287,250	3,080	290,330
Grants	231,244	-	231,244
Meals	57,093	-	57,093
Assessments	397,097	-	397,097
Other	37,049	-	37,049
Total Revenues	<u>4,170,680</u>	<u>3,080</u>	<u>4,173,760</u>
<b>Expenditures</b>			
Current			
Public Safety	99,947	-	99,947
Community Development	-	2,728,349	2,728,349
Community Services	1,205,522	-	1,205,522
Library and Cultural	60,586	-	60,586
Capital Outlay	28,024	-	28,024
Total Expenditures	<u>1,394,079</u>	<u>2,728,349</u>	<u>4,122,428</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,776,601</u>	<u>(2,725,269)</u>	<u>51,332</u>
Other Financing Sources (Uses)			
Transfers In	369,914	2,567,444	2,937,358
Transfers Out	(2,195,829)	-	(2,195,829)
Total Other Financing Sources (Uses)	<u>(1,825,915)</u>	<u>2,567,444</u>	<u>741,529</u>
Net Change in Total Fund Balances	950,686	(157,825)	792,861
Fund Balances - Beginning	<u>5,119,028</u>	<u>(297,431)</u>	<u>4,821,597</u>
Fund Balances - Ending	<u>\$ 6,069,714</u>	<u>\$ (455,256)</u>	<u>\$ 5,614,458</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 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 COPS – State Grant Fund accounts for the City's allocation of the State of California Citizens Option for Public Safety (COPS) program established by AB 3229.

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 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 thefts.

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 Library Adult Literacy Fund accounts for state funds provided to improve the overall adult literacy rate in the community and to allow for better access to the City's library services.

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



**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	Senior Services	Gas Tax	Traffic Safety	COPS - State Grant
<b>Assets</b>				
Cash and Investments	\$ 200	\$ 4,452,770	\$ -	\$ 38,028
Receivables				
Accounts	1,940	-	-	-
Interest	-	18,982	661	211
Taxes	-	195,250	-	-
Intergovernmental	25,695	-	-	42,305
Total Assets	<u>\$ 27,835</u>	<u>\$ 4,667,002</u>	<u>\$ 661</u>	<u>\$ 80,544</u>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 17,781	\$ -	\$ -	\$ -
Due to Other Funds	10,054	-	-	-
Deferred Revenue	-	-	-	80,544
Total Liabilities	<u>27,835</u>	<u>-</u>	<u>-</u>	<u>80,544</u>
Fund Balances				
Unreserved Undesignated	-	4,667,002	661	-
Total Liabilities and Fund Balances	<u>\$ 27,835</u>	<u>\$ 4,667,002</u>	<u>\$ 661</u>	<u>\$ 80,544</u>

	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture
<b>Assets</b>				
Cash and Investments	\$ -	\$ 1,690	\$ 38,996	\$ 133,322
Receivables				
Accounts	-	300	-	-
Interest	-	146	140	439
Taxes	-	-	-	-
Intergovernmental	625	-	-	-
Total Assets	<u>\$ 625</u>	<u>\$ 2,136</u>	<u>\$ 39,136</u>	<u>\$ 133,761</u>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 15,931	\$ 2,136	\$ -	\$ 11,642
Due to Other Funds	123,729	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>139,660</u>	<u>2,136</u>	<u>-</u>	<u>11,642</u>
Fund Balances				
Unreserved Undesignated	<u>(139,035)</u>	<u>-</u>	<u>39,136</u>	<u>122,119</u>
Total Liabilities and Fund Balances	<u>\$ 625</u>	<u>\$ 2,136</u>	<u>\$ 39,136</u>	<u>\$ 133,761</u>

(Continued)

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2009**

	Vehicle Abatement	Library Adult Literacy Grant	Measure R	Total
<b>Assets</b>				
Cash and Investments	\$ 124,627	\$ 2,293	\$ 1,181,832	\$ 5,973,758
Receivables				
Accounts	-	-	-	2,240
Interest	406	-	5,585	26,570
Taxes	-	-	-	195,250
Intergovernmental	9,841	-	58,136	136,602
Total Assets	<u>\$ 134,874</u>	<u>\$ 2,293</u>	<u>\$ 1,245,553</u>	<u>\$ 6,334,420</u>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 596	\$ 2,293	\$ -	\$ 50,379
Due to Other Funds	-	-	-	133,783
Deferred Revenue	-	-	-	80,544
Total Liabilities	<u>596</u>	<u>2,293</u>	<u>-</u>	<u>264,706</u>
Fund Balances				
Unreserved Undesignated	<u>134,278</u>	<u>-</u>	<u>1,245,553</u>	<u>6,069,714</u>
Total Liabilities and Fund Balances	<u>\$ 134,874</u>	<u>\$ 2,293</u>	<u>\$ 1,245,553</u>	<u>\$ 6,334,420</u>

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**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Senior Services	Gas Tax	Traffic Safety	COPS - State Grant
<b>Revenues</b>				
Taxes	\$ -	\$ 1,864,961	\$ -	\$ -
Intergovernmental	146,232	-	-	-
Fines and Forfeitures	-	-	202,108	-
Interest and Rentals	-	175,723	869	2,056
Grants	15,286	-	-	92,736
Meals	57,093	-	-	-
Assessments	-	-	-	-
Other	32,674	-	-	-
<b>Total Revenues</b>	<u>251,285</u>	<u>2,040,684</u>	<u>202,977</u>	<u>94,792</u>
<b>Expenditures</b>				
Current				
Public Safety	-	-	-	68,161
Community Services	576,036	-	-	-
Library and Cultural	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>576,036</u>	<u>-</u>	<u>-</u>	<u>68,161</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(324,751)</u>	<u>2,040,684</u>	<u>202,977</u>	<u>26,631</u>
Other Financing Sources (Uses)				
Transfers In	339,148	-	-	-
Transfers Out	(14,397)	(1,371,556)	(202,802)	(26,631)
<b>Total Other Financing Sources (Uses)</b>	<u>324,751</u>	<u>(1,371,556)</u>	<u>(202,802)</u>	<u>(26,631)</u>
Net Change in Fund Balances	-	669,128	175	-
Fund Balances - Beginning	<u>-</u>	<u>3,997,874</u>	<u>486</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 4,667,002</u>	<u>\$ 661</u>	<u>\$ -</u>

	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fines and Forfeitures	-	85,142	-	-
Interest and Rentals	(333)	609	309	3,296
Grants	-	-	48,000	8,030
Meals	-	-	-	-
Assessments	397,097	-	-	-
Other	-	-	-	4,375
<b>Total Revenues</b>	<b>396,764</b>	<b>85,751</b>	<b>48,309</b>	<b>15,701</b>
<b>Expenditures</b>				
Current				
Public Safety	-	-	-	6,297
Community Services	586,879	42,607	-	-
Library and Cultural	-	-	-	-
Capital Outlay	-	-	-	28,024
<b>Total Expenditures</b>	<b>586,879</b>	<b>42,607</b>	<b>-</b>	<b>34,321</b>
Excess (Deficiency) of Revenues Over Expenditures	(190,115)	43,144	48,309	(18,620)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	(43,144)	(4,000)	(1,500)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(43,144)</b>	<b>(4,000)</b>	<b>(1,500)</b>
<b>Net Change in Fund Balances</b>	<b>(190,115)</b>	<b>-</b>	<b>44,309</b>	<b>(20,120)</b>
Fund Balances - Beginning	51,080	-	(5,173)	142,239
Fund Balances - Ending	<b>\$ (139,035)</b>	<b>\$ -</b>	<b>\$ 39,136</b>	<b>\$ 122,119</b>

(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, 2009**

	Vehicle Abatement	Library Adult Literacy Grant	Measure R	Total
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 912,904	\$ 2,777,865
Intergovernmental	-	-	-	146,232
Fines and Forfeitures	-	-	-	287,250
Interest and Rentals	3,722	15	50,584	236,850
Grants	37,387	29,805	-	231,244
Meals	-	-	-	57,093
Assessments	-	-	-	397,097
Other	-	-	-	37,049
<b>Total Revenues</b>	<b>41,109</b>	<b>29,820</b>	<b>963,488</b>	<b>4,170,680</b>
<b>Expenditures</b>				
Current				
Public Safety	25,489	-	-	99,947
Community Services	-	-	-	1,205,522
Library and Cultural	-	60,586	-	60,586
Capital Outlay	-	-	-	28,024
<b>Total Expenditures</b>	<b>25,489</b>	<b>60,586</b>	<b>-</b>	<b>1,394,079</b>
Excess (Deficiency) of Revenues Over Expenditures	15,620	(30,766)	963,488	2,776,601
Other Financing Sources (Uses)				
Transfers In	-	30,766	-	369,914
Transfers Out	-	-	(531,799)	(2,195,829)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>30,766</b>	<b>(531,799)</b>	<b>(1,825,915)</b>
<b>Net Change in Fund Balances</b>	<b>15,620</b>	<b>-</b>	<b>431,689</b>	<b>950,686</b>
Fund Balances - Beginning	118,658	-	813,864	5,119,028
Fund Balances - Ending	<u>\$ 134,278</u>	<u>\$ -</u>	<u>\$ 1,245,553</u>	<u>\$ 6,069,714</u>

**CITY OF TULARE  
 SENIOR SERVICES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental	\$ 146,240	\$ 146,232	\$ (8)
Grants	12,970	15,286	2,316
Meals	76,790	57,093	(19,697)
Other	35,970	32,674	(3,296)
Total Revenues	<u>271,970</u>	<u>251,285</u>	<u>(20,685)</u>
<b>Expenditures</b>			
Current			
Community Services	605,030	576,036	28,994
Capital Outlay	1,250	-	1,250
Total Expenditures	<u>606,280</u>	<u>576,036</u>	<u>30,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(334,310)</u>	<u>(324,751)</u>	<u>9,559</u>
Other Financing Sources (Uses)			
Transfers In	348,710	339,148	(9,562)
Transfers Out	(14,400)	(14,397)	3
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF TULARE  
GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 1,030,000	\$ 1,864,961	\$ 834,961
Interest and Rentals	1,000	175,723	174,723
	<u>1,031,000</u>	<u>2,040,684</u>	<u>1,009,684</u>
 Total Revenues			
	<u>1,031,000</u>	<u>2,040,684</u>	<u>1,009,684</u>
 Other Financing Sources (Uses)			
Transfers Out	<u>(2,854,000)</u>	<u>(1,371,556)</u>	<u>1,482,444</u>
 Net Change in Fund Balances	(1,823,000)	669,128	2,492,128
 Fund Balances, July 1	<u>3,997,874</u>	<u>3,997,874</u>	<u>-</u>
 Fund Balances, June 30	<u>\$ 2,174,874</u>	<u>\$ 4,667,002</u>	<u>\$ 2,492,128</u>

**CITY OF TULARE  
TRAFFIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 93,500	\$ 202,108	\$ 108,608
Interest and Rentals	-	869	869
	<u>93,500</u>	<u>202,977</u>	<u>109,477</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	(93,500)	(202,802)	(109,302)
	<u>-</u>	<u>175</u>	<u>175</u>
Net Change in Fund Balances			
Fund Balances, July 1	486	486	-
Fund Balances, June 30	<u>\$ 486</u>	<u>\$ 661</u>	<u>\$ 175</u>

**CITY OF TULARE  
COPS – STATE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 2,056	\$ 2,056
Grants	123,830	92,736	(31,094)
<b>Total Revenues</b>	<u>123,830</u>	<u>94,792</u>	<u>(29,038)</u>
<b>Expenditures</b>			
Current			
Public Safety	97,180	68,161	29,019
<b>Total Expenditures</b>	<u>97,180</u>	<u>68,161</u>	<u>29,019</u>
<b>Net Change in Fund Balances</b>	26,650	26,631	(19)
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(26,650)	(26,631)	19
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE  
LANDSCAPE AND LIGHTING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ (333)	\$ (333)
Assessments	572,070	397,097	(174,973)
Total Revenues	<u>572,070</u>	<u>396,764</u>	<u>(175,306)</u>
<b>Expenditures</b>			
Community Services	<u>670,170</u>	<u>586,879</u>	<u>83,291</u>
Net Change in Fund Balances	(98,100)	(190,115)	(92,015)
Fund Balances, July 1	<u>51,080</u>	<u>51,080</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (47,020)</u>	<u>\$ (139,035)</u>	<u>\$ (92,015)</u>

**CITY OF TULARE  
OTS GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 52,000	\$ 85,142	\$ 33,142
Interest and Rentals	500	609	109
	<u>52,500</u>	<u>85,751</u>	<u>33,251</u>
Total Revenues			
	<u>52,500</u>	<u>85,751</u>	<u>33,251</u>
<b>Expenditures</b>			
Current			
Community Services	54,720	42,607	12,113
	<u>54,720</u>	<u>42,607</u>	<u>12,113</u>
Excess (Deficiency) of Revenue Over Expenditures	(2,220)	43,144	45,364
Other Financing Sources (Uses)			
Transfers Out	-	(43,144)	(43,144)
	<u>-</u>	<u>(43,144)</u>	<u>(43,144)</u>
Net Change in Fund Balances	(2,220)	-	2,220
Fund Balances, July 1	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (2,220)</u>	<u>\$ -</u>	<u>\$ 2,220</u>

**CITY OF TULARE  
AUTO THEFT DETERRENCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ 400	\$ 309	\$ (91)
Grants	48,000	48,000	-
Total Revenues	<u>48,400</u>	<u>48,309</u>	<u>(91)</u>
<b>Expenditures</b>			
Current			
Community Services	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	48,400	48,309	(91)
Other Financing Sources (Uses)			
Transfers Out	<u>(31,400)</u>	<u>(4,000)</u>	<u>27,400</u>
Net Change in Fund Balances	<u>17,000</u>	<u>44,309</u>	<u>27,309</u>
Fund Balances, July 1	<u>(5,173)</u>	<u>(5,173)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 11,827</u>	<u>\$ 39,136</u>	<u>\$ 27,309</u>

**CITY OF TULARE  
POLICE FORFEITURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ 100	\$ 3,296	\$ 3,196
Grants	-	8,030	8,030
Other	6,080	4,375	(1,705)
	<u>6,180</u>	<u>15,701</u>	<u>9,521</u>
Total Revenues	<u>6,180</u>	<u>15,701</u>	<u>9,521</u>
<b>Expenditures</b>			
Current			
Public Safety	24,500	6,297	18,203
Capital Outlay	48,380	28,024	20,356
	<u>72,880</u>	<u>34,321</u>	<u>38,559</u>
Total Expenditures	<u>72,880</u>	<u>34,321</u>	<u>38,559</u>
Excess (Deficiency) of Revenues Over Expenditures	(66,700)	(18,620)	48,080
Other Financing Sources (Uses) Transfers Out	(49,500)	(1,500)	48,000
Net Change in Fund Balances	(116,200)	(20,120)	96,080
Fund Balances, July 1	<u>142,239</u>	<u>142,239</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 26,039</u>	<u>\$ 122,119</u>	<u>\$ 96,080</u>

**CITY OF TULARE  
VEHICLE ABATEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ 1,500	\$ 3,722	\$ 2,222
Grants	52,000	37,387	(14,613)
	<u>53,500</u>	<u>41,109</u>	<u>(12,391)</u>
Total Revenues			
	<u>53,500</u>	<u>41,109</u>	<u>(12,391)</u>
<b>Expenditures</b>			
Current			
Public Safety	36,180	25,489	10,691
	<u>36,180</u>	<u>25,489</u>	<u>10,691</u>
Net Change in Fund Balances	17,320	15,620	(1,700)
Fund Balances, July 1	<u>118,658</u>	<u>118,658</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 135,978</u>	<u>\$ 134,278</u>	<u>\$ (1,700)</u>



**CITY OF TULARE  
LIBRARY ADULT LITERACY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 15	\$ 15
Grants	33,500	29,805	(3,695)
<b>Total Revenues</b>	<u>33,500</u>	<u>29,820</u>	<u>(3,680)</u>
<b>Expenditures</b>			
Current			
Library and Cultural	66,820	60,586	6,234
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(33,320)</u>	<u>(30,766)</u>	<u>2,554</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	33,320	30,766	(2,554)
<b>Net Change in Fund Balances</b>	-	-	-
<b>Fund Balances, July 1</b>	-	-	-
<b>Fund Balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE  
MEASURE R FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 3,591,000	\$ 912,904	\$ (2,678,096)
Interest and Rentals	-	50,584	50,584
	<u>3,591,000</u>	<u>963,488</u>	<u>(2,627,512)</u>
<b>Total Revenues</b>			
Other Financing Sources (Uses)			
Transfers Out	<u>(3,591,000)</u>	<u>(531,799)</u>	<u>3,059,201</u>
<b>Net Change in Fund Balances</b>	-	431,689	431,689
<b>Fund Balances, July 1</b>	<u>-</u>	<u>813,864</u>	<u>813,864</u>
<b>Fund Balances, June 30</b>	<u>\$ -</u>	<u>\$ 1,245,553</u>	<u>\$ 1,245,553</u>

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## **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.

The Library Expansion Fund accounts for capital projects expenditures for the construction of the expansion of the Tulare Public Library.

The Fire Station #2 Fund accounts for the capital projects expenditures for the construction of Tulare Fire Station #2.

The Fire Station #3 Fund accounts for the capital projects expenditures for the construction of Tulare Fire Station #3.

The Fire Station #4 Fund accounts for the capital projects expenditures for the construction of Tulare Fire Station #4.

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009**

	Library Expansion	Fire Station #2	Fire Station #3	Fire Station #4	Total
<b>Assets</b>					
Cash and Investments	\$ -	\$ 80,485	\$ 6,999	\$ -	\$ 87,484
Interest Receivables	-	262	23	-	285
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 80,747</b>	<b>\$ 7,022</b>	<b>\$ -</b>	<b>\$ 87,769</b>
<b>Liabilities and Fund Balances</b>					
Accounts Payable and Accrued Liabilities	\$ 533,740	\$ -	\$ -	\$ -	\$ 533,740
Due to Other Funds	9,285	-	-	-	9,285
<b>Total Liabilities</b>	<b>543,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>543,025</b>
<b>Fund Balances</b>					
Unreserved - Undesignated	(543,025)	80,747	7,022	-	(455,256)
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 80,747</b>	<b>\$ 7,022</b>	<b>\$ -</b>	<b>\$ 87,769</b>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Library Expansion	Fire Station #2	Fire Station #3	Fire Station #4	Total
<b>Revenues</b>					
Interest and Rentals	\$ 406	\$ 2,460	\$ 214	\$ -	\$ 3,080
Total Revenues	<u>406</u>	<u>2,460</u>	<u>214</u>	<u>-</u>	<u>3,080</u>
<b>Expenditures</b>					
Current					
Community Development	<u>2,726,249</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>2,728,349</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,725,843)</u>	<u>2,460</u>	<u>214</u>	<u>(2,100)</u>	<u>(2,725,269)</u>
Other Financing Sources					
Transfers In	<u>2,565,344</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>2,567,444</u>
Net Change in Fund Balances	(160,499)	2,460	214	-	(157,825)
Fund Balances - Beginning	<u>(382,526)</u>	<u>78,287</u>	<u>6,808</u>	<u>-</u>	<u>(297,431)</u>
Fund Balances - Ending	<u><u>\$ (543,025)</u></u>	<u><u>\$ 80,747</u></u>	<u><u>\$ 7,022</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (455,256)</u></u>

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## 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 BALANCE SHEET  
ALL INTERNAL SERVICE FUNDS  
JUNE 30, 2009**

<b>Assets</b>	Fleet Maintenance	Employee Welfare	Workers' Compensation
<b>Current Assets</b>			
Cash and Investments	\$ 4,962,557	\$ 2,989,179	\$ 2,410,159
Cash and Investments with Fiscal Agent	-	(1,044)	660,722
Accounts Receivable	41,843	202,019	7,855
Other Receivables	121,735	-	-
Inventories	-	-	-
Advances to Other Fund	18,099	-	-
Due from Other Funds	-	-	-
<b>Total Current Assets</b>	<b>5,144,234</b>	<b>3,190,154</b>	<b>3,078,736</b>
<b>Noncurrent Assets</b>			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,596,932	-	-
Machinery and Equipment	15,471,865	-	-
Accumulated Depreciation	(9,219,501)	-	-
<b>Total Noncurrent Assets</b>	<b>14,112,066</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 19,256,300</b>	<b>\$ 3,190,154</b>	<b>\$ 3,078,736</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 77,709	\$ 399,149	\$ 1,601
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	14,590	-	-
Compensated Absences Payable -- Current	2,003	297	297
Capital Leases Payable -- Current	99,445	-	-
<b>Total Current Liabilities</b>	<b>193,747</b>	<b>399,446</b>	<b>1,898</b>
<b>Noncurrent Liabilities</b>			
Advances from Other Funds	151,927	-	-
Capital Leases Payable	213,924	-	-
Compensated Absences Payable	31,482	4,917	4,924
<b>Total Noncurrent Liabilities</b>	<b>397,333</b>	<b>4,917</b>	<b>4,924</b>
<b>Total Liabilities</b>	<b>591,080</b>	<b>404,363</b>	<b>6,822</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	13,798,697	-	-
Unrestricted	4,866,523	2,785,791	3,071,914
<b>Total Net Assets</b>	<b>\$ 18,665,220</b>	<b>\$ 2,785,791</b>	<b>\$ 3,071,914</b>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 5,144	\$ -	\$ -	\$ 10,367,039
820,622	-	-	1,480,300
1,243	5	134,478	387,443
-	-	-	121,735
-	-	208,444	208,444
-	-	-	18,099
376,190	-	-	376,190
<u>1,203,199</u>	<u>5</u>	<u>342,922</u>	<u>12,959,250</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,596,932
-	-	13,419	15,485,284
-	-	(13,419)	(9,232,920)
-	-	-	14,112,066
<u>\$ 1,203,199</u>	<u>\$ 5</u>	<u>\$ 342,922</u>	<u>\$ 27,071,316</u>
\$ 1,601	\$ -	\$ 12,791	\$ 492,851
-	5	376,185	376,190
-	-	-	14,590
297	-	1,069	3,963
-	-	-	99,445
<u>1,898</u>	<u>5</u>	<u>390,045</u>	<u>987,039</u>
-	-	-	151,927
-	-	-	213,924
4,917	-	14,273	60,513
<u>4,917</u>	<u>-</u>	<u>14,273</u>	<u>426,364</u>
<u>6,815</u>	<u>5</u>	<u>404,318</u>	<u>1,413,403</u>
-	-	-	13,798,697
1,196,384	-	(61,396)	11,859,216
<u>\$ 1,196,384</u>	<u>\$ -</u>	<u>\$ (61,396)</u>	<u>\$ 25,657,913</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
<b>Operating Revenues</b>			
Departmental Charges	\$ 2,692,007	\$ 2,552,280	\$ 1,557,459
Employee Contributions	-	1,083,904	-
Total Operating Revenues	<u>2,692,007</u>	<u>3,636,184</u>	<u>1,557,459</u>
<b>Operating Expenses</b>			
General Administration	116	3,913	1,343
Personal Services	537,870	118,093	60,958
Contractual Services	195,455	-	930
Equipment Usage and Operation	736,416	-	-
Insurance	110,192	3,364,929	537,511
Depreciation	1,578,971	-	-
Total Operating Expenses	<u>3,159,020</u>	<u>3,486,935</u>	<u>600,742</u>
Operating Income (Loss)	<u>(467,013)</u>	<u>149,249</u>	<u>956,717</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income (Expense)	172,647	86,659	63,032
Grants	27,500	-	-
Other Income	87,985	46,263	-
Gain on Sale of Assets	-	-	-
Total Nonoperating Revenues	<u>288,132</u>	<u>132,922</u>	<u>63,032</u>
Income (Loss) Before Transfers	<u>(178,881)</u>	<u>282,171</u>	<u>1,019,749</u>
Transfers In	6,588,302	-	-
Operating Transfers Out	<u>(150,907)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	6,258,514	282,171	1,019,749
Net Assets (Deficit), Beginning	<u>12,406,706</u>	<u>2,503,620</u>	<u>2,052,165</u>
Net Assets (Deficit), Ending	<u>\$ 18,665,220</u>	<u>\$ 2,785,791</u>	<u>\$ 3,071,914</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 527,850	\$ -	\$ 1,129,383	\$ 8,458,979
-	-	-	1,083,904
<u>527,850</u>	<u>-</u>	<u>1,129,383</u>	<u>9,542,883</u>
1,331	-	4,186	10,889
61,043	-	71,131	849,095
-	-	-	196,385
-	-	1,184,557	1,920,973
381,081	11,910	-	4,405,623
-	-	-	1,578,971
<u>443,455</u>	<u>11,910</u>	<u>1,259,874</u>	<u>8,961,936</u>
<u>84,395</u>	<u>(11,910)</u>	<u>(130,491)</u>	<u>580,947</u>
10,474	-	-	332,812
-	-	-	27,500
-	-	136,492	270,740
-	-	-	-
<u>10,474</u>	<u>-</u>	<u>136,492</u>	<u>631,052</u>
<u>94,869</u>	<u>(11,910)</u>	<u>6,001</u>	<u>1,211,999</u>
-	11,910	-	6,600,212
-	-	-	(150,907)
94,869	-	6,001	7,661,304
<u>1,101,515</u>	<u>-</u>	<u>(67,397)</u>	<u>17,996,609</u>
<u>\$ 1,196,384</u>	<u>\$ -</u>	<u>\$ (61,396)</u>	<u>\$ 25,657,913</u>

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 3,640,060	\$ 3,515,731	\$ 1,561,518
Cash paid for salaries and benefits	(531,070)	(120,724)	(61,019)
Cash paid for services and supplies	<u>(1,045,484)</u>	<u>(3,285,303)</u>	<u>(538,203)</u>
Net Cash Provided by (Used for) Operating Activities	<u>2,063,506</u>	<u>109,704</u>	<u>962,296</u>
Cash Flows from Non-Capital Financing Activities:			
Grants	27,500	-	-
Operating transfers from other funds	6,588,302	-	-
Operating transfers to other funds	<u>(150,907)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>6,464,895</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Payments made on capital leases	(66,654)	-	-
Acquisition of fixed assets	<u>(7,299,953)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,366,607)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Income	<u>172,647</u>	<u>86,659</u>	<u>63,032</u>
Net Cash Provided by Investing Activities	<u>172,647</u>	<u>86,659</u>	<u>63,032</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,334,441	196,363	1,025,328
Cash and Cash Equivalents, July 1	<u>3,628,116</u>	<u>2,791,772</u>	<u>2,045,553</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 4,962,557</u></u>	<u><u>\$ 2,988,135</u></u>	<u><u>\$ 3,070,881</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 371,804	\$ -	\$ 1,188,195	\$ 10,277,308
(61,094)	-	(74,151)	(848,058)
<u>(380,858)</u>	<u>(34,398)</u>	<u>(1,114,044)</u>	<u>(6,398,290)</u>
<u>(70,148)</u>	<u>(34,398)</u>	<u>-</u>	<u>3,030,960</u>
-	-	-	27,500
-	11,910	-	6,600,212
<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,907)</u>
-	11,910	-	6,476,805
-	-	-	(66,654)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,299,953)</u>
-	-	-	(7,366,607)
10,474	-	-	332,812
10,474	-	-	332,812
(59,674)	(22,488)	-	2,473,970
885,440	22,488	-	9,373,369
<u>\$ 825,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,847,339</u>

(Continued)

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Income (Loss)	\$ (467,013)	\$ 149,249	\$ 956,717
Other Income	87,985	46,263	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,578,971	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	292	(166,716)	4,059
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in advances to other funds	859,776	-	-
(Increase) Decrease in due from other funds	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	(139,738)	79,626	238
Increase in due to other funds	150,907	-	-
Increase in advance from other funds	(14,590)	-	-
Increase (Decrease) in compensated absences payable	6,916	1,282	1,282
Net Cash Provided by (Used for) Operating Activities	<u>2,063,506</u>	<u>109,704</u>	<u>962,296</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and investments	4,962,557	2,989,179	2,410,159
Cash and investments with fiscal agents	-	(1,044)	660,722
Cash and Cash Equivalents per Statement of Cash Flows	<u><u>\$ 4,962,557</u></u>	<u><u>\$ 2,988,135</u></u>	<u><u>\$ 3,070,881</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 84,395	\$ (11,910)	\$ (130,491)	\$ 580,947
-	-	136,492	270,740
-	-	-	1,578,971
2,046	(5)	(77,680)	(238,004)
-	-	24,752	24,752
-	-	-	859,776
(158,092)	-	-	(158,092)
223	(22,488)	(112,326)	(194,465)
-	5	158,087	308,999
-	-	-	(14,590)
1,280	-	1,166	11,926
<u>(70,148)</u>	<u>(34,398)</u>	<u>-</u>	<u>3,030,960</u>
5,234	-	-	10,367,129
820,532	-	-	1,480,210
<u>\$ 825,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,847,339</u>



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## **FIDUCIARY FUNDS**

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 Youth Service Bureau and Development Impact Fees.

**CITY OF TULARE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>AGENCY FUND</b>	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<b>AGENCY FUND</b>				
<b>Assets</b>				
Cash and Investments	\$ 1,713,763	\$ 6,259,043	\$ 6,145,335	\$ 1,827,471
Due from Other Governments	505,406	509,827	505,406	509,827
Accounts Receivable	2,141	55,212	2,122	55,231
Prepaid Expense	25,749	-	46	25,703
<b>Total Assets</b>	<b>\$ 2,247,059</b>	<b>\$ 6,824,082</b>	<b>\$ 6,652,909</b>	<b>\$ 2,418,232</b>
<b>Liabilities</b>				
Accounts Payable	\$ 442,743	\$ 5,760,400	\$ 5,744,012	\$ 459,131
Deposits Payable	1,804,316	8,401,511	8,246,726	1,959,101
<b>Total Liabilities</b>	<b>\$ 2,247,059</b>	<b>\$ 14,161,911</b>	<b>\$ 13,990,738</b>	<b>\$ 2,418,232</b>
<b>AGENCY FUND - DEVELOPMENT IMPACT FEES</b>				
<b>Assets</b>				
Cash and Investments	\$ 5,200,787	\$ 4,514,960	\$ 6,914,608	\$ 2,801,139
Accounts Receivable	102,182	59,646	137,254	24,574
<b>Total Assets</b>	<b>\$ 5,302,969</b>	<b>\$ 4,574,606</b>	<b>\$ 7,051,862</b>	<b>\$ 2,825,713</b>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	41,875	14,805	41,875	14,805
Deposits Payable	5,261,094	9,843,151	12,293,337	2,810,908
<b>Total Liabilities</b>	<b>\$ 5,302,969</b>	<b>\$ 9,857,956</b>	<b>\$ 12,335,212</b>	<b>\$ 2,825,713</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Investments	\$ 6,914,550	\$ 10,774,003	\$ 13,059,943	\$ 4,628,610
Due from Other Governments	505,406	509,827	505,406	509,827
Accounts Receivable	104,323	114,858	139,376	79,805
Prepaid Expense	25,749	-	46	25,703
<b>Total Assets</b>	<b>\$ 7,550,028</b>	<b>\$ 11,398,688</b>	<b>\$ 13,704,771</b>	<b>\$ 5,243,945</b>
<b>Liabilities</b>				
Accounts Payable	\$ 442,743	\$ 5,760,400	\$ 5,744,012	\$ 459,131
Due to Other Funds	41,875	14,805	41,875	14,805
Deposits Payable	7,065,410	18,244,662	20,540,063	4,770,009
<b>Total Liabilities</b>	<b>\$ 7,550,028</b>	<b>\$ 24,019,867</b>	<b>\$ 26,325,950</b>	<b>\$ 5,243,945</b>

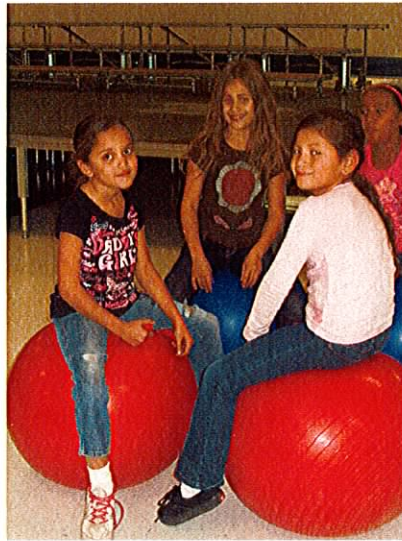
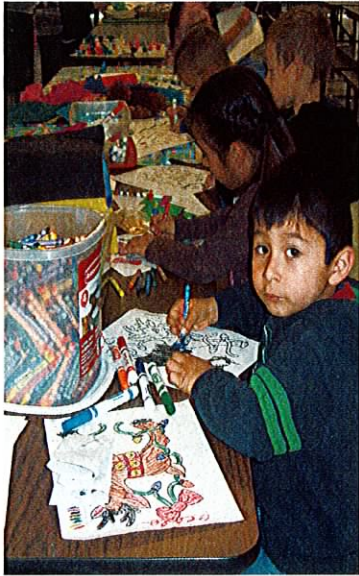
**CITY OF TULARE**  
**MEASURE I SALES TAX REVENUE AND RELATED**  
**EXPENDITURES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Measure I Sales Tax	\$ 4,250,790	\$ 3,971,964	\$ (278,826)
<b>Expenditures</b>			
Measure I - Police	2,695,920	2,626,153	69,767
Measure I - Fire	1,004,100	958,191	45,909
Measure I - Streets	-	531,163	(531,163)
Total Expenditures	3,700,020	4,115,507	(415,487)
Excess (Deficiency) of Revenues Over Expenditures	\$ 550,770	\$ (143,543)	\$ (694,313)

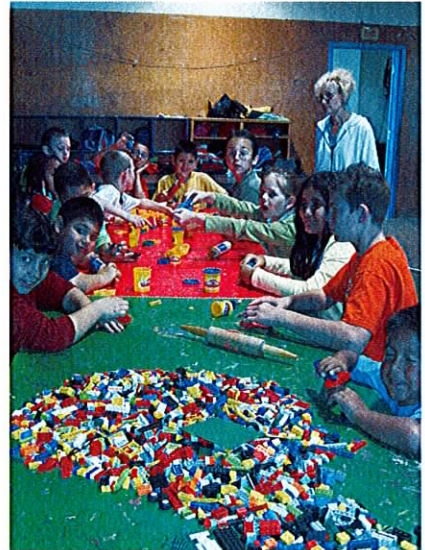
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## RECREATION DIVISION Statistical Section

The **Recreation Division** offers a multitude of instructional, recreational and sports programs for youth, teens, adults and senior services.



B.E.S.T. Afterschool Program



Youth instructional sport clinic – T-Ball



Tulare Family Karate is held weekly

## **STATISTICAL SECTION**

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**CITY OF TULARE  
STATISTICAL SECTION  
FOR THE YEAR ENDED JUNE 30, 2009**

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.	112 – 121
<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.	122 – 129
<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.	130 – 137
<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.	138 – 140
<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.	141 – 145

**CITY OF TULARE  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
<b><u>Governmental Activities:</u></b>				
Invested in capital assets, net of related debt	\$ 16,109,623	\$ 23,156,238	\$ 26,833,821	\$ 33,166,653
Restricted	-	-	-	-
Unrestricted	57,566,620	58,442,530	65,408,770	71,510,372
<b>Total governmental activities net assets</b>	<b><u>\$ 73,676,243</u></b>	<b><u>\$ 81,598,768</u></b>	<b><u>\$ 92,242,591</u></b>	<b><u>\$ 104,677,025</u></b>
<b><u>Business-type Activities:</u></b>				
Invested in capital assets, net of related debt	\$ 37,363,825	\$ 37,076,953	\$ 41,321,330	\$ 57,986,627
Restricted	11,328,132	19,520,605	15,561,699	15,721,361
Unrestricted	1,022,532	(27,505,575)	(3,362,494)	(14,315,941)
<b>Total business-type activities net assets</b>	<b><u>\$ 49,714,489</u></b>	<b><u>\$ 29,091,983</u></b>	<b><u>\$ 53,520,535</u></b>	<b><u>\$ 59,392,047</u></b>
<b><u>Primary Government:</u></b>				
Invested in capital assets, net of related debt	\$ 53,473,448	\$ 60,233,191	\$ 68,155,151	\$ 91,153,280
Restricted	11,328,132	19,520,605	15,561,699	15,721,361
Unrestricted	58,589,152	30,936,955	62,046,276	57,194,431
<b>Total primary government net assets</b>	<b><u>\$ 123,390,732</u></b>	<b><u>\$ 110,690,751</u></b>	<b><u>\$ 145,763,126</u></b>	<b><u>\$ 164,069,072</u></b>

The City of Tulare implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

**Source:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Assets

<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
\$110,129,292	\$ 129,555,443	\$ 142,261,018
-	23,652,940	19,215,692
<u>84,457,595</u>	<u>66,208,918</u>	<u>74,474,840</u>
<u><u>\$194,586,887</u></u>	<u><u>\$219,417,301</u></u>	<u><u>\$235,951,550</u></u>
\$ 52,468,556	\$ 107,113,034	\$ 86,649,558
85,998,650	44,617,222	51,229,220
<u>(74,574,833)</u>	<u>(74,352,100)</u>	<u>(52,851,820)</u>
<u><u>\$ 63,892,373</u></u>	<u><u>\$ 77,378,156</u></u>	<u><u>\$ 85,026,958</u></u>
\$162,597,848	\$236,668,477	\$228,910,576
85,998,650	68,270,162	70,444,912
<u>9,882,762</u>	<u>(8,143,182)</u>	<u>21,623,020</u>
<u><u>\$258,479,260</u></u>	<u><u>\$296,795,457</u></u>	<u><u>\$320,978,508</u></u>

**CITY OF TULARE  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
<b><u>Expenses:</u></b>				
Governmental Activities:				
General Government	\$ 2,424,987	\$ 2,531,464	\$ 2,544,937	\$ 1,933,465
Intergovernmental	4,865	3,895	3,896	3,895
Public Safety	8,801,828	9,880,586	11,663,036	13,372,193
Public Works	1,702,820	1,700,067	1,924,049	2,100,496
Community Development	2,430,050	2,141,787	2,545,200	3,442,573
Community Services	2,379,148	2,628,050	2,889,063	3,025,032
Library and Cultural	368,665	729,689	1,376,479	1,541,423
Interest on Long-Term Debt	864,316	473,145	451,701	508,483
Total Governmental Activities Expenses	<u>18,976,679</u>	<u>20,088,683</u>	<u>23,398,361</u>	<u>25,927,560</u>
Business-Type Activities:				
Aviation	145,065	143,876	189,335	158,865
Transit	1,721,926	1,985,561	2,325,655	2,229,068
Water	3,160,648	3,202,719	3,255,991	3,760,697
Solid Waste	4,372,942	4,877,029	5,426,552	5,696,194
Sewer	8,945,527	9,555,978	8,005,084	9,953,994
Total Business-Type Activities Expenses	<u>18,346,108</u>	<u>19,765,163</u>	<u>19,202,617</u>	<u>21,798,818</u>
Total Primary Government Expenses	<u>37,322,787</u>	<u>39,853,846</u>	<u>42,600,978</u>	<u>47,726,378</u>
<b><u>Program Revenues:</u></b>				
Governmental Activities:				
Charges for Services:				
General Government	328,727	387,935	399,798	355,884
Intergovernmental	1,254,088	1,110,950	1,238,362	1,355,515
Public Safety	1,193,162	1,571,951	2,004,347	2,587,645
Public Works	230,832	262,855	302,259	386,629
Community Development	329,414	502,226	1,487,515	2,331,095
Community Services	322,514	417,398	453,858	556,804
Library and Cultural	49,976	37,783	216,238	283,722
Interest on Long-Term Debt	-	-	-	-
Operating Grants and Contributions	272,033	434,962	333,406	52,689
Capital Grants and Contributions	5,421,020	2,380	1,243	-
Total Governmental Activities Program Revenues	<u>9,401,766</u>	<u>4,728,440</u>	<u>6,437,026</u>	<u>7,909,983</u>
Business-Type Activities:				
Charges for Services:				
Aviation	58,083	58,340	61,467	63,857
Transit	1,364,105	1,235,506	1,576,025	1,621,973
Water	3,560,124	4,079,814	4,426,660	5,083,108
Solid Waste	4,314,573	4,490,528	4,752,226	5,471,596
Sewer	8,122,866	7,617,101	10,139,732	11,727,127
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,377,552	1,638,883	1,221,308	2,922,213
Total Business-Type Activities Program Revenues	<u>18,797,303</u>	<u>19,120,172</u>	<u>22,177,418</u>	<u>26,889,874</u>
Total Primary Government Program Revenues	<u>28,199,069</u>	<u>23,848,612</u>	<u>28,614,444</u>	<u>34,799,857</u>

(Continued)

<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 4,405,718	\$ 2,855,538	\$ 4,372,097
3,895	28,228	3,904
15,345,247	17,234,653	17,919,518
2,499,561	2,816,141	2,655,054
5,469,002	7,791,822	5,367,023
3,534,104	4,075,367	4,161,627
3,513,601	3,331,468	4,082,194
99,986	668,323	2,649,504
<u>34,871,114</u>	<u>38,801,540</u>	<u>41,210,921</u>
164,682	149,838	135,527
2,291,825	2,373,838	2,569,527
4,446,988	5,774,160	5,360,552
6,276,096	6,828,700	6,392,221
10,850,918	12,797,031	13,920,042
<u>24,030,509</u>	<u>27,923,567</u>	<u>28,377,869</u>
<u>58,901,623</u>	<u>66,725,107</u>	<u>69,588,790</u>
525,607	307,426	465,136
1,649,615	180,370	176,350
2,022,999	2,079,850	2,139,721
298,200	301,977	282,465
2,617,517	2,428,421	1,692,768
421,623	436,384	442,745
419,176	363,663	434,294
-	-	-
203,221	153,895	153,891
124,714	931,941	150,871
<u>8,282,672</u>	<u>7,183,927</u>	<u>5,938,241</u>
99,294	103,064	111,999
1,864,717	1,507,696	2,131,920
5,214,527	6,383,693	4,673,549
5,743,916	6,513,112	5,946,594
12,303,626	18,812,643	16,887,266
-	-	-
1,887,471	7,543,285	4,604,955
<u>27,113,551</u>	<u>40,863,493</u>	<u>34,356,283</u>
<u>35,396,223</u>	<u>48,047,420</u>	<u>40,294,524</u>

(Continued)

**CITY OF TULARE  
CHANGES IN NET ASSETS (Continued)  
LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
Net Revenues (Expenses):				
Governmental Activities	(9,574,913)	(15,360,243)	(16,961,335)	(18,017,577)
Business-Type Activities	451,195	(644,991)	2,974,801	5,091,056
Total Net Revenues (Expenses)	<u>(9,123,718)</u>	<u>(16,005,234)</u>	<u>(13,986,534)</u>	<u>(12,926,521)</u>
<b><u>General Revenues and Other Changes in Net Assets:</u></b>				
Governmental Activities:				
Taxes:				
Sales Tax	5,576,754	5,725,592	6,209,806	7,220,399
Property Tax	2,208,405	2,355,252	2,170,347	2,553,998
Utility Tax	4,046,692	4,156,796	4,405,682	4,891,749
Motel/Hotel and Franchise Tax	1,634,225	1,876,881	2,059,010	2,327,371
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	2,609,779	2,116,429	3,638,093	3,561,218
Investment Income	1,121,689	3,739,334	4,280,463	4,610,583
Other General Revenues	2,284,471	3,235,016	4,784,368	4,340,440
Grants and Contributions Not Restricted to Specific Programs	-	-	-	883,803
Gain on Sale of Capital Assets	-	-	-	56,456
Transfers	(497,177)	77,468	57,389	5,994
Total Governmental Activities	<u>18,984,838</u>	<u>23,282,768</u>	<u>27,605,158</u>	<u>30,452,011</u>
Business-Type Activities:				
Investment Income	813,520	642,787	968,326	786,450
Transfers	497,177	(77,468)	(57,389)	(5,994)
Total Business-Type Activities	<u>1,310,697</u>	<u>565,319</u>	<u>910,937</u>	<u>780,456</u>
Total Primary Government	<u>20,295,535</u>	<u>23,848,087</u>	<u>28,516,095</u>	<u>31,232,467</u>
Changes in Net Assets				
Governmental Activities	9,409,925	7,922,525	10,643,823	12,434,434
Business-Type Activities	1,761,892	(79,672)	3,885,738	5,871,512
Total Primary Government	<u>\$ 11,171,817</u>	<u>\$ 7,842,853</u>	<u>\$ 14,529,561</u>	<u>\$ 18,305,946</u>

The City of Tulare implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

**Source:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Assets

<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
(26,588,442)	(31,617,613)	(35,272,680)
<u>3,083,042</u>	<u>12,939,926</u>	<u>5,978,414</u>
<u>(23,505,400)</u>	<u>(18,677,687)</u>	<u>(29,294,266)</u>
11,859,889	16,163,788	14,466,030
3,577,111	4,279,124	4,583,226
5,370,352	5,348,107	5,295,978
2,515,731	2,524,436	2,548,329
4,042,805	4,580,676	4,819,229
5,644,508	6,504,081	6,709,281
8,458,768	15,202,114	9,123,660
349,443	1,285,206	955,672
76,882	30,055	-
<u>289,624</u>	<u>530,440</u>	<u>3,305,524</u>
<u>42,185,113</u>	<u>56,448,027</u>	<u>51,806,929</u>
1,706,908	1,076,297	4,777,743
<u>(289,624)</u>	<u>(530,440)</u>	<u>(3,305,524)</u>
<u>1,417,284</u>	<u>545,857</u>	<u>1,472,219</u>
<u>43,602,397</u>	<u>56,993,884</u>	<u>53,279,148</u>
15,596,671	24,830,414	16,534,249
<u>4,500,326</u>	<u>13,485,783</u>	<u>7,450,633</u>
<u>\$ 20,096,997</u>	<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b><u>General Fund:</u></b>				
Reserved	\$ 17,279,622	\$ 17,558,776	\$ 17,684,766	\$ 18,275,950
Unreserved	9,456,203	8,049,768	10,802,682	12,539,095
Total General Fund	<u>\$ 26,735,825</u>	<u>\$ 25,608,544</u>	<u>\$ 28,487,448</u>	<u>\$ 30,815,045</u>
All Other Governmental Funds:				
Reserved, Reported in:				
Debt Service Funds	\$ 759,656	\$ 1,014,485	\$ 1,043,538	\$ 1,051,951
Unreserved, Reported in:				
Special Revenue Funds	260,926	179,177	1,814,801	3,330,476
Capital Projects Funds	2,440,070	1,586,815	141,760	(19,520)
Total All Other Governmental Funds	<u>\$ 3,460,652</u>	<u>\$ 2,780,477</u>	<u>\$ 3,000,099</u>	<u>\$ 4,362,907</u>

The City of Tulare implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

**Source:**

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



<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 22,001,145	\$ 25,285,362	\$ 26,437,732
<u>15,676,717</u>	<u>10,431,701</u>	<u>9,409,100</u>
<u><u>\$ 37,677,862</u></u>	<u><u>\$ 35,717,063</u></u>	<u><u>\$ 35,846,832</u></u>
\$ 1,112,693	\$ 23,427,969	\$ 16,374,755
4,313,146	5,119,028	6,069,714
<u>(224,289)</u>	<u>(297,431)</u>	<u>(455,256)</u>
<u><u>\$ 5,201,550</u></u>	<u><u>\$ 28,249,566</u></u>	<u><u>\$ 21,989,213</u></u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$ 16,075,855	\$ 16,230,950	\$ 18,482,938	\$ 20,554,735
Intergovernmental	1,253,429	1,110,321	1,308,261	2,795,298
Licenses and Permits	366,063	466,566	958,444	1,505,099
Fines and Forfeitures	130,570	129,994	172,139	126,287
Charges for Services	2,455,284	3,180,777	3,604,812	4,678,772
Interest and Rentals	963,817	829,613	855,938	890,924
Grants	4,496,881	1,042,574	2,015,872	924,397
Meals	77,013	75,032	68,119	70,776
Assessments	102,616	109,687	129,232	192,338
Other	2,482,463	1,423,001	2,580,549	3,644,967
<b>Total Revenues</b>	<b>28,403,991</b>	<b>24,598,515</b>	<b>30,176,304</b>	<b>35,383,593</b>
<b>Expenditures:</b>				
Current:				
General Government	2,531,117	2,160,093	2,251,173	2,550,663
Intergovernmental	4,865	3,895	3,896	3,895
Public Safety	8,963,928	9,856,627	11,482,782	13,154,240
Public Works	1,782,364	1,688,288	1,849,499	2,012,500
Community Development	2,617,712	3,320,630	3,836,553	3,231,634
Community Services	2,425,368	2,620,962	2,838,583	2,975,889
Library and Cultural	662,897	649,204	662,982	694,063
Capital Outlay	7,329,835	5,001,038	2,687,696	6,099,406
Debt Service:				
Principal	203,882	589,802	642,795	662,245
Interest and Fiscal Charges	812,127	502,247	482,525	530,781
<b>Total Expenditures</b>	<b>27,334,095</b>	<b>26,392,786</b>	<b>26,738,484</b>	<b>31,915,316</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,069,896	(1,794,271)	3,437,820	3,468,277
<b>Other Financing Sources (Uses):</b>				
Transfers In	6,884,105	4,595,118	2,207,877	4,160,480
Transfers Out	(7,556,898)	(4,608,303)	(2,547,171)	(3,938,352)
Issuance of Bonds	6,020,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,347,207</b>	<b>(13,185)</b>	<b>(339,294)</b>	<b>222,128</b>
<b>Net Change in Fund Balances</b>	<b>\$ 6,417,103</b>	<b>\$ (1,807,456)</b>	<b>\$ 3,098,526</b>	<b>\$ 3,690,405</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	5.08%	5.11%	4.68%	4.63%

<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 27,365,888	\$ 32,896,131	\$ 31,712,792
2,738,351	177,349	317,124
1,652,910	1,218,021	640,257
192,294	233,436	233,308
4,148,235	4,098,683	4,102,455
1,686,320	1,962,211	2,893,221
677,378	2,044,042	1,232,934
67,150	65,411	57,093
312,148	370,602	481,527
<u>7,464,240</u>	<u>14,837,908</u>	<u>8,620,736</u>
<u>46,304,914</u>	<u>57,903,794</u>	<u>50,291,447</u>
4,238,567	3,798,782	4,194,242
3,896	1,628,184	3,904
14,319,066	16,532,003	16,934,752
2,251,300	2,606,821	2,398,132
3,927,092	6,027,437	7,945,185
3,384,773	3,987,118	4,034,706
763,357	859,849	855,572
8,231,702	28,645,304	18,524,487
1,164,169	6,432,137	1,914,942
<u>558,445</u>	<u>1,073,901</u>	<u>2,604,554</u>
<u>38,842,367</u>	<u>71,591,536</u>	<u>59,410,476</u>
<u>7,462,547</u>	<u>(13,687,742)</u>	<u>(9,119,029)</u>
6,428,333	20,856,930	22,570,192
(6,189,421)	(20,840,420)	(19,581,747)
-	34,758,449	-
<u>238,912</u>	<u>34,774,959</u>	<u>2,988,445</u>
<u>\$ 7,701,459</u>	<u>\$ 21,087,217</u>	<u>\$ (6,130,584)</u>
5.63%	17.48%	11.05%

**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	Unsecured		
2000	\$ 1,318,110,351	\$ 61,653,584	\$ 1,379,763,935	0.15%
2001	1,385,519,972	63,812,222	1,449,332,194	0.13%
2002	1,431,235,607	63,927,877	1,495,163,484	0.25%
2003	1,484,343,994	65,990,013	1,550,334,007	0.29%
2004	1,562,323,196	67,852,847	1,630,176,043	0.30%
2005	1,666,885,107	68,073,906	1,734,959,013	0.35%
2006	1,891,681,055	73,181,208	1,964,862,263	0.30%
2007	2,281,534,333	79,440,106	2,360,974,439	0.30%
2008	2,751,300,875	99,377,099	2,850,677,974	0.30%
2009	2,960,375,724	109,793,770	3,070,169,494	0.30%

(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 ELEVEN YEARS AGO**

	<u>2009</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	<u>0.141</u>	<u>0.141</u>
Total Average City Direct Rate	0.141	0.141
Overlapping Rates:		
County of Tulare	0.164	0.167
Buena Vista Elementary School District	0.000	0.154
Liberty Elementary School District	0.000	0.123
Oak Valley Union Elementary School District	0.000	0.122
Palo Verde Union Elementary School District	0.000	0.166
Tulare City Elementary School District	0.165	0.150
Tulare Joint Union High School District	0.169	0.048
College of Sequoias	0.047	0.022
County Schools Service Fund	0.022	0.022
Kaweah Delta Water District	0.022	0.002
Tulare Cemetery District	0.002	0.002
Tulare County Flood Control District	0.002	0.228
Tulare Hospital District	0.064	0.025
Tulare Irrigation District	0.000	0.021
Tulare Memorial District	0.010	0.010
Tulare Mosquito District	0.017	0.018
Education Revenue Augmentation 1993/94	<u>0.235</u>	<u>0.235</u>
Total Average Direct Rate	<u><u>1.060</u></u>	<u><u>1.656</u></u>

**NOTE:**

In 1978, California voters passed Proposition 13 which sets the property tax rate at 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%

**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 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 county wide 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 program, 14% - transportation enhancement programs, and 1% - administration.

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

Taxpayer	2009		1999	
	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.)	\$ 251,666,653	8.20%	\$ 22,725,160	1.67%
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	95,058,925	3.10%	111,992,624	8.24%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	89,636,104	2.92%	77,093,360	5.67%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	46,128,588	1.50%	42,455,520	3.13%
U.S. Cold Storage of California	43,945,789	1.43%	13,704,904	1.01%
Golden Valley Dairy Products			8,876,950	0.65%
Pre/Tulare Outparcel, LLC (formerly Horizon Outlet Centers, Ltp.)	27,025,650	0.88%	17,667,775	1.30%
Lowes HIW, Inc.	18,144,740	0.59%		
Ennis Land Development, LLC	22,284,438	0.73%		
Landsource Holding Company, LLC	18,951,000	0.62%		
Target Corporation	23,127,150	0.75%		
Wal-Mart Real Estate Business Trust			9,419,190	0.69%
Western Investment Real Estate			8,993,778	0.66%
J.I.T. Steel, Inc., a Delaware Corp.			8,479,999	0.62%
Total taxable assessed value of top fifteen largest taxpayers	<u>\$ 635,969,037</u>	<u>20.72%</u>	<u>\$ 321,409,260</u>	<u>23.66%</u>
Total assessed value of all taxpayers	<u>\$ 3,070,164,494</u>	<u>100.00%</u>	<u>\$ 1,358,569,735</u>	<u>100.00%</u>

**Source:**

Tulare County Auditor-Controller Office

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2000	(4) \$ 1,865,448	\$ 2,003,540	107.40%	(3)	\$ 2,003,540	107.40%
2001	(5) 1,921,043	2,092,518	108.93%	(3)	2,092,518	108.93%
2002	(6) 1,972,361	2,169,365	109.99%	(3)	2,169,365	109.99%
2003	(7) 2,038,196	2,208,405	108.35%	(3)	2,208,405	108.35%
2004	(8) 2,260,827	2,355,253	104.18%	(3)	2,355,253	104.18%
2005	(9) 2,642,430	2,170,347	82.13%	(3)	2,170,347	82.13%
2006	(10) 2,960,091	2,553,998	86.28%	(3)	2,553,998	86.28%
2007	(11) 3,162,577	3,577,110	113.11%	(3)	3,577,110	113.11%
2008	(12) 3,791,244	4,279,124	112.87%	(3)	4,279,124	112.87%
2009	(13) 4,072,142	4,266,405	104.77%	(3)	4,266,405	104.77%

**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 \$841,465 for the property tax shift to education.
- (5) Reduced approximately \$880,955 for the property tax shift to education.
- (6) Reduced approximately \$905,868 for the property tax shift to education.
- (7) Reduced approximately \$939,592 for the property tax shift to education.
- (8) Reduced approximately \$984,502 for the property tax shift to education.
- (9) Reduced approximately \$1,458,821 for the property tax shift to education.
- (10) Reduced approximately \$1,568,945 for the property tax shift to education.
- (11) Reduced approximately \$1,385,911 for the property tax shift to education.
- (12) Reduced approximately \$1,635,368 for the property tax shift to education.
- (13) Reduced approximately \$1,774,310 for the property tax shift to education.

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

	Fiscal Year							
	2000		2001		2002		2003	
<b>Sales:</b>								
General Retail	\$ 1,229	28.10%	\$ 1,286	28.74%	\$ 1,363	29.64%	\$ 1,403	27.15%
Food Products	739	16.90%	730	16.31%	726	15.79%	1,257	24.33%
Transportation	1,268	28.99%	1,313	29.34%	1,354	29.45%	1,379	26.69%
Construction	659	15.07%	616	13.77%	650	14.14%	613	11.86%
Business to Business	446	10.20%	486	10.86%	460	10.00%	468	9.06%
Miscellaneous	33	0.75%	44	0.98%	45	0.98%	47	0.91%
<b>Total</b>	<b>\$ 4,374</b>	<b>100.00%</b>	<b>\$ 4,475</b>	<b>100.00%</b>	<b>\$ 4,598</b>	<b>100.00%</b>	<b>\$ 5,167</b>	<b>100.00%</b>

**Source:**  
MuniServices, LLC

Fiscal Year

2004		2005		2006		2007		2008		2009	
\$ 1,506	28.44%	\$ 1,608	27.14%	\$ 1,798	27.49%	\$ 1,883	26.91%	\$ 2,066	28.61%	\$ 1,961	30.08%
942	17.79%	1,159	19.56%	1,047	16.01%	1,093	15.62%	1,185	16.41%	1,166	17.88%
1,481	27.97%	1,726	29.13%	1,874	28.65%	1,965	28.08%	2,022	28.00%	1,637	25.11%
766	14.47%	856	14.45%	1,169	17.87%	1,242	17.75%	1,158	16.04%	1,041	15.97%
551	10.41%	525	8.86%	593	9.07%	743	10.62%	731	10.12%	656	10.06%
49	0.93%	51	0.86%	59	0.90%	71	1.01%	59	0.82%	59	0.90%
<u>\$ 5,295</u>	<u>100.00%</u>	<u>\$ 5,925</u>	<u>100.00%</u>	<u>\$ 6,540</u>	<u>100.00%</u>	<u>\$ 6,997</u>	<u>100.00%</u>	<u>\$ 7,221</u>	<u>100.00%</u>	<u>\$ 6,520</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)	Leases Payable	Note Payable	Advances from Other Funds	General Obligation Bond	Total Governmental Activities
2000	\$ 6,560,000	\$ 413,780	\$ -	\$ 279,500	\$ -	\$ 7,253,280
2001	6,450,000	375,090	-	240,954	-	7,066,044
2002	6,335,000	366,846	-	-	-	6,701,846
2003	12,230,000	433,655	472,054	-	-	13,135,709
2004	11,720,000	370,458	458,159	-	-	12,548,617
2005	11,160,000	302,669	442,193	-	-	11,904,862
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

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.
- (2) Ratio calculated using population for the prior calendar year.

Business-Type Activities

<u>Revenue Bonds Payable (1)</u>	<u>Leases Payable</u>	<u>Notes Payable</u>	<u>Advances from Other Funds</u>	<u>Total Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Debt per Capita (2)</u>	<u>Percentage of Gross Assessed Valuation</u>
\$ 19,985,000	\$ 1,041,283	\$ 662,986	\$ 390,699	\$ 22,079,968	\$29,333,248	702	2.13%
19,395,000	941,728	7,700,000	258,918	28,295,646	35,361,690	794	2.44%
39,395,000	941,728	7,700,000	-	48,036,728	54,738,574	1,208	3.66%
38,465,000	836,746	7,700,000	-	47,001,746	60,137,455	1,300	3.88%
62,045,000	726,039	-	-	62,771,039	75,319,656	1,577	4.62%
60,375,000	609,296	-	-	60,984,296	72,889,158	1,473	4.20%
58,665,000	486,188	-	-	59,151,188	70,588,988	1,371	3.67%
136,451,266	8,834,773	-	-	145,286,039	157,188,849	2,810	6.77%
134,632,678	8,628,016	-	-	143,260,694	183,237,324	3,194	6.52%
187,544,091	8,334,263	-	-	195,878,354	234,676,214	4,011	7.64%

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

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value (1)</u>	<u>Per Capita</u>
2000	\$ -	\$ 3,000	\$ 3,000	0.22%	71.77
2001	-	2,865	2,865	0.20%	64.31
2002	-	2,725	2,725	0.16%	60.15
2003	-	2,575	2,575	0.14%	55.65
2004	-	2,420	2,420	0.12%	50.66
2005	-	2,260	2,260	0.11%	45.68
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

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, 2009**

City Assessed Valuation		\$ 3,618,288,634	
Redevelopment Agency Incremental Valuation		<u>548,119,140</u>	
 Total Assessed Valuation		 <u><u>\$ 3,070,169,494</u></u>	
			Estimated Share of Overlapping Debt
	<u>Percentage Applicable (1)</u>	<u>Outstanding Debt 6/30/09</u>	<u>Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
College of Sequoias Tulare School Facilities Improvement District	48.982%	\$ 19,998,219	\$ 9,795,528
Tulare Union High School District	61.342%	43,900,812	26,929,636
Liberty School District	6.995%	1,075,000	75,196
Tulare Local Health Care District	59.897%	<u>15,000,000</u>	<u>8,984,550</u>
 Total overlapping tax and assessment debt		 <u>79,974,031</u>	 <u>45,784,910</u>
 Direct and Overlapping General Fund Debt:			
Tulare County General Fund Obligations	12.504%	78,310,000	9,791,882
Tulare County Pension Obligations	12.504%	16,955,000	2,120,053
College of Sequoias Certificates of Participation	13.254%	7,030,580	931,833
Tulare Union High School District Certificates of Participation	61.342%	1,165,252	714,789
Tulare School District Certificates of Participation	92.474%	3,940,067	3,643,538
City of Tulare General Fund Obligations	100.000%	<u>35,755,000</u>	<u>35,755,000</u>
 Total direct and overlapping general fund debt		 <u>143,155,899</u>	 <u>52,957,095</u>
 Combined Total Debt		 <u><u>\$ 223,129,930</u></u>	 <u><u>\$ 98,742,005</u></u> (2)

Notes:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds 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			
	2000	2001	2002	2003
Assessed Valuation	\$ 1,423,787,201	\$ 1,492,736,960	\$ 1,538,227,789	\$ 1,592,761,298
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	355,946,800	373,184,240	384,556,947	398,190,325
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	53,392,020	55,977,636	57,683,542	59,728,549
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 53,392,020</u>	<u>\$ 55,977,636</u>	<u>\$ 57,683,542</u>	<u>\$ 59,728,549</u>
 Total Debt Applicable to the Limit as a percentage of Debt Limit	 0.00%	 0.00%	 0.00%	 0.00%

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.

**Source:**

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



Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,671,724,504	\$ 1,755,719,923	\$ 1,884,513,873	\$ 2,360,974,439	\$ 2,850,677,974	\$ 3,070,169,494
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
417,931,126	438,929,981	471,128,468	590,243,610	712,669,495	767,542,373
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
62,689,669	65,839,497	70,669,270	88,536,541	106,900,424	115,131,356
-	-	-	-	-	-
<u>\$ 62,689,669</u>	<u>\$ 65,839,497</u>	<u>\$ 70,669,270</u>	<u>\$ 88,536,541</u>	<u>\$ 106,900,424</u>	<u>\$ 115,131,356</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

<u>Fiscal Year Ended June 30</u>	<u>Sewer Revenue Bonds</u>					
	<u>Sewer Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2000	\$ 5,940	\$ 1,890	\$ 4,050	\$ 535	\$ 1,162	2.39
2001	6,434	2,312	4,122	281	1,404	2.45
2002	6,946	3,818	3,128	849	1,567	1.29
2003	8,688	4,536	4,152	1,170	1,746	1.42
2004	8,152	4,861	3,291	702	1,709	1.36
2005	10,887	5,643	5,244	3,388	888	1.23
2006	12,240	5,810	6,430	1,710	2,659	1.47
2007	13,378	8,359	5,019	1,755	2,492	1.18
2008	18,813	10,320	8,493	1,819	2,477	1.98
2009	16,887	11,400	5,487	985	2,504	1.57

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Tax Allocation Bonds

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Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 1,566	\$ 130	\$ 156	5.48
1,741	135	163	5.84
2,056	140	151	7.07
3,220	150	138	11.18
3,692	155	131	12.91
3,735	160	123	13.20
4,395	170	116	15.37
5,156	180	108	17.90
5,529	185	99	19.47
5,968	195	88	21.09

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

<u>Calendar Year</u>	<u>Population (1)</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>	<u>Total Personal Income (4)</u>
2000	41,800	1,379,764	33.01	13.10%	15.10%	(a)
2001	44,550	1,449,333	32.53	11.00%	14.30%	(a)
2002	45,300	1,495,163	33.01	11.30%	14.00%	(a)
2003	46,270	1,550,334	33.51	11.20%	13.10%	(a)
2004	47,770	1,630,176	34.13	10.80%	12.60%	(a)
2005	49,477	1,734,959	35.07	7.50%	9.00%	(a)
2006	51,477	1,925,138	37.40	6.60%	7.90%	(a)
2007	55,935	2,321,221	41.50	7.30%	8.60%	(a)
2008	57,375	2,807,554	48.93	8.30%	9.80%	(a)
2009	58,506	3,070,169	52.48	12.50%	14.70%	(a)

(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)

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

<u>Employer</u>	<u>2009</u>		<u>1999</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)	600	2.76%	650	(1)
Nestle Ice Cream Co. (Haagen Dazs)	300	1.38%	300	(1)
Wal-Mart	280	1.29%		(1)
Southern Ca Edison Company	200	0.92%	250	(1)
Gruman-Olsen Ind., Inc.			200	(1)
PSI Tronix			80	(1)
Golden Valley Dairy Products	215	0.99%		(1)
Cheese & Protein International	170	0.78%		(1)
Morris Levin & Son	170	0.78%		(1)
Kings County Truck Lines			160	(1)
Saputo Cheese USA, Inc. (formerly Stella Cheese Plant)	150	0.69%	120	(1)
Kraft USA Tulare	130	0.60%	130	(1)
J.D. Heiskell Company	125	0.58%	125	(1)

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

(1) Information on “Total Employment” for 1999 unavailable.

**Source:**

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

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

Full-time and Part-time Employees as of June 30										
Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	34	33	34	35	35	34	34	35	40	40
Public Safety	108	107	114	116	119	119	137	147	161	166
Public Works	62	61	63	65	68	68	71	73	79	79
Community Development	21	21	22	12	20	19	19	23	24	24
Community Services	54	55	55	55	55	55	33	34	39	39
Library and Cultural	7	8	10	10	10	9	9	10	11	11
<b>Total</b>	<b>286</b>	<b>285</b>	<b>298</b>	<b>293</b>	<b>307</b>	<b>304</b>	<b>303</b>	<b>322</b>	<b>354</b>	<b>359</b>

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Police:					
Arrests	2,775	2,661	2,436	2,532	2,488
Parking Citations Issued	2,440	2,122	2,914	3,366	2,539
(1) Fire:					
Number of Emergency Calls	3,243	3,244	3,432	3,758	3,765
Inspections	746	719	586	891	1,078
Parks and Recreation:					
Number of Recreation Classes	93	92	82	87	93
Number of Facility Rentals	1,063	961	1,113	931	911
Water:					
New Connections	(1)	(1)	(1)	333	327
Average Daily Consumption (millions of gallons)	16	14	20	14	11
Sewer:					
New Connections	109	298	192	329	478

(1) Information unavailable.

**Source:**

Various City of Tulare Departments as appropriate



Fiscal Year				
2005	2006	2007	2008	2009
2,265	2,792	3,113	3,363	3,405
1,680	2,023	3,149	3,436	(1)
3,871	4,544	5,116	5,170	5,282
1,194	1,333	705	1,320	1,127
95	101	113	140	137
1,102	1,036	1,388	2,143	2,137
288	471	782	268	250
8	11	14	17	17
974	453	759	358	263

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	2	2	2	3
Public Works:					
Streets (miles)	155.74	155.83	155.83	161.69	170.00
Traffic Signals	36	36	36	36	37
Parks and Recreation:					
Parks	15	16	16	16	15
Park Acreage	152.15	174.15	174.15	193.85	189.15
Water:					
Water Mains (miles)	174.58	175.25	175.25	178.29	181.52
Average Daily Consumption (millions of gallons)	16.00	14.20	19.90	14.08	11.07
Sewer:					
Sanitary Sewers (miles)	167.50	168.09	168.09	171.19	173.85
Average Daily Wastewater Flow (millions of gallon)	7.85	8.08	9.02	10.01	10.32

**Source:**

Various City of Tulare Departments as appropriate

Fiscal Year				
2005	2006	2007	2008	2009
1	1	1	1	1
3	3	3	3	3
158.70 39	170.00 40	184.60 41	187.52 41	192.67 41
15 189.15	15 189.15	16 206.15	17 207.81	17 207.81
183.20 8.48	184.20 10.86	192.90 13.58	208.51 16.72	214.32 16.48
175.30 10.81	176.90 11.22	184.60 11.30	197.64 11.36	203.78 11.18

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