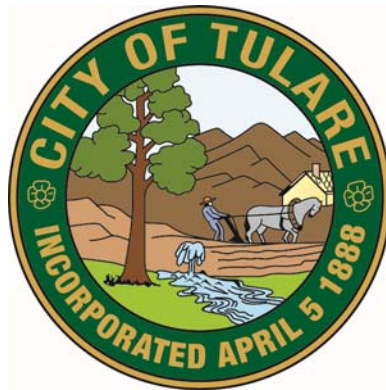


---

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

---

*Comprehensive Annual*



*Financial Report*

---

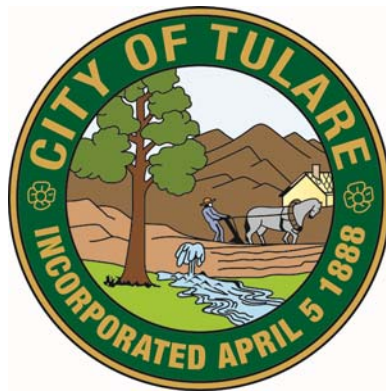
For the Fiscal Year Ended  
**JUNE 30, 2013**

---

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

---

*Comprehensive Annual*



*Financial Report*

---

For the Fiscal Year Ended June 30, 2013  
Prepared by the Finance Department Staff  
Darlene J. Thompson, CPA  
Finance Director/Treasurer

**CITY OF TULARE,  
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2013**

**CITY OF TULARE,  
CALIFORNIA  
JUNE 30, 2013**

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <u>INTRODUCTORY SECTION</u>  |             |
| Letter of Transmittal .....  | i           |
| Principal City Officials.....  | v           |
| Organizational Chart of City Government.....   | vi          |
| Certificate of Award – Outstanding Financial Reporting .....   | vii         |
| <u>FINANCIAL SECTION</u>   |             |
| Independent Auditor’s Report.....  | 1           |
| Management’s Discussion and Analysis .....   | 5           |
| <u>Basic Financial Statements:</u>   |             |
| Government-Wide Financial Statements:  |             |
| Statement of Net Position .....  | 19          |
| Statement of Activities .....  | 20          |
| Fund Financial Statements:   |             |
| Balance Sheet – Governmental Funds .....   | 24          |
| Reconciliation of the Governmental Funds Balance Sheet<br>to the Government-Wide Statement of Net Position .....   | 25          |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds.....   | 26          |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,<br>and Changes in Fund Balances to the Government-Wide Statement of<br>Activities Governmental Activities..... | 27          |
| Statement of Net Position – Proprietary Funds .....  | 28          |
| Statement of Revenues, Expenses, and Changes in Fund Net Position –<br>Proprietary Funds .....   | 30          |
| Statement of Cash Flows – Proprietary Funds .....  | 32          |
| Statement of Net Position – Fiduciary Funds.....   | 34          |
| Statement of Changes in Net Position – Fiduciary Funds.....  | 35          |
| Notes to Basic Financial Statements.....   | 36          |
| <u>Required Supplementary Information:</u>   |             |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual (GAAP Basis) – General Fund .....   | 70          |
| Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual – HOME Program Fund .....   | 71          |
| Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual – Measure R Fund.....   | 72          |

|   | <u>Page</u> |
|---|-------------|
| Required Supplemental Information for<br>Pension Plan with CalPERS .....  | 73          |
| Required Supplemental Information for<br>Other Post-Employment Benefits Plan .....  | 74          |
| <br><u>OTHER SUPPLEMENTARY INFORMATION</u>  |             |
| Combining Balance Sheet – Nonmajor Governmental Funds .....   | 76          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Governmental Funds.....                     | 77          |
| Combining Balance Sheet – Nonmajor Special Revenue Funds.....   | 80          |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Special Revenue Funds .....                 | 84          |
| Senior Services Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                   | 87          |
| Housing Redevelopment CDBG Fund – Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance – Budget and Actual .....        | 88          |
| Gas Tax Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                           | 89          |
| Traffic Safety Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                    | 90          |
| COPS – State Grant Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                | 91          |
| Local Law Enforcement Block Grant Fund – Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance – Budget and Actual ..... | 92          |
| Landscape and Lighting Fund – Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance – Budget and Actual .....            | 93          |
| OTS Grant Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                         | 94          |
| Auto Theft Deterrence Fund – Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance – Budget and Actual .....             | 95          |
| Police Forfeiture Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                 | 96          |
| Vehicle Abatement Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                 | 97          |
| Public Mitigation Grant Fund – Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance – Budget and Actual .....           | 98          |
| 2009 COPS Hiring Recovery Program Fund – Schedule of Revenues, Expenditures,<br>and Changes in Fund Balance – Budget and Actual ..... | 99          |
| Rental Rehabilitation Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....             | 100         |
| Catastrophe Fund – Schedule of Revenues, Expenditures, and Changes in<br>Fund Balance – Budget and Actual .....                       | 101         |
| Combining Balance Sheet – Nonmajor Capital Projects Funds .....   | 104         |
| Combining Statement of Revenues, Expenditures, and Changes in<br>Fund Balances – Nonmajor Capital Projects Funds .....                | 105         |

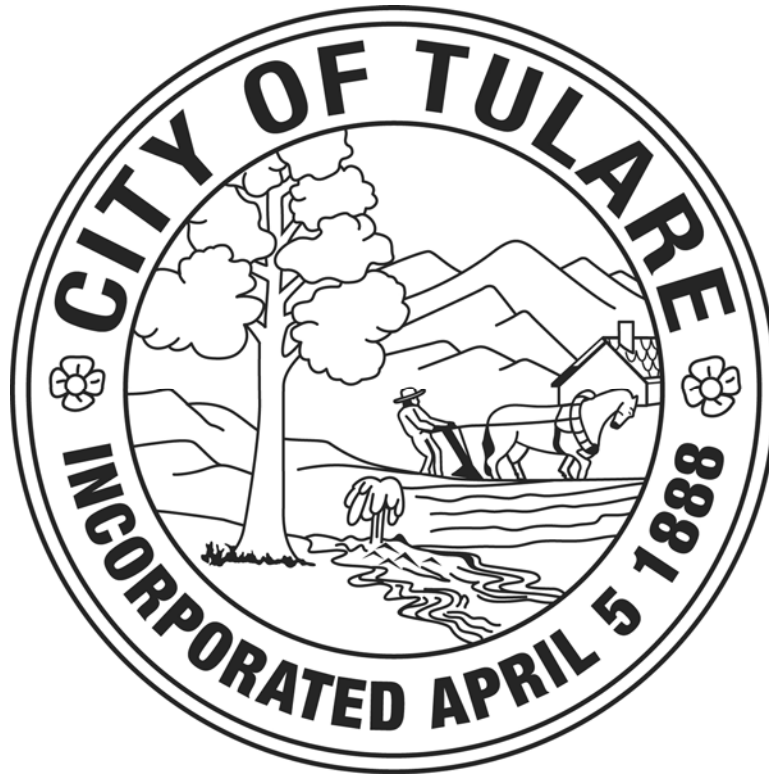
|  | <u>Page</u> |
|--|-------------|
| Combining Statement of Net Position – All Internal Service Funds .....   | 108         |
| Combining Statement of Revenues, Expenses, and Changes in<br>Net Position – All Internal Service Funds.....                  | 110         |
| Combining Statement of Cash Flows – All Internal Service Funds.....  | 112         |
| Agency Funds – Combining Statement of Changes in Assets and Liabilities –<br>Fiduciary Funds.....                            | 118         |
| Schedule of Expenditures by Department – Budgetary Level of Control –<br>Budget and Actual (GAAP Basis) – General Fund ..... | 119         |
| Measure I Sales Tax Revenue and Related Expenditures –<br>Budget and Actual.....   | 120         |
| Long-Term Debt Recorded in Private Purpose Trust Fund .....  | 121         |

STATISTICAL SECTION (UNAUDITED)

|  |     |
|--|-----|
| Net Position by Component.....                                     | 124 |
| Changes in Net Position .....                                      | 126 |
| Fund Balances of Governmental Funds .....                          | 130 |
| Changes in Fund Balances of Governmental Funds .....               | 132 |
| Assessed Value and Estimated Actual Value of Taxable Property..... | 134 |
| Direct and Overlapping Property Tax Rates .....                    | 135 |
| Historical Sales and Use Tax Rates.....                            | 136 |
| Principal Property Tax Payers .....                                | 137 |
| Property Tax Levies and Collections.....                           | 139 |
| Schedule of Taxable Sales by Category.....                         | 140 |
| Ratios of Outstanding Debt by Type .....                           | 142 |
| Ratio of General Bonded Debt Outstanding .....                     | 144 |
| Direct and Overlapping Debt .....                                  | 145 |
| Legal Debt Margin Information .....                                | 146 |
| Pledged-Revenue Coverage .....                                     | 148 |
| Demographic and Economic Statistics .....                          | 150 |
| Principal Employers .....  | 151 |
| Full-Time and Part-Time City Employees by Function.....            | 153 |
| Operating Indicators by Function .....                             | 154 |
| Capital Asset Statistics by Function .....                         | 156 |

This page intentionally left blank.

# INTRODUCTORY SECTION







January 30, 2014

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

State law requires local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2013. This report was prepared by the City of Tulare's (the City) Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

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

The City is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), the City has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 60,722 as of January 2013.

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

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

**Local Economy and Local Budget Issues** - The City is showing signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded from prior year amounts. The local economic environment continues to improve slowly and is driven by our strong agricultural industries in the area. Sales tax revenues continue to show positive improvement with revenues more than 4% higher than those in the prior fiscal year.

The City Council adopted the 2012-13 budgets utilizing the use of one-time reserves in order to maintain the current level of municipal services. Although some reserves will be spent, the budget maintains a reserve in excess of the City Council-directed 15% General Fund reserve. Additionally, based on the review of the multiyear budget plan, the reserve can be maintained for the next five years with prudent budgeting.

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various cities in the county. The population of the area is approximately 455,599. The anticipated growth in population of the Metropolitan Area is approximately .92%, with the City estimated to increase by about .79%. There are approximately 212,700 jobs in Tulare County. The countywide unemployment rate is about 12.8%, not seasonally adjusted. The City has an unemployment rate of about 10.9% with 21,800 employed out of a workforce of 24,400.

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

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

- Critical analysis of overall employee compensation programs
- Transitioning to alternative service delivery methods, for example, a greater use of contract services and greater involvement of non-profit organizations in providing certain services
- Review City's Fleet Operation
- Review Park Water Consumption
- City's cost accounting and internal time billing

- Reduction or elimination of programs on a cost-benefit basis
- Reviewing fees for purposes of enhancing revenues and making sure that those services special benefits or causing specific program burdens pay for those specific costs so that general revenues are used for programs of broader application
- Fostering a LEAN working climate

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2012-13 City appropriation limit established as required by State statute was \$41,217,305.

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

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

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

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

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 15th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,

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

Darlene J. Thompson, CPA  
Finance Director

**CITY OF TULARE  
PRINCIPAL CITY OFFICIALS  
JUNE 30, 2013**

City Council

|               |                            |
|---------------|----------------------------|
| David Macedo  | Mayor, at large            |
| Craig Vejvoda | Vice Mayor, District 5     |
| Skip Barwick  | Council Member, at large   |
| Shea Gown     | Council Member, District 1 |
| Carlton Jones | Council Member, District 3 |

Board of Public Utilities Commissioners

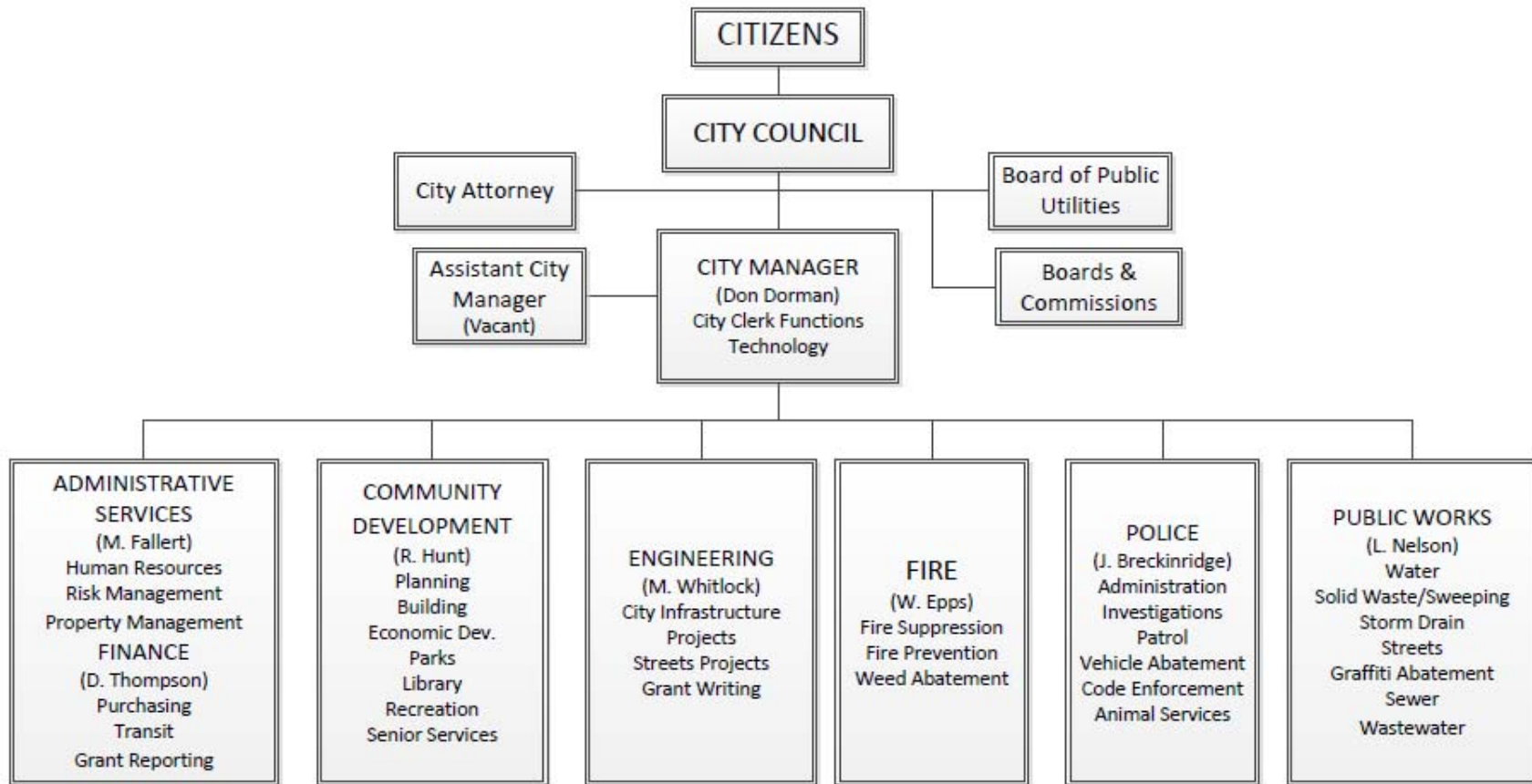
|                 |                |
|-----------------|----------------|
| Lee Brehm       | President      |
| Philip Smith    | Vice President |
| Richard Johnson | Commissioner   |
| Ronald Quinn    | Commissioner   |
| Mark Watte      | Commissioner   |

Administrative Officials and Department Heads

|                     |   |
|---------------------|---|
| Don Dorman          | City Manager                                    |
| Jerry Breckinridge  | Chief of Police                                 |
| Willard Epps        | Fire Chief                                      |
| Margee Fallert      | Administrative Services Director                |
| Rob Hunt            | Director of Recreation and Parks and<br>Library |
| Mark Kielty         | Planning & Building Director                    |
| Lew Nelson          | Public Works Director                           |
| Darlene J. Thompson | Finance Director/Treasurer                      |
| Michael Whitlock    | City Engineer                                   |



## Organizational Chart



Note: Parentheses denotes top management

Effective: 07/02/2013



Government Finance Officers Association

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

Presented to

**City of Tulare  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

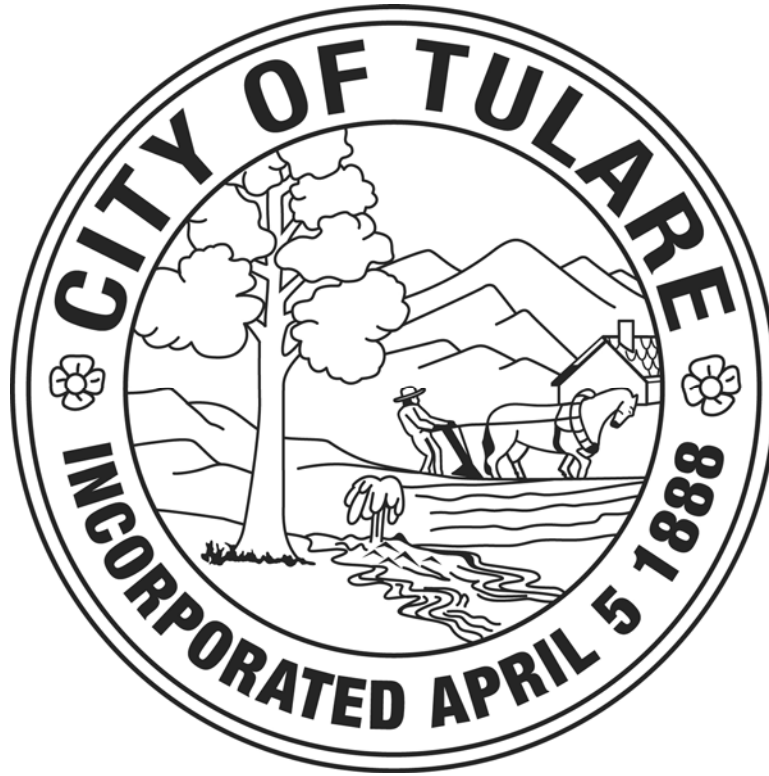
**June 30, 2012**

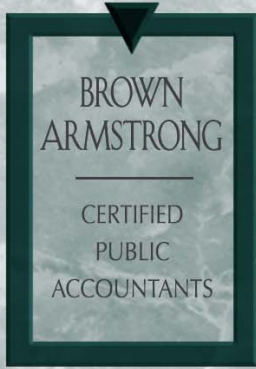
Executive Director/CEO

This page intentionally left blank.



# FINANCIAL SECTION





# BROWN ARMSTRONG

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of  
the City of Tulare, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### MAIN OFFICE

#### 4200 TRUXTUN AVENUE

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

#### 560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263  
TEL 661.746.2145  
FAX 661.746.1218

#### 7673 N. INGRAM AVENUE

SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

#### 221 E. WALNUT STREET

SUITE 260  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

#### 5250 CLAREMONT AVENUE

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833



REGISTERED with the Public Company  
Accounting Oversight Board and  
MEMBER of the American Institute of  
Certified Public Accountants

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and the Required Supplementary Information on pages 70 to 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the other supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
January 30, 2014

This page intentionally left blank.

---

---

## Management's Discussion and Analysis

---

---

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City of Tulare's financial activities for the fiscal year ended June 30, 2013. 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 (the City) exceeded its liabilities at the close of the most recent fiscal year by \$304,293,121 (net position). Of this amount, \$38,124,150 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$249,055,661 in net investment in capital assets. The total net position includes all major infrastructure networks.
- The government's total net position increased by \$10,088,450 before extraordinary loss on the dissolution over the prior fiscal year. The majority of this increase is attributable to depreciable capital assets (Cartmill Grade Separation and Mulcahy Park).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$34,019,384, a decrease of \$347,772 before extraordinary loss in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$14,994,858 is restricted by law or externally imposed requirements and \$20,624,488 is committed for specific purposes. Available fund balance for the General Fund increased \$2,316,953, which equates to 5% of total General Fund expenditures for the year.
- The City total debt showed a net increase of \$950,802 (.39%) during the current fiscal year. The increase is due to the increase in claims liability slightly offset by a slight decrease in debt reduction (annual principal payment) and refunding of a portion of the 2003 Sewer Revenue Bonds.

### THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The **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 Position and the Statement of Activities

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

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

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

**Fiduciary Funds** – The City is the trustee, or fiduciary, for certain funds held on behalf of various third parties. The City's fiduciary activities are reported in a separate Statement of Net Position. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$304,293,121 at the close of the most recent fiscal year, which is a \$8,453,488, or 2.9%, increase in comparison with the prior year.

By far the largest portion of the City's net position (81.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current and other assets, \$567,118,355, approximately 11.9%, \$67,761,679, consists of cash and investments. These funds are invested in accordance with State law and the City's investment policy, and include funds legally and/or contractually restricted as to their use.



**City of Tulare**  
**Statement of Net Position**  
**As of June 30, 2012 and 2013**

|                                      | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|--------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                      | 2012                    | 2013                  | 2012                     | 2013                 | 2012                  | 2013                  |
| <b>Assets:</b>                       |                         |                       |                          |                      |                       |                       |
| Current and Other Assets             | \$ 67,110,893           | \$ 62,084,727         | \$ 35,515,902            | \$ 37,123,203        | \$ 102,626,795        | \$ 99,207,930         |
| Capital Assets (Net of Depreciation) | 187,398,904             | 198,052,923           | 270,996,497              | 269,857,502          | 458,395,401           | 467,910,425           |
| <b>Total Assets</b>                  | <b>254,509,797</b>      | <b>260,137,650</b>    | <b>306,512,399</b>       | <b>306,980,705</b>   | <b>561,022,196</b>    | <b>567,118,355</b>    |
| <b>Liabilities:</b>                  |                         |                       |                          |                      |                       |                       |
| Current and Other Liabilities        | 10,578,693              | 9,189,798             | 9,851,622                | 7,932,386            | 20,430,315            | 17,122,184            |
| Long-Term Liabilities                | 35,234,901              | 36,524,508            | 209,517,347              | 209,178,542          | 244,752,248           | 245,703,050           |
| <b>Total Liabilities</b>             | <b>45,813,594</b>       | <b>45,714,306</b>     | <b>219,368,969</b>       | <b>217,110,928</b>   | <b>265,182,563</b>    | <b>262,825,234</b>    |
| <b>Net Position:</b>                 |                         |                       |                          |                      |                       |                       |
| Net Investment in Capital            |                         |                       |                          |                      |                       |                       |
| Assets                               | 154,050,235             | 165,585,033           | 83,851,638               | 83,470,628           | 237,901,873           | 249,055,661           |
| Restricted                           | 5,112,388               | 2,212,182             | 14,901,129               | 14,901,128           | 20,013,517            | 17,113,310            |
| Unrestricted                         | 49,533,580              | 46,626,129            | (11,609,337)             | (8,501,979)          | 37,924,243            | 38,124,150            |
| <b>Total Net Position</b>            | <b>\$ 208,696,203</b>   | <b>\$ 214,423,344</b> | <b>\$ 87,143,430</b>     | <b>\$ 89,869,777</b> | <b>\$ 295,839,633</b> | <b>\$ 304,293,121</b> |

**Governmental Activities** – Total assets for governmental activities increased by \$5.6 million, with a current and other assets in governmental activities decrease of \$5.0 million and a capital assets increase of \$10.6 million. Total liabilities decreased by \$0.9 million with current and other liabilities decreasing by \$1.4 million and long-term liabilities increasing by \$1.3 million.

Of the \$5.7 million increase in governmental activities total net position, unrestricted net position decreased by \$2.9 million, restricted assets decreased by \$2.9 million, and net investment in capital assets increased by \$11.5 million. The increase in unrestricted net position is due to an increase in taxes.

**Business-Type Activities** – Total assets for business-type activities increased by \$468 thousand with a current and other assets increase of \$1.6 million and a decrease in capital assets of \$1.1 million. Total liabilities decreased by \$2.3 million with other liabilities decreasing by \$1.9 million and long-term liabilities decreasing by \$.4 million. Total net position for business-type activities increased by \$2.7 million. Business-type activities unrestricted net position increased by \$3.1 million. The increase in unrestricted net position is due to an increase in service charges and the creation of a new business-type activity (Community Development).

**Change in Net Position of the City**

The following table presents the government-wide changes in net position for both 2012 and 2013. The City's total revenue and transfers of \$99.8 million exceeded expenses and special item of \$91.3 million for an increase in net position of \$8.5 million.

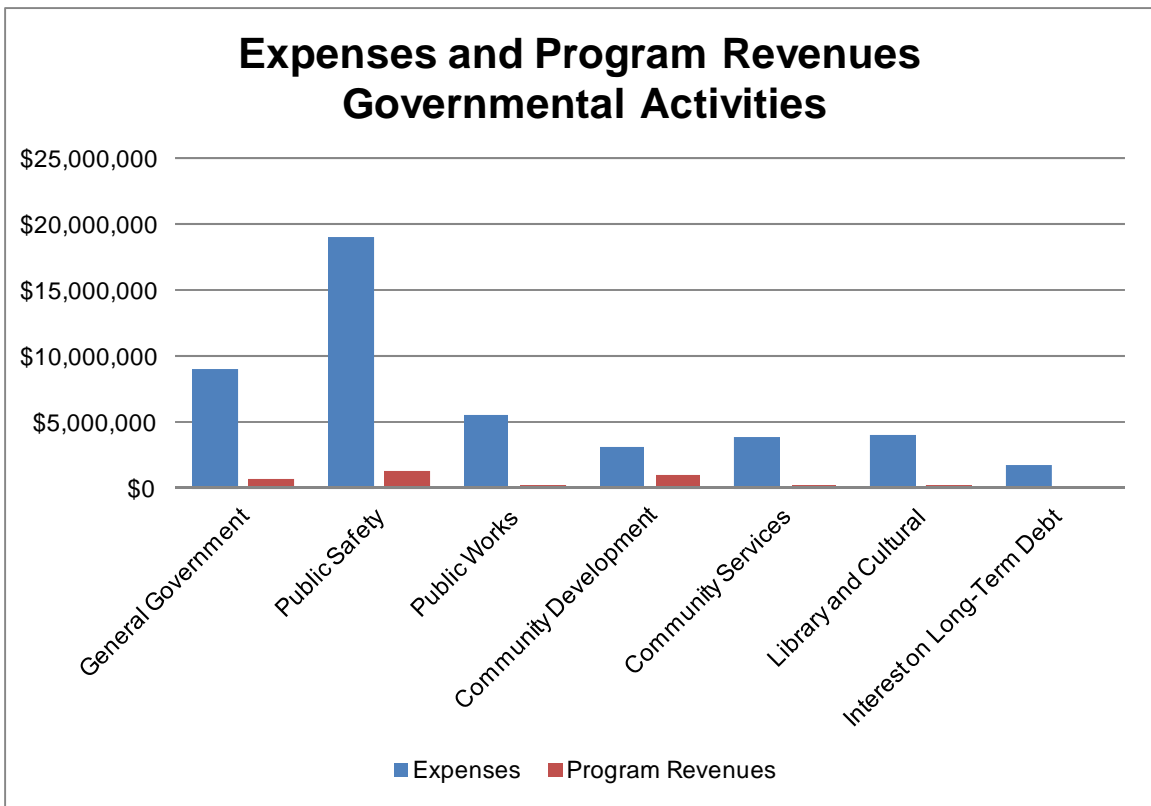
**Statement of Activities**

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2013, than it was at June 30, 2012.

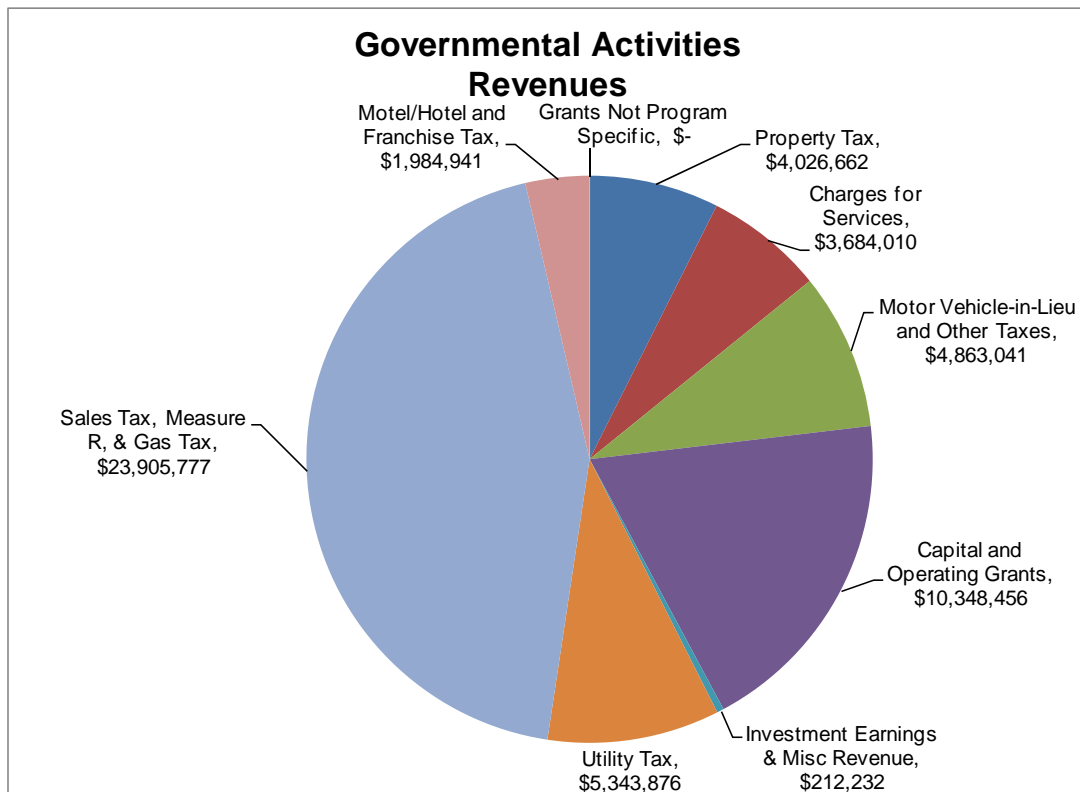
**City of Tulare**  
**Statement of Activities**  
**Fiscal Year Ended June 30, 2012 and 2013**

|  | Governmental Activities |                       | Business-Type Activities |                      | Total                 |                       |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | 2012                    | 2013                  | 2012                     | 2013                 | 2012                  | 2013                  |
| <b>REVENUES:</b>                                     |                         |                       |                          |                      |                       |                       |
| Programs Revenues:                                   |                         |                       |                          |                      |                       |                       |
| Charges for Services                                 | \$ 4,245,706            | \$ 3,684,010          | \$ 41,409,341            | \$ 43,902,867        | \$ 45,655,047         | \$ 47,586,877         |
| Operating Grants and Contributions                   | 1,181,916               | 1,151,910             | 1,679,277                | 863,097              | 2,861,193             | 2,015,007             |
| Capital Grants and Contributions                     | 10,881,509              | 9,196,546             | -                        | -                    | 10,881,509            | 9,196,546             |
| General Revenues:                                    |                         |                       |                          |                      |                       |                       |
| Taxes  | 36,789,490              | 40,124,297            | -                        | -                    | 36,789,490            | 40,124,297            |
| Investment Earnings                                  | 652,931                 | 212,232               | 679,628                  | 631,930              | 1,332,559             | 844,162               |
| Other  | 3,514,588               | (28,776)              | -                        | -                    | 3,514,588             | (28,776)              |
| <b>TOTAL REVENUES</b>                                | <b>57,266,140</b>       | <b>54,340,219</b>     | <b>43,768,246</b>        | <b>45,397,894</b>    | <b>101,034,386</b>    | <b>99,738,113</b>     |
| <b>EXPENSES:</b>                                     |                         |                       |                          |                      |                       |                       |
| Governmental Activities:                             |                         |                       |                          |                      |                       |                       |
| General Government                                   | 8,067,355               | 9,010,273             | -                        | -                    | 8,067,355             | 9,010,273             |
| Intergovernmental                                    | 4,875                   | 1,850                 | -                        | -                    | 4,875                 | 1,850                 |
| Public Safety  | 18,318,598              | 19,059,260            | -                        | -                    | 18,318,598            | 19,059,260            |
| Public Works   | 3,579,669               | 5,655,689             | -                        | -                    | 3,579,669             | 5,655,689             |
| Community Development                                | 6,997,115               | 3,122,172             | -                        | -                    | 6,997,115             | 3,122,172             |
| Community Services                                   | 2,941,823               | 3,941,229             | -                        | -                    | 2,941,823             | 3,941,229             |
| Library and Cultural                                 | 4,767,847               | 4,114,378             | -                        | -                    | 4,767,847             | 4,114,378             |
| Debt Service   | 1,541,400               | 1,797,517             | -                        | -                    | 1,541,400             | 1,797,517             |
| Business-Type Activities:                            |                         |                       |                          |                      |                       |                       |
| Aviation   | -                       | -                     | 367,763                  | 293,005              | 367,763               | 293,005               |
| Transit  | -                       | -                     | 2,543,927                | 2,618,740            | 2,543,927             | 2,618,740             |
| Development Services                                 | -                       | -                     | -                        | 1,342,996            | -                     | 1,342,996             |
| Water  | -                       | -                     | 5,961,595                | 6,998,271            | 5,961,595             | 6,998,271             |
| Solid Waste  | -                       | -                     | 6,170,699                | 5,562,606            | 6,170,699             | 5,562,606             |
| Sewer  | -                       | -                     | 23,915,636               | 26,131,677           | 23,915,636            | 26,131,677            |
| <b>TOTAL EXPENSES</b>                                | <b>46,218,682</b>       | <b>46,702,368</b>     | <b>38,959,620</b>        | <b>42,947,295</b>    | <b>85,178,302</b>     | <b>89,649,663</b>     |
| Increase (Decrease) in Net Position Before Transfers | 11,047,458              | 7,637,851             | 4,808,626                | 2,450,599            | 15,856,084            | 10,088,450            |
| Transfers  | 2,713,404               | (275,748)             | (293,211)                | 275,748              | 2,420,193             | -                     |
| Special Item Extraordinary Loss                      | (3,767,795)             | (1,634,962)           | -                        | -                    | (3,767,795)           | (1,634,962)           |
| Change in Net Position                               | 9,993,067               | 5,727,141             | 4,515,415                | 2,726,347            | 14,508,482            | 8,453,488             |
| Net Position, Beginning of Year                      | 198,703,136             | 208,696,203           | 82,628,015               | 87,143,430           | 281,331,151           | 295,839,633           |
| Net Position, End of Year                            | <b>\$ 208,696,203</b>   | <b>\$ 214,423,344</b> | <b>\$ 87,143,430</b>     | <b>\$ 89,869,777</b> | <b>\$ 295,839,633</b> | <b>\$ 304,293,121</b> |

**Governmental Activities** – Governmental activities increased the City’s net position by \$5.7 million during the year. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenues by \$17.8 million. Public Safety programs rely heavily on taxes to support their operations.



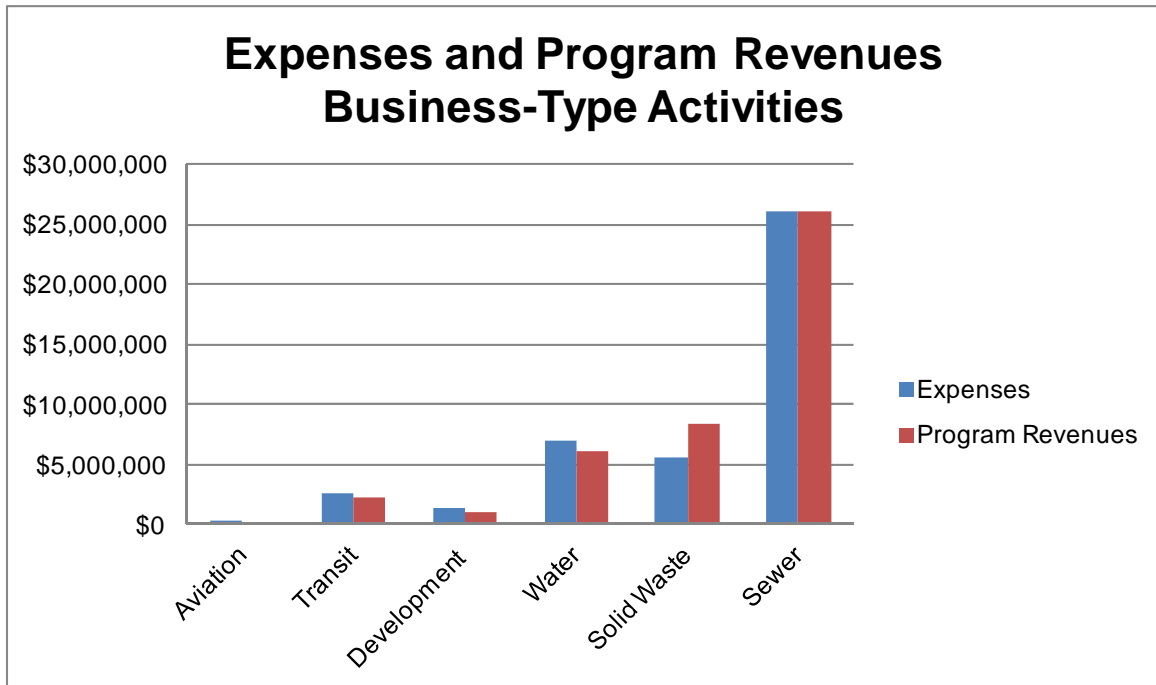
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, Measure R, and gas tax category is the largest revenue source for governmental activities and amounts to \$24 million or 44% of the total revenues. Capital and operating grants are also a significant revenue source for the City's governmental activities, amounting to \$10.3 million or 19% of total revenue, and public safety is the largest expense activity, amounting to \$19.1 million or 41% of total expenses.



Governmental Activities revenue decreased \$2.9 million, a 5% decrease compared to the previous fiscal year. This decrease is due primarily to a 101% (\$3.5 million) decrease in other revenue. The City is happy to report that tax revenues increased by 6% or \$3.3 million.

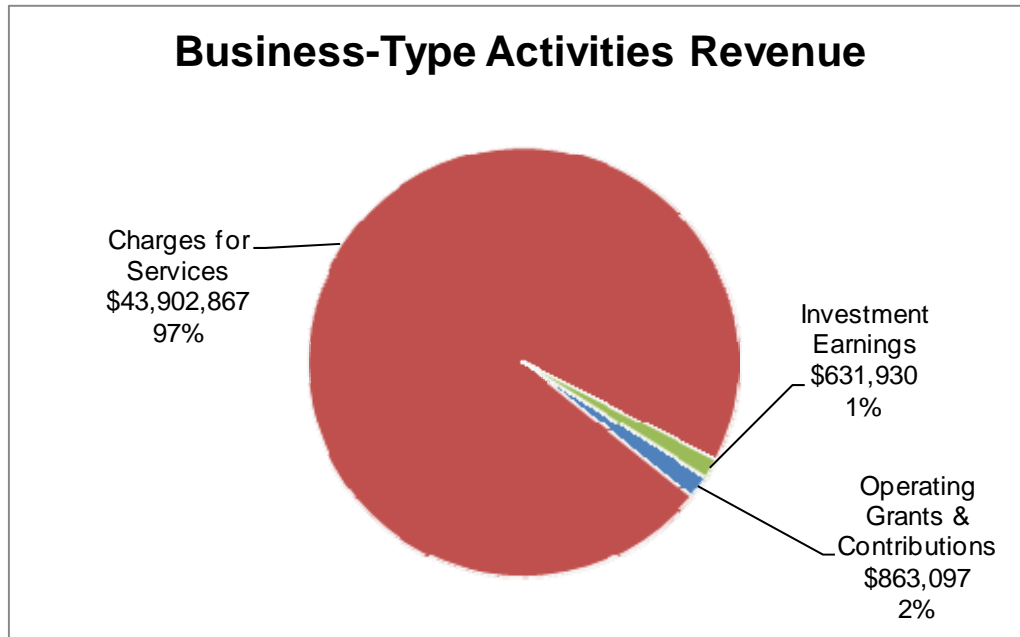
Total expenses in Governmental Activities had a modest increase of \$484 thousand from the previous fiscal year for an over 1% increase. The largest decrease of \$3.9 million was in community services, offset by an increase in public works of \$2.1 million.

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



Business-type activities increased the City's net position by \$2.7 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$2.7 million, in Aviation by \$42 thousand, and in Transit by \$267 thousand. This increase was offset by program expenses exceeding program revenues in Water by \$934 thousand, Development Services by \$253 thousand, and Sewer by \$80 thousand. Total expenses increased by \$3.9 million, 10.23%, over the prior year with the Sewer Fund showing the largest increase of \$2.2 million and the creation of the new Development Services Fund.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 97% of total revenues. Operating grants and contributions is the second largest revenue source at 2% of total revenue.



The total revenue increased by \$1.6 million, 4% over the prior year, with water showing the largest increase of \$.87 million. The increase is primarily due to a rate increase that went into effect February 1 and the water fund changed its billing method for water usage. Previously, the user was charged a flat fee for the first 10,000 gallons of water even if the consumption was under 10,000 and then charged for each 1,000 gallons of water usage after that. With the approval of the new rate also came a new 3 tier rate with a flat charge based on their meter size.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$34,019,384, a decrease of \$1,982,734 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Nonspendable Fund Balance** - \$35,000 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$14,994,858 consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for 1) \$8,336,836 for the purpose of the fund (i.e., Gas Tax and Measure R for street projects) and 2) \$2,875,150 for bond proceeds to remodel Fire Station 1 and Fire Station 2.
- **Committed Fund Balance** - \$20,624,488 has been committed by the Council for appropriation for next year's budget.
- **Assigned Fund Balance** - are funds set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$(1,634,962) are residual funds.

**General Fund** - The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's total fund balance decreased by 2.5%, or \$473 thousand to \$18,371,826. Of this decrease, the majority relates to the Unassigned amounts of fund balance. Major factors for this overall decrease:

- \$1.3 million increase is due to the reduction on the oversize agreement with developers.
- \$4.8 million decrease in Grants. This represents a 59% decrease over the prior fiscal year. This decrease is due to the completion of the Cartmill Grade Separation funded by the state grant in fiscal year 2012.
- \$2.1 million decrease to Community Development due to the reallocation of these expenditures to the new Development Services Fund to account for cost recovery.

**Other Governmental Funds** - As compared with the prior year, the total fund balances of the remaining governmental funds decreased from \$9,712,311 to \$8,667,887. The major factor for this overall decrease was:

- \$1.9 million decrease in the Capital Improvements Funds. This decrease is due to the completion of the remodeling project of Fire Stations 61 and 62.

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

The Transit Fund has total net position of \$5,522,790 at the end of the fiscal year, an increase of \$266,656 or 5%. Total net position includes \$4,930,565 net investment in capital assets, which is not available to cover current expenses. The increase to net position was due to an increase to grants and ridership revenue.

The Development Services Fund has a total net deficit of \$9,632 at the end of the fiscal year. The fund was created during the year to track cost order information to determine the correct changes for these services. Previously these expenditures were reported in the General Fund under Community Development.

The Water Fund has total net position of \$27,348,903 at the end of the fiscal year, a decrease of \$820,248 over the prior year. Total net position includes \$29,243,467 net investment in capital assets, which is not available to cover current expenses. \$10,077,272 of total net position is restricted for capital improvements (including plant and equipment replacement). The decrease to net position is due to the operating expenses being higher than the operating revenues.

The Solid Waste Fund has total net position of \$196,378 at the end of the fiscal year, an increase of \$2,777,778 over the prior year. Total net position includes \$67,455 net investment in capital assets, which is not available to cover current expenses. The increase in the net position is due to a new contract on how recyclables are being charged/reimbursed to the City.

The Sewer Fund has total net position of \$53,747,377 at the end of the fiscal year, an increase of \$469,642 over the prior year. Total net position includes \$45,076,713 net investment in capital assets, which is not available to cover current expenses. \$4,141,650 of total net position is restricted for capital improvements.

The Aviation Fund has total net position of \$3,063,961 at the end of the fiscal year, an increase of \$42,151 or 1.4%. Total net position includes \$4,152,428 net investment in capital assets, which is not available to cover current expenses. The major factor for this increase is improvement to the runways with is funded majority by federal and state grants.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$467,910,425 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress, and roads. The total increase in the City's investment in capital assets for the current fiscal year was \$9,515,024. (Please refer to Note 4 – Capital Assets)

The majority of the increase is a result of infrastructure constructed or acquired and improvements made during the fiscal year. These financial statements include infrastructure assets constructed or acquired through the 2012-13 fiscal year.

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

- The acquisitions of right of way for the Cartmill Interchange for \$5,516,163 which is scheduled to go out to bid in the next fiscal year.
- The completion of the remodeling of Fire Stations 61 and 62 for \$1,986,669.
- The completion of the Mulchaly Neighborhood park for \$1,236,674.
- The acquisitions and construction of the Bardsley Grade Separation for \$3,230,806 to be completed in the next fiscal year.

### City of Tulare Capital Assets As of June 30, 2012 and 2013

|  | Governmental Activities |                       | Business-Type Activities |                       | Total                 |                       |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|  | 2012                    | 2013                  | 2012                     | 2013                  | 2012                  | 2013                  |
| Land, Right-of-Way,<br>and Construction<br>in Progress                                       | \$ 53,911,473           | \$ 45,721,816         | \$ 17,930,526            | \$ 7,319,767          | \$ 71,841,999         | \$ 53,041,583         |
| Depreciable Buildings,<br>Property, Equipment,<br>and Infrastructure, Net<br>of Depreciation | 133,487,431             | 152,331,107           | 253,065,971              | 262,537,735           | 386,553,402           | 414,868,842           |
| Total Capital Assets   | <u>\$ 187,398,904</u>   | <u>\$ 198,052,923</u> | <u>\$ 270,996,497</u>    | <u>\$ 269,857,502</u> | <u>\$ 458,395,401</u> | <u>\$ 467,910,425</u> |

**Long-Term Debt** – At the end of the fiscal year, the City had a total debt outstanding of \$244,561,448, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt)

### City of Tulare Outstanding Debt As of June 30, 2012 and 2013

|                        | Governmental Activities |                      | Business-Type Activities |                       | Total                 |                       |
|------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                        | 2012                    | 2013                 | 2012                     | 2013                  | 2012                  | 2013                  |
| Lease Revenue Bonds    | \$ 30,650,000           | \$ 29,920,000        | \$ -                     | \$ -                  | \$ 30,650,000         | \$ 29,920,000         |
| Lease Payable          | 1,227,504               | 1,133,674            | 12,190,869               | 11,059,545            | 13,418,373            | 12,193,219            |
| Revenue Bonds Payable  | -                       | -                    | 200,218,330              | 197,068,905           | 200,218,330           | 197,068,905           |
| Total Outstanding Debt | <u>\$ 31,877,504</u>    | <u>\$ 31,053,674</u> | <u>\$ 212,409,199</u>    | <u>\$ 208,128,450</u> | <u>\$ 244,286,703</u> | <u>\$ 239,182,124</u> |

With respect to the Governmental Activities, the outstanding \$31,334,217 in lease revenue bonds (which includes the bond premium) were issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II, and preliminary work on railroad grade separation crossings.

Of the \$209,178,816 outstanding debt in the Business-Type Activities, \$197,068,905 relates to the Sewer Fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated "Aaa" by Moody's Investors Services and "AAA" by Standard & Poors.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect a minor increase in appropriations of \$292,210.

The final amended revenue estimate budget figures in the General Fund were higher than actual revenue by \$2,296,931 and appropriations were higher than actual expenditures by \$26,435,044. The significant differences between budget and actual amounts are as follows:

- \$4,222,517 negative variance in grants income is primarily from the construction of the Bardsley Grade Separation. This project is funded majority through a reimbursable state grant and will take around 18-24 months to complete.
- \$1,317,794 positive variance in other revenue due to a one fund of \$842,000 from the County of Tulare for the overcharged of administrative fee since 2006.
- \$24,786,580 positive variance in Capital Outlay is primarily for appropriating street projects (Bardsley Grade Separation and Cartmill Interchange) even though the projects would not start or be completed until 2 - 3 years out.

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

The key assumptions in the General Fund forecast for fiscal year 2013-14 were:

- Increase Library hours by 25%.
- Fostering a LEAN working climate.
- Implementing a Fleet Cost Accounting Program.
- Set aside funds to cover future election costs.
- Implementing an electronic filing system at City Hall.
- Implementing an on-line payroll data entry.
- Transferring the remaining Planning and Engineering operation to the new enterprise fund – Community Development for cost recovery.

### **REQUESTS FOR INFORMATION**

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



This page intentionally left blank.

**BASIC FINANCIAL  
STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

This page intentionally left blank.

**CITY OF TULARE  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

|  | Primary Government         |                             |                       |
|--|----------------------------|-----------------------------|-----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
| <b>Assets</b>                            |                            |                             |                       |
| Cash and Investments                     | \$ 38,222,065              | \$ 5,586,130                | \$ 43,808,195         |
| Cash and Investments with Fiscal Agent   | 2,212,182                  | 17,684,751                  | 19,896,933            |
| Restricted Cash and Investments          | -                          | 4,056,551                   | 4,056,551             |
| Receivables:                             |                            |                             |                       |
| Accounts                                 | 951,186                    | 3,637,314                   | 4,588,500             |
| Interest                                 | 51,874                     | -                           | 51,874                |
| Taxes                                    | 1,752,341                  | -                           | 1,752,341             |
| Intergovernmental                        | 3,202,947                  | 2,116,552                   | 5,319,499             |
| Inventories                              | 314,545                    | -                           | 314,545               |
| Notes Receivable                         | 1,284,453                  | -                           | 1,284,453             |
| Internal Balances                        | 159,336                    | (159,336)                   | -                     |
| Deferred Charges                         | -                          | 4,201,241                   | 4,201,241             |
| Deferred Loans Receivable                | 12,574,392                 | -                           | 12,574,392            |
| Land Held for Resale                     | 35,000                     | -                           | 35,000                |
| Nondepreciable Capital Assets            | 45,721,816                 | 7,319,767                   | 53,041,583            |
| Depreciable Capital Assets, Net          | 152,331,107                | 262,537,735                 | 414,868,842           |
| Bond Issuance Costs, Net of Amortization | 1,324,406                  | -                           | 1,324,406             |
| <b>Total Assets</b>                      | <b>260,137,650</b>         | <b>306,980,705</b>          | <b>567,118,355</b>    |
| Deferred Outflows of Resources           | -                          | -                           | -                     |
| <b>Liabilities</b>                       |                            |                             |                       |
| Accounts Payable and Accrued Liabilities | 7,930,198                  | 5,105,084                   | 13,035,282            |
| Accrued Interest Payable                 | 391,231                    | -                           | 391,231               |
| Deposits Payable                         | 868,369                    | 294,583                     | 1,162,952             |
| Other Payable                            | -                          | 1,034,658                   | 1,034,658             |
| Deferred Revenue                         | -                          | 1,498,061                   | 1,498,061             |
| Long-Term Liabilities:                   |                            |                             |                       |
| Due Within One Year:                     |                            |                             |                       |
| Compensated Absences Payable             | 153,691                    | 59,570                      | 213,261               |
| Leases Payable                           | 98,091                     | 1,177,004                   | 1,275,095             |
| Insurance Claims Payable                 | 1,141,877                  | -                           | 1,141,877             |
| Revenue Bonds Payable                    | 816,948                    | 2,833,040                   | 3,649,988             |
| Total Due Within One Year                | <u>11,400,405</u>          | <u>12,002,000</u>           | <u>23,402,405</u>     |
| Due After One Year:                      |                            |                             |                       |
| Compensated Absences Payable             | 1,998,020                  | 774,732                     | 2,772,752             |
| Leases Payable                           | 1,035,583                  | 9,882,269                   | 10,917,852            |
| Notes Payable                            | -                          | -                           | -                     |
| Net Post-Employment Benefits Obligation  | 763,030                    | 216,064                     | 979,094               |
| Revenue Bonds Payable                    | 30,517,268                 | 194,235,863                 | 224,753,131           |
| Total Due After One Year                 | <u>34,313,901</u>          | <u>205,108,928</u>          | <u>239,422,829</u>    |
| <b>Total Liabilities</b>                 | <b>45,714,306</b>          | <b>217,110,928</b>          | <b>262,825,234</b>    |
| Deferred Inflows of Resources            | -                          | -                           | -                     |
| <b>Net Position</b>                      |                            |                             |                       |
| Net Investment in Capital Assets         | 165,585,033                | 83,470,628                  | 249,055,661           |
| Restricted for Capital Improvements      | 2,212,182                  | 14,901,128                  | 17,113,310            |
| Unrestricted                             | 46,626,129                 | (8,501,979)                 | 38,124,150            |
| <b>Total Net Position</b>                | <b>\$ 214,423,344</b>      | <b>\$ 89,869,777</b>        | <b>\$ 304,293,121</b> |

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

**CITY OF TULARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

| 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                    | \$ 9,010,273         | \$ 498,638           | \$ 235,332                         | \$ -                             | \$ 733,970           |
| Intergovernmental                     | 1,850                | 179,467              | 560,743                            | -                                | 740,210              |
| Public Safety                         | 19,059,260           | 1,285,941            | 3,388                              | -                                | 1,289,329            |
| Public Works                          | 5,655,689            | 312,403              | -                                  | 9,196,546                        | 9,508,949            |
| Community Development                 | 3,122,172            | 962,594              | -                                  | -                                | 962,594              |
| Community Services                    | 3,941,229            | 217,701              | -                                  | -                                | 217,701              |
| Library and Cultural                  | 4,114,378            | 227,266              | 352,447                            | -                                | 579,713              |
| Interest on Long-Term Debt            | 1,797,517            | -                    | -                                  | -                                | -                    |
| <b>Total Governmental Activities</b>  | <b>46,702,368</b>    | <b>3,684,010</b>     | <b>1,151,910</b>                   | <b>9,196,546</b>                 | <b>14,032,466</b>    |
| <b>Business-Type Activities:</b>      |                      |                      |                                    |                                  |                      |
| Aviation                              | 293,005              | 109,303              | 225,853                            | -                                | 335,156              |
| Transit                               | 2,618,740            | 2,248,152            | 637,244                            | -                                | 2,885,396            |
| Development Services                  | 1,342,996            | 1,089,516            | -                                  | -                                | 1,089,516            |
| Water                                 | 6,998,271            | 6,063,775            | -                                  | -                                | 6,063,775            |
| Solid Waste                           | 5,562,606            | 8,340,384            | -                                  | -                                | 8,340,384            |
| Sewer                                 | 26,131,677           | 26,051,737           | -                                  | -                                | 26,051,737           |
| <b>Total Business-Type Activities</b> | <b>42,947,295</b>    | <b>43,902,867</b>    | <b>863,097</b>                     | <b>-</b>                         | <b>44,765,964</b>    |
| <b>Total Primary Government</b>       | <b>\$ 89,649,663</b> | <b>\$ 47,586,877</b> | <b>\$ 2,015,007</b>                | <b>\$ 9,196,546</b>              | <b>\$ 58,798,430</b> |

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF ACTIVITIES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

| Functions/Programs  | Net (Expense) Revenue<br>and Changes in Net Position |                             |                        |
|---|--|-----------------------------|------------------------|
|   | Primary Government                                   |                             |                        |
|   | Governmental<br>Activities                           | Business-Type<br>Activities | Total                  |
| <b>Primary Government:</b>  |  |                             |                        |
| <b>Governmental Activities</b>  |  |                             |                        |
| General Government  | \$ (8,276,303)                                       | \$ -                        | \$ (8,276,303)         |
| Intergovernmental   | 738,360  | -                           | 738,360                |
| Public Safety   | (17,769,931)   | -                           | (17,769,931)           |
| Public Works  | 3,853,260  | -                           | 3,853,260              |
| Community Development   | (2,159,578)  | -                           | (2,159,578)            |
| Community Services  | (3,723,528)  | -                           | (3,723,528)            |
| Library and Cultural  | (3,534,665)  | -                           | (3,534,665)            |
| Interest on Long-Term Debt  | (1,797,517)  | -                           | (1,797,517)            |
| <b>Total Governmental Activities</b>  | <b>(32,669,902)</b>                                  | <b>-</b>                    | <b>(32,669,902)</b>    |
| <b>Business-Type Activities:</b>  |  |                             |                        |
| Aviation  | -  | 42,151                      | 42,151                 |
| Transit   | -  | 266,656                     | 266,656                |
| Development Services  | -  | (253,480)                   | (253,480)              |
| Water   | -  | (934,496)                   | (934,496)              |
| Solid Waste   | -  | 2,777,778                   | 2,777,778              |
| Sewer   | -  | (79,940)                    | (79,940)               |
| <b>Total Business-Type Activities</b>   | <b>-</b>   | <b>1,818,669</b>            | <b>1,818,669</b>       |
| <b>Total Primary Government</b>   | <b>\$ (32,669,902)</b>                               | <b>\$ 1,818,669</b>         | <b>\$ (30,851,233)</b> |
| <b>General Revenues:</b>  |  |                             |                        |
| Sales/Gas Tax/Measure R Taxes   | \$ 23,905,777  | \$ -                        | \$ 23,905,777          |
| Property Tax  | 4,026,662  | -                           | 4,026,662              |
| Utility Tax   | 5,343,876  | -                           | 5,343,876              |
| Motor Vehicle-in-Lieu Tax<br>(Intergovernmental, Unrestricted)                              | 4,229,944  | -                           | 4,229,944              |
| Other Taxes   | 633,097  | -                           | 633,097                |
| Motel/Hotel and Franchise Tax   | 1,984,941  | -                           | 1,984,941              |
| Investment Earnings - Unrestricted  | 212,232  | 631,930                     | 844,162                |
| <b>Transfer of Noncurrent Assets, Net of the<br/>Related Debt to the Primary Government</b> | <b>(28,776)</b>                                      | <b>-</b>                    | <b>(28,776)</b>        |
| <b>Other Transfers</b>  | <b>(275,748)</b>                                     | <b>275,748</b>              | <b>-</b>               |
| <b>Total General Revenues and Transfers</b>   | <b>40,032,005</b>                                    | <b>907,678</b>              | <b>40,939,683</b>      |
| Change in Net Position before Extraordinary Item  | 7,362,103  | 2,726,347                   | 10,088,450             |
| Extraordinary Loss  | (1,634,962)  | -                           | (1,634,962)            |
| <b>Change in Net Position</b>   | <b>5,727,141</b>                                     | <b>2,726,347</b>            | <b>8,453,488</b>       |
| Net Position - Beginning of Year  | 208,696,203  | 87,143,430                  | 295,839,633            |
| Net Position - End of Year  | <b>\$ 214,423,344</b>                                | <b>\$ 89,869,777</b>        | <b>\$ 304,293,121</b>  |

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

This page intentionally left blank.

**BASIC FINANCIAL  
STATEMENTS**

**FUND FINANCIAL STATEMENTS**



**CITY OF TULARE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

|  | General<br>Fund      | HOME<br>Program<br>Fund | Measure<br>R<br>Fund | Financing<br>Authority<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|----------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Assets and Deferred Outflows of Resources</b>                           |                      |                         |                      |                                |                                |                                |
| Cash and Investments   | \$ 21,127,330        | \$ 18,445               | \$ 667,279           | \$ 1,686,238                   | \$ 7,067,127                   | \$ 30,566,419                  |
| Cash and Investments with Fiscal Agent                                     | -                    | -                       | -                    | 1,580,143                      | 579,722                        | 2,159,865                      |
| Receivables  |                      |                         |                      |                                |                                |                                |
| Accounts   | 883,786              | 1,746                   | -                    | -                              | 14,162                         | 899,694                        |
| Interest   | 27,632               | 25                      | 12,694               | -                              | 11,523                         | 51,874                         |
| Taxes  | 1,634,447            | -                       | -                    | -                              | 117,894                        | 1,752,341                      |
| Intergovernmental  | 900,412              | 25,181                  | 1,424,548            | -                              | 733,848                        | 3,083,989                      |
| Deferred Loans Receivable  | -                    | 7,593,220               | -                    | -                              | 3,342,113                      | 10,935,333                     |
| Notes Receivable   | -                    | -                       | -                    | -                              | 1,284,453                      | 1,284,453                      |
| Land Held for Resale   | -                    | -                       | -                    | -                              | 35,000                         | 35,000                         |
| Due from Other Funds   | 683,145              | -                       | -                    | -                              | -                              | 683,145                        |
| Advances to Other Funds  | 270,000              | -                       | -                    | -                              | -                              | 270,000                        |
| <b>Total Assets</b>  | <b>25,526,752</b>    | <b>7,638,617</b>        | <b>2,104,521</b>     | <b>3,266,381</b>               | <b>13,185,842</b>              | <b>51,722,113</b>              |
| Deferred Outflows of Resources   | -                    | -                       | -                    | -                              | -                              | -                              |
| <b>Total Assets and Deferred Outflows of Resources</b>                     | <b>\$ 25,526,752</b> | <b>\$ 7,638,617</b>     | <b>\$ 2,104,521</b>  | <b>\$ 3,266,381</b>            | <b>\$ 13,185,842</b>           | <b>\$ 51,722,113</b>           |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>       |                      |                         |                      |                                |                                |                                |
| <b>Liabilities</b>   |                      |                         |                      |                                |                                |                                |
| Accounts Payable and Accrued Liabilities                                   | \$ 6,139,057         | \$ -                    | \$ -                 | \$ 391,231                     | \$ 382,425                     | \$ 6,912,713                   |
| Deposits Payable   | 868,369              | -                       | -                    | -                              | -                              | 868,369                        |
| Due to Other Funds   | 147,500              | -                       | -                    | -                              | 535,645                        | 683,145                        |
| Due to Other Government  | -                    | -                       | -                    | -                              | -                              | -                              |
| Deferred Revenue   | -                    | 5,638,617               | -                    | -                              | 3,599,885                      | 9,238,502                      |
| <b>Total Liabilities</b>   | <b>7,154,926</b>     | <b>5,638,617</b>        | <b>-</b>             | <b>391,231</b>                 | <b>4,517,955</b>               | <b>17,702,729</b>              |
| Deferred Inflows of Resources  | -                    | -                       | -                    | -                              | -                              | -                              |
| <b>Fund Balances</b>   |                      |                         |                      |                                |                                |                                |
| Nonspendable   | -                    | -                       | -                    | -                              | 35,000                         | 35,000                         |
| Restricted   | 8,708                | 2,000,000               | 2,104,521            | 2,875,150                      | 8,006,479                      | 14,994,858                     |
| Committed  | 19,998,080           | -                       | -                    | -                              | 626,408                        | 20,624,488                     |
| Unassigned   | (1,634,962)          | -                       | -                    | -                              | -                              | (1,634,962)                    |
| <b>Total Fund Balances</b>   | <b>18,371,826</b>    | <b>2,000,000</b>        | <b>2,104,521</b>     | <b>2,875,150</b>               | <b>8,667,887</b>               | <b>34,019,384</b>              |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 25,526,752</b> | <b>\$ 7,638,617</b>     | <b>\$ 2,104,521</b>  | <b>\$ 3,266,381</b>            | <b>\$ 13,185,842</b>           | <b>\$ 51,722,113</b>           |

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

**CITY OF TULARE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

|   | Amount                |
|---|-----------------------|
| <b>Total Fund Balances - Total Governmental Funds</b>   | <b>\$ 34,019,384</b>  |
| <br>Amounts reported for governmental activities in the Statement of Net Position are different because:  |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.  | 186,448,431           |
| Deferred loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.   | 10,935,333            |
| Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.   | 1,324,407             |
| Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | 17,201,655            |
| 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.  | (391,231)             |
| 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   | (31,334,217)          |
| Capital Leases Payable  | (1,133,674)           |
| Compensated Absences Payable  | (2,151,711)           |
| Net Post-Employment Benefits Obligation   | (763,030)             |
| <b>Net Position of Governmental Activities</b>  | <b>\$ 214,423,344</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, 2013**

|  | General<br>Fund      | HOME<br>Program<br>Fund | Measure<br>R<br>Fund | Financing<br>Authority<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|----------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                      |                         |                      |                                |                                |                                |
| Taxes  | \$ 29,804,750        | \$ -                    | \$ 8,431,736         | \$ -                           | \$ 1,887,811                   | \$ 40,124,297                  |
| Intergovernmental  | 46,550               | 28,748                  | -                    | -                              | 104,067                        | 179,365                        |
| Licenses and Permits   | 78,939               | -                       | -                    | -                              | -                              | 78,939                         |
| Fines and Forfeitures  | 28,877               | -                       | -                    | -                              | 204,290                        | 233,167                        |
| Charges for Services   | 2,481,343            | -                       | -                    | -                              | -                              | 2,481,343                      |
| Interest and Rentals   | 197,137              | -                       | -                    | 41,649                         | 1,055                          | 239,841                        |
| Grants   | 3,346,933            | 1,308                   | -                    | -                              | 2,216,184                      | 5,564,425                      |
| Meals  | -                    | -                       | -                    | -                              | 26,296                         | 26,296                         |
| Assessments  | 85,616               | -                       | -                    | -                              | 625,580                        | 711,196                        |
| Other  | 4,058,134            | -                       | -                    | -                              | 30,501                         | 4,088,635                      |
| <b>Total Revenues</b>  | <b>40,128,279</b>    | <b>30,056</b>           | <b>8,431,736</b>     | <b>41,649</b>                  | <b>5,095,784</b>               | <b>53,727,504</b>              |
| <b>Expenditures</b>  |                      |                         |                      |                                |                                |                                |
| Current  |                      |                         |                      |                                |                                |                                |
| General Government   | 3,354,212            | -                       | -                    | -                              | -                              | 3,354,212                      |
| Intergovernmental  | -                    | -                       | -                    | 1,850                          | -                              | 1,850                          |
| Public Safety  | 17,817,976           | -                       | -                    | -                              | 640,395                        | 18,458,371                     |
| Public Works   | 2,368,831            | -                       | -                    | -                              | 3,175,718                      | 5,544,549                      |
| Community Development  | 1,283,742            | 5,000                   | -                    | -                              | 860,853                        | 2,149,595                      |
| Community Services   | 3,884,359            | -                       | -                    | -                              | -                              | 3,884,359                      |
| Library and Cultural   | 794,455              | -                       | -                    | -                              | -                              | 794,455                        |
| Capital Outlay   | 16,668,830           | -                       | -                    | -                              | -                              | 16,668,830                     |
| Debt Service   |                      |                         |                      |                                |                                |                                |
| Principal  | 76,010               | -                       | -                    | 730,000                        | 256,000                        | 1,062,010                      |
| Interest and Fiscal Charges                                  | 60,261               | 56                      | 62,722               | 1,586,826                      | 43,729                         | 1,753,594                      |
| <b>Total Expenditures</b>                                    | <b>46,308,676</b>    | <b>5,056</b>            | <b>62,722</b>        | <b>2,318,676</b>               | <b>4,976,695</b>               | <b>53,671,825</b>              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (6,180,397)          | 25,000                  | 8,369,014            | (2,277,027)                    | 119,089                        | 55,679                         |
| Other Financing Sources (Uses)                               |                      |                         |                      |                                |                                |                                |
| Transfers In   | 14,068,417           | -                       | -                    | 2,289,983                      | 673,156                        | 17,031,556                     |
| Transfers Out  | (6,726,741)          | -                       | (8,622,741)          | (248,856)                      | (1,836,669)                    | (17,435,007)                   |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>7,341,676</b>     | <b>-</b>                | <b>(8,622,741)</b>   | <b>2,041,127</b>               | <b>(1,163,513)</b>             | <b>(403,451)</b>               |
| Change in Fund Balances before<br>Extraordinary Loss         | 1,161,279            | 25,000                  | (253,727)            | (235,900)                      | (1,044,424)                    | (347,772)                      |
| Extraordinary Item<br>Extraordinary Loss                     | (1,634,962)          | -                       | -                    | -                              | -                              | (1,634,962)                    |
| <b>Net Change in Fund Balances</b>                           | <b>(473,683)</b>     | <b>25,000</b>           | <b>(253,727)</b>     | <b>(235,900)</b>               | <b>(1,044,424)</b>             | <b>(1,982,734)</b>             |
| Fund Balances - Beginning                                    | 18,845,509           | 1,975,000               | 2,358,248            | 3,111,050                      | 9,712,311                      | 36,002,118                     |
| <b>Fund Balances - Ending</b>                                | <b>\$ 18,371,826</b> | <b>\$ 2,000,000</b>     | <b>\$ 2,104,521</b>  | <b>\$ 2,875,150</b>            | <b>\$ 8,667,887</b>            | <b>\$ 34,019,384</b>           |

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

**CITY OF TULARE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Amount                |
|---|-----------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | <b>\$ (1,982,734)</b> |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>   |                       |
| <p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>   | 10,909,514            |
| <p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of 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  | 1,118,958             |
| This amount represents amortization of bond issuance costs  | (53,332)              |
| <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  | (108,170)             |
| This amount represents costs of post-employment benefits  | (109,480)             |
| <p>Interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the interest expense is not reported as an expenditure in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.</p>  | 7,300                 |
| <p>In the Governmental Funds, the deferred loan repayment from the former component unit was not recognized. In the Government-Wide statements, the deferred loan receivable is recognized as a special item.</p>   | (28,776)              |
| <p>Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.</p>   | (4,026,139)           |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ 5,727,141</b>   |

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

|  | Business-Type Activities - Enterprise Funds |                         |                      |                     |                       |                     | Governmental<br>Activities   |                              |
|--|---|-------------------------|----------------------|---------------------|-----------------------|---------------------|------------------------------|------------------------------|
|  | Transit                                     | Development<br>Services | Water                | Solid<br>Waste      | Sewer                 | Aviation            | Total<br>Enterprise<br>Funds | Internal<br>Service<br>Funds |
| <b>Assets and Deferred Outflows of Resources</b>       |   |                         |                      |                     |                       |                     |                              |                              |
| <b>Current Assets</b>                                  |   |                         |                      |                     |                       |                     |                              |                              |
| Cash and Investments                                   | \$ 512,678                                  | \$ 141,269              | \$ -                 | \$ 1,904,124        | \$ 3,028,059          | \$ -                | \$ 5,586,130                 | \$ 7,655,646                 |
| Cash and Investments with<br>Fiscal Agent              | -   | -                       | -                    | -                   | 17,684,751            | -                   | 17,684,751                   | 52,317                       |
| Restricted Cash and<br>Investments                     | -   | -                       | -                    | -                   | 4,056,551             | -                   | 4,056,551                    | -                            |
| Accounts Receivable                                    | 18,883                                      | -                       | 638,244              | 760,624             | 2,216,699             | 2,864               | 3,637,314                    | 51,492                       |
| Intergovernmental Receivable                           | 1,951,070                                   | -                       | -                    | 125,227             | 1,095                 | 39,160              | 2,116,552                    | 118,958                      |
| Inventories  | -   | -                       | -                    | -                   | -                     | -                   | -                            | 314,545                      |
| Due from Other Funds                                   | -   | -                       | -                    | -                   | 4,120,716             | -                   | 4,120,716                    | 630,273                      |
| Advances to Other Funds                                | -   | -                       | 2,498,083            | -                   | -                     | -                   | 2,498,083                    | -                            |
| Deferred Charges                                       | -   | -                       | -                    | -                   | 4,201,241             | -                   | 4,201,241                    | -                            |
| <b>Total Current Assets</b>                            | <b>2,482,631</b>                            | <b>141,269</b>          | <b>3,136,327</b>     | <b>2,789,975</b>    | <b>35,309,112</b>     | <b>42,024</b>       | <b>43,901,338</b>            | <b>8,823,231</b>             |
| <b>Noncurrent Assets</b>                               |   |                         |                      |                     |                       |                     |                              |                              |
| <b>Capital Assets</b>                                  |   |                         |                      |                     |                       |                     |                              |                              |
| <b>Nondepreciable</b>                                  |   |                         |                      |                     |                       |                     |                              |                              |
| Land   | 193,261                                     | -                       | 2,347,356            | -                   | 1,544,349             | 279,215             | 4,364,181                    | 75,000                       |
| Construction in Progress                               | -   | -                       | -                    | -                   | 1,476,831             | 1,478,755           | 2,955,586                    | -                            |
| <b>Depreciable</b>                                     |   |                         |                      |                     |                       |                     |                              |                              |
| Buildings  | 4,211,998                                   | -                       | 6,900                | -                   | 396,132               | 161,451             | 4,776,481                    | 6,187,770                    |
| Improvements Other Than<br>Buildings                   | -   | -                       | 51,413,352           | 8,992               | 258,492,352           | 4,738,683           | 314,653,379                  | 1,648,583                    |
| Machinery and Equipment                                | 3,852,085                                   | -                       | 689,816              | 193,271             | 3,804,801             | 47,830              | 8,587,803                    | 17,975,446                   |
| Accumulated Depreciation                               | (3,326,779)                                 | -                       | (18,494,313)         | (134,808)           | (40,970,522)          | (2,553,506)         | (65,479,928)                 | (14,282,307)                 |
| <b>Total Noncurrent Assets</b>                         | <b>4,930,565</b>                            | <b>-</b>                | <b>35,963,111</b>    | <b>67,455</b>       | <b>224,743,943</b>    | <b>4,152,428</b>    | <b>269,857,502</b>           | <b>11,604,492</b>            |
| <b>Total Assets</b>                                    | <b>7,413,196</b>                            | <b>141,269</b>          | <b>39,099,438</b>    | <b>2,857,430</b>    | <b>260,053,055</b>    | <b>4,194,452</b>    | <b>313,758,840</b>           | <b>20,427,723</b>            |
| <b>Deferred Outflows of Resources</b>                  | <b>-</b>                                    | <b>-</b>                | <b>-</b>             | <b>-</b>            | <b>-</b>              | <b>-</b>            | <b>-</b>                     | <b>-</b>                     |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 7,413,196</b>                         | <b>\$ 141,269</b>       | <b>\$ 39,099,438</b> | <b>\$ 2,857,430</b> | <b>\$ 260,053,055</b> | <b>\$ 4,194,452</b> | <b>\$ 313,758,840</b>        | <b>\$ 20,427,723</b>         |

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

|  | Business-Type Activities - Enterprise Funds |                      |                      |                   |                      |                     | Governmental Activities |                        |
|--|---|----------------------|----------------------|-------------------|----------------------|---------------------|-------------------------|------------------------|
|  | Transit                                     | Development Services | Water                | Solid Waste       | Sewer                | Aviation            | Total Enterprise Funds  | Internal Service Funds |
| <b>Liabilities and Deferred Inflows of Resources</b>       |   |                      |                      |                   |                      |                     |                         |                        |
| Current Liabilities  |   |                      |                      |                   |                      |                     |                         |                        |
| Accounts Payable and Accrued Liabilities                   | \$ 87,627                                   | \$ 52,937            | \$ 582,886           | \$ 197,446        | \$ 4,179,853         | \$ 4,335            | \$ 5,105,084            | \$ 1,017,485           |
| Deposits Payable   | -   | -                    | 135,451              | -                 | 159,132              | -                   | 294,583                 | -                      |
| Due to Other Funds   | -   | -                    | 2,996,500            | -                 | -                    | 1,124,216           | 4,120,716               | 630,273                |
| Deferred Revenue   | 1,498,061                                   | -                    | -                    | -                 | -                    | -                   | 1,498,061               | 57,772                 |
| Other Payables   | -   | -                    | 1,034,658            | -                 | -                    | -                   | 1,034,658               | -                      |
| Compensated Absences - Current                             | 2,072                                       | 6,305                | 16,704               | 12,783            | 21,671               | 35                  | 59,570                  | 3,820                  |
| Advances from Other Funds - Current                        | 90,000                                      | -                    | -                    | 200,050           | 16,987               | -                   | 307,037                 | 10,060                 |
| Leases Payable - Current                                   | -   | -                    | 581,230              | -                 | 595,774              | -                   | 1,177,004               | 18,630                 |
| Revenue Bonds Payable - Current                            | -   | -                    | -                    | -                 | 2,833,040            | -                   | 2,833,040               | -                      |
| Insurance Claims Payable                                   | -   | -                    | -                    | -                 | -                    | -                   | -                       | 1,141,877              |
| <b>Total Current Liabilities</b>                           | <b>1,677,760</b>                            | <b>59,242</b>        | <b>5,347,429</b>     | <b>410,279</b>    | <b>7,806,457</b>     | <b>1,128,586</b>    | <b>16,429,753</b>       | <b>2,879,917</b>       |
| Noncurrent Liabilities                                     |   |                      |                      |                   |                      |                     |                         |                        |
| Advances from Other Funds                                  | 180,000                                     | -                    | -                    | 2,000,512         | 169,870              | -                   | 2,350,382               | 100,604                |
| Compensated Absences Payable                               | 26,949                                      | 81,999               | 217,244              | 166,245           | 281,839              | 456                 | 774,732                 | 48,863                 |
| Leases Payable   | -   | -                    | 6,138,414            | -                 | 3,743,855            | -                   | 9,882,269               | 196,684                |
| Net Post-Employment Benefits Obligation                    | 5,697                                       | 9,660                | 47,448               | 84,016            | 67,794               | 1,449               | 216,064                 | -                      |
| Revenue Bonds Payable                                      | -   | -                    | -                    | -                 | 194,235,863          | -                   | 194,235,863             | -                      |
| <b>Total Noncurrent Liabilities</b>                        | <b>212,646</b>                              | <b>91,659</b>        | <b>6,403,106</b>     | <b>2,250,773</b>  | <b>198,499,221</b>   | <b>1,905</b>        | <b>207,459,310</b>      | <b>346,151</b>         |
| <b>Total Liabilities</b>                                   | <b>1,890,406</b>                            | <b>150,901</b>       | <b>11,750,535</b>    | <b>2,661,052</b>  | <b>206,305,678</b>   | <b>1,130,491</b>    | <b>223,889,063</b>      | <b>3,226,068</b>       |
| Deferred Inflows of Resources                              | -   | -                    | -                    | -                 | -                    | -                   | -                       | -                      |
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <b>1,890,406</b>                            | <b>150,901</b>       | <b>11,750,535</b>    | <b>2,661,052</b>  | <b>206,305,678</b>   | <b>1,130,491</b>    | <b>223,889,063</b>      | <b>3,226,068</b>       |
| <b>Net Position</b>  |   |                      |                      |                   |                      |                     |                         |                        |
| Net Investment in Capital Assets                           | 4,930,565                                   | -                    | 29,243,467           | 67,455            | 45,076,713           | 4,152,428           | 83,470,628              | 11,389,178             |
| Restricted for Capital Improvements                        | 313,440                                     | -                    | 10,077,272           | -                 | 4,141,650            | 368,766             | 14,901,128              | -                      |
| Unrestricted   | 278,785                                     | (9,632)              | (11,971,836)         | 128,923           | 4,529,014            | (1,457,233)         | (8,501,979)             | 5,812,477              |
| <b>Total Net Position</b>                                  | <b>\$ 5,522,790</b>                         | <b>\$ (9,632)</b>    | <b>\$ 27,348,903</b> | <b>\$ 196,378</b> | <b>\$ 53,747,377</b> | <b>\$ 3,063,961</b> | <b>\$ 89,869,777</b>    | <b>\$ 17,201,655</b>   |

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

**CITY OF TULARE  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Business-Type Activities - Enterprise Funds |                         |                      |                    |                      |                     | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|---|---|-------------------------|----------------------|--------------------|----------------------|---------------------|------------------------------|--|
|   | Transit                                     | Development<br>Services | Water                | Solid<br>Waste     | Sewer                | Aviation            |                              |  |
| <b>Operating Revenues</b>                         |   |                         |                      |                    |                      |                     |                              |  |
| Charges for Services                              | \$ 2,148,217                                | \$ 1,089,516            | \$ 5,474,811         | \$ 8,146,561       | \$ 23,463,891        | \$ 109,303          | \$ 40,432,299                | \$ 5,887,874   |
| Connection Fees                                   | -   | -                       | 331,934              | -                  | 35,352               | -                   | 367,286                      | -  |
| Employee Contributions                            | -   | -                       | -                    | -                  | -                    | -                   | -                            | 1,277,018  |
| Other   | 99,935                                      | -                       | 257,030              | 193,823            | 2,552,494            | -                   | 3,103,282                    | -  |
| <b>Total Operating Revenues</b>                   | <b>2,248,152</b>                            | <b>1,089,516</b>        | <b>6,063,775</b>     | <b>8,340,384</b>   | <b>26,051,737</b>    | <b>109,303</b>      | <b>43,902,867</b>            | <b>7,164,892</b>   |
| <b>Operating Expenses</b>                         |   |                         |                      |                    |                      |                     |                              |  |
| General Administration                            | -   | -                       | -                    | -                  | -                    | -                   | -                            | 16,578   |
| Personnel Services                                | 120,274                                     | 1,075,152               | 1,191,572            | 2,101,299          | 2,089,087            | 15,001              | 6,592,385                    | 897,746  |
| Contractual Services                              | -   | -                       | -                    | -                  | -                    | -                   | -                            | 180,543  |
| Maintenance and Supplies                          | 2,189,400                                   | 267,844                 | 4,587,831            | 3,405,430          | 6,997,930            | 167,069             | 17,615,504                   | -  |
| Equipment Usage and Operation                     | -   | -                       | -                    | -                  | -                    | -                   | -                            | 1,948,632  |
| Insurance   | -   | -                       | -                    | -                  | -                    | -                   | -                            | 7,585,737  |
| Depreciation                                      | 309,066                                     | -                       | 1,218,868            | 15,171             | 5,420,840            | 110,935             | 7,074,880                    | 1,330,989  |
| <b>Total Operating Expenses</b>                   | <b>2,618,740</b>                            | <b>1,342,996</b>        | <b>6,998,271</b>     | <b>5,521,900</b>   | <b>14,507,857</b>    | <b>293,005</b>      | <b>31,282,769</b>            | <b>11,960,225</b>  |
| <b>Operating Income (Loss)</b>                    | <b>(370,588)</b>                            | <b>(253,480)</b>        | <b>(934,496)</b>     | <b>2,818,484</b>   | <b>11,543,880</b>    | <b>(183,702)</b>    | <b>12,620,098</b>            | <b>(4,795,333)</b>   |
| <b>Nonoperating Revenues (Expenses)</b>           |   |                         |                      |                    |                      |                     |                              |  |
| Interest Income                                   | -   | -                       | 82,348               | -                  | 549,582              | -                   | 631,930                      | -  |
| Interest Expense                                  | -   | -                       | -                    | (40,706)           | (11,623,820)         | -                   | (11,664,526)                 | (27,609)   |
| Grants  | 637,244                                     | -                       | -                    | -                  | -                    | 225,853             | 863,097                      | -  |
| Gain on Sale of Assets                            | -   | -                       | -                    | -                  | -                    | -                   | -                            | 25,351   |
| Other Income                                      | -   | -                       | -                    | -                  | -                    | -                   | -                            | 643,749  |
| <b>Total Nonoperating Revenues<br/>(Expenses)</b> | <b>637,244</b>                              | <b>-</b>                | <b>82,348</b>        | <b>(40,706)</b>    | <b>(11,074,238)</b>  | <b>225,853</b>      | <b>(10,169,499)</b>          | <b>641,491</b>   |
| <b>Income (Loss) Before Transfers</b>             | <b>266,656</b>                              | <b>(253,480)</b>        | <b>(852,148)</b>     | <b>2,777,778</b>   | <b>469,642</b>       | <b>42,151</b>       | <b>2,450,599</b>             | <b>(4,153,842)</b>   |
| Transfers In                                      | -   | 243,848                 | 531,900              | -                  | 1,430,000            | -                   | 2,205,748                    | 382,676  |
| Transfers Out                                     | -   | -                       | (500,000)            | -                  | (1,430,000)          | -                   | (1,930,000)                  | (254,973)  |
| <b>Change in Net Position</b>                     | <b>266,656</b>                              | <b>(9,632)</b>          | <b>(820,248)</b>     | <b>2,777,778</b>   | <b>469,642</b>       | <b>42,151</b>       | <b>2,726,347</b>             | <b>(4,026,139)</b>   |
| <b>Net Position, Beginning</b>                    | <b>5,256,134</b>                            | <b>-</b>                | <b>28,169,151</b>    | <b>(2,581,400)</b> | <b>53,277,735</b>    | <b>3,021,810</b>    | <b>87,143,430</b>            | <b>21,227,794</b>  |
| <b>Net Position, Ending</b>                       | <b>\$ 5,522,790</b>                         | <b>\$ (9,632)</b>       | <b>\$ 27,348,903</b> | <b>\$ 196,378</b>  | <b>\$ 53,747,377</b> | <b>\$ 3,063,961</b> | <b>\$ 89,869,777</b>         | <b>\$ 17,201,655</b>                                       |

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

This page intentionally left blank.



**CITY OF TULARE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Business-Type Activities - Enterprise Funds |                         |              |                |               |            | Total               | Governmental                 |
|--|---|-------------------------|--------------|----------------|---------------|------------|---------------------|------------------------------|
|  | Transit                                     | Development<br>Services | Water        | Solid<br>Waste | Sewer         | Aviation   | Enterprise<br>Funds | Internal<br>Service<br>Funds |
| Cash Flows from Operating Activities:                                    |   |                         |              |                |               |            |                     |                              |
| Cash Received from Customers for Current Services                        | \$ 1,521,709                                | \$ 1,089,516            | \$ 5,969,321 | \$ 8,405,947   | \$ 26,041,601 | \$ 696,970 | \$ 43,725,064       | \$ -                         |
| Cash Received for Interfund Services Provided                            | -   | -                       | -            | -              | -             | -          | -                   | 7,137,839                    |
| Cash Received from Other Operations                                      | -   | -                       | -            | -              | -             | -          | -                   | 57,772                       |
| Cash Paid for Salaries and Benefits                                      | (110,077)                                   | (977,188)               | (1,198,101)  | (2,058,953)    | (2,039,786)   | (13,061)   | (6,397,166)         | (896,726)                    |
| Cash Paid for Services and Supplies                                      | (2,183,329)                                 | (214,907)               | (3,394,946)  | (3,413,856)    | (10,646,736)  | (798,266)  | (20,652,040)        | (747,424)                    |
| Cash Paid for Other Charges  | -   | -                       | -            | -              | -             | -          | -                   | (16,578)                     |
| Cash Paid for Reported Claims  | -   | -                       | -            | -              | -             | -          | -                   | (7,585,737)                  |
| Net Cash Provided by (Used for) Operating Activities                     | (771,697)                                   | (102,579)               | 1,376,274    | 2,933,138      | 13,355,079    | (114,357)  | 16,675,858          | (2,050,854)                  |
| Cash Flows from Non-Capital Financing Activities:                        |   |                         |              |                |               |            |                     |                              |
| Grants   | 637,244                                     | -                       | -            | -              | -             | 225,853    | 863,097             | -                            |
| Advances to/from Other Funds   | (90,000)                                    | -                       | -            | (200,050)      | (16,987)      | (853,004)  | (1,160,041)         | 382,676                      |
| Due to Other Funds   | -   | -                       | 1,526,841    | (788,258)      | -             | 1,124,216  | 1,862,799           | -                            |
| Other Income   | -   | -                       | -            | -              | -             | -          | -                   | 643,749                      |
| Transfers from Other Funds   | -   | 243,848                 | 531,900      | -              | 1,430,000     | -          | 2,205,748           | -                            |
| Transfers to Other Funds   | -   | -                       | (500,000)    | -              | (1,430,000)   | -          | (1,930,000)         | (254,973)                    |
| Net Cash Provided by (Used for) Non-Capital Financing Activities         | 547,244                                     | 243,848                 | 1,558,741    | (988,308)      | (16,987)      | 497,065    | 1,841,603           | 771,452                      |
| Cash Flows from Capital and Related Financing Activities:                |   |                         |              |                |               |            |                     |                              |
| Proceeds from the Sale of Assets   | -   | -                       | -            | -              | -             | -          | -                   | 18,074                       |
| Principal and Interest Paid on Long-Term Debt                            | -   | -                       | (555,986)    | (40,706)       | (15,348,856)  | -          | (15,945,548)        | (17,821)                     |
| Acquisition of Capital Assets  | (119,037)                                   | -                       | (2,461,377)  | -              | (2,972,763)   | (382,708)  | (5,935,885)         | (1,068,217)                  |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (119,037)                                   | -                       | (3,017,363)  | (40,706)       | (18,321,619)  | (382,708)  | (21,881,433)        | (1,067,964)                  |
| Cash Flows from Investing Activities:                                    |   |                         |              |                |               |            |                     |                              |
| Interest Income  | -   | -                       | 82,348       | -              | 549,582       | -          | 631,930             | (27,609)                     |
| Net Increase (Decrease) in Cash and Cash Equivalents                     | (343,490)                                   | 141,269                 | -            | 1,904,124      | (4,433,945)   | -          | (2,732,042)         | (2,374,975)                  |
| Cash and Cash Equivalents, Beginning of the Year                         | 856,168                                     | -                       | -            | -              | 29,203,306    | -          | 30,059,474          | 10,082,938                   |
| Cash and Cash Equivalents, End of the Year                               | \$ 512,678                                  | \$ 141,269              | \$ -         | \$ 1,904,124   | \$ 24,769,361 | \$ -       | \$ 27,327,432       | \$ 7,707,963                 |

(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, 2013**

|   | Business-Type Activities - Enterprise Funds |                      |                     |                     |                      |                     | Total                | Governmental           |
|---|---|----------------------|---------------------|---------------------|----------------------|---------------------|----------------------|------------------------|
|   | Transit                                     | Development Services | Water               | Solid Waste         | Sewer                | Aviation            | Enterprise Funds     | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:            |   |                      |                     |                     |                      |                     |                      |                        |
| Operating Income (Loss)   | \$ (370,588)                                | \$ (253,480)         | \$ (934,496)        | \$ 2,818,484        | \$ 11,543,880        | \$ (183,702)        | \$ 12,620,098        | \$ (4,795,333)         |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: |   |                      |                     |                     |                      |                     |                      |                        |
| Depreciation  | 309,066                                     | -                    | 1,218,868           | 15,171              | 5,420,840            | 110,935             | 7,074,880            | 1,330,989              |
| Changes in Assets and Liabilities:  |   |                      |                     |                     |                      |                     |                      |                        |
| (Increase) Decrease in Accounts Receivable  | 29,069                                      | -                    | (94,454)            | 83,452              | (10,136)             | 14,801              | 22,732               | 36,409                 |
| (Increase) Decrease in Inventory  | -   | -                    | -                   | -                   | (474)                | 572,866             | 572,392              | (53,401)               |
| (Increase) Decrease in Intergovernmental Receivable   | (1,944,377)                                 | -                    | -                   | (17,889)            | -                    | -                   | (1,962,266)          | -                      |
| (Increase) Decrease in Advances to Other Funds  | -   | -                    | 227,099             | -                   | (4,120,716)          | -                   | (3,893,617)          | 48,247                 |
| (Increase) Decrease in Deferred Charges   | -   | -                    | -                   | -                   | 218,658              | -                   | 218,658              | -                      |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities   | 6,071                                       | 52,937               | 971,285             | (8,426)             | 266,613              | (631,197)           | 657,283              | 328,132                |
| Increase (Decrease) in Deposits Payable   | -   | -                    | (5,499)             | -                   | (12,886)             | -                   | (18,385)             | -                      |
| Increase (Decrease) in Deferred Revenue   | 1,188,865                                   | -                    | -                   | -                   | -                    | -                   | 1,188,865            | 57,772                 |
| Increase (Decrease) in Due to Other Funds   | -   | -                    | -                   | -                   | -                    | -                   | -                    | (48,247)               |
| Increase (Decrease) in Advances from Other Funds  | -   | -                    | -                   | -                   | -                    | -                   | -                    | (10,061)               |
| Increase (Decrease) in Insurance Claims Payable   | -   | -                    | -                   | -                   | -                    | -                   | -                    | 1,053,619              |
| Increase (Decrease) in Net Post-Employment Benefits Obligation  | 3,381                                       | 9,660                | 8,050               | 14,490              | 14,489               | 1,449               | 51,519               | -                      |
| Increase (Decrease) in Compensated Absences Payable   | 6,816                                       | 88,304               | (14,579)            | 27,856              | 34,811               | 491                 | 143,699              | 1,020                  |
| Net Cash Provided by (Used for) Operating Activities  | <u>\$ (771,697)</u>                         | <u>\$ (102,579)</u>  | <u>\$ 1,376,274</u> | <u>\$ 2,933,138</u> | <u>\$ 13,355,079</u> | <u>\$ (114,357)</u> | <u>\$ 16,675,858</u> | <u>\$ (2,050,854)</u>  |
| Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position: |   |                      |                     |                     |                      |                     |                      |                        |
| Cash and Investments  | \$ 512,678                                  | \$ 141,269           | \$ -                | \$ 1,904,124        | \$ 3,028,059         | \$ -                | \$ 5,586,130         | \$ 7,655,646           |
| Cash and Investments with Fiscal Agents   | -   | -                    | -                   | -                   | 4,056,551            | -                   | 4,056,551            | 52,317                 |
| Restricted Cash and Investments   | -   | -                    | -                   | -                   | 17,684,751           | -                   | 17,684,751           | -                      |
| Cash and Cash Equivalents Per Statement of Cash Flows   | <u>\$ 512,678</u>                           | <u>\$ 141,269</u>    | <u>\$ -</u>         | <u>\$ 1,904,124</u> | <u>\$ 24,769,361</u> | <u>\$ -</u>         | <u>\$ 27,327,432</u> | <u>\$ 7,707,963</u>    |

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

|   | Private<br>Purpose<br>Trust Fund | Agency<br>Funds     |
|---|----------------------------------|---------------------|
| <b>Assets</b>                               |                                  |                     |
| Cash and Investments                        | \$ 7,023,147                     | \$ 2,496,007        |
| Accounts Receivable                         | 8,763,689                        | 54,239              |
| Deferred Loan Receivable                    | 60,000                           | -                   |
| Land Held for Sale                          | 369,517                          | -                   |
|   | <u>16,216,353</u>                | <u>2,550,246</u>    |
| Total Assets                                | <u>\$ 16,216,353</u>             | <u>\$ 2,550,246</u> |
| <b>Liabilities</b>                          |                                  |                     |
| Current Liabilities                         |                                  |                     |
| Accounts Payable and<br>Accrued Liabilities | \$ 1,061,705                     | \$ 34,140           |
| Deferred Revenue                            | 656,767                          | -                   |
| Deposits Payable                            | 30,250                           | 2,516,106           |
| Bonds                                       | 55,000                           | -                   |
|   | <u>1,803,722</u>                 | <u>2,550,246</u>    |
| Total Current Liabilities                   | <u>1,803,722</u>                 | <u>2,550,246</u>    |
| Noncurrent Liabilities                      |                                  |                     |
| Bonds                                       | 26,962,795                       | -                   |
|   | <u>26,962,795</u>                | <u>-</u>            |
| Total Noncurrent Liabilities                | <u>26,962,795</u>                | <u>-</u>            |
| Total Liabilities                           | <u>28,766,517</u>                | <u>2,550,246</u>    |
| <b>Net Position</b>                         | <u>\$ (12,550,164)</u>           | <u>\$ -</u>         |

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

**CITY OF TULARE  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Private<br>Purpose<br>Trust Fund |
|---|----------------------------------|
| <b>Additions</b>                                  |                                  |
| Grants  | \$ 3,768,799                     |
| Interest and Rentals                              | 4,332                            |
| Other   | 8,962                            |
| Total Additions                                   | \$ 3,782,093                     |
| <b>Deductions</b>                                 |                                  |
| Community Development                             | \$ 793,621                       |
| Interest Expense                                  | 1,675,501                        |
| Contractual Services Expense                      | 878,327                          |
| Total Deductions                                  | 3,347,449                        |
| Change in Net Position before Extraordinary Items | 434,644                          |
| <b>Extraordinary Item:</b>                        |                                  |
| Extraordinary Gain                                | 1,634,962                        |
| Change in Net Position                            | 2,069,606                        |
| Net Position, Beginning of Year                   | (14,619,770)                     |
| Net Position, End of Year                         | \$ (12,550,164)                  |

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

**CITY OF TULARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013, and for the year then ended.

A. Description of the Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component 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 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 (the Authority) is a joint exercise of powers authority duly organized and existing under a Joint Exercise of Powers Agreement dated as of August 15, 1997, by and between the City and the former Tulare Redevelopment Agency. The Authority was formed to assist the City in the financing and refinancing of public capital improvements. The Authority is governed by a five-member board whose members are the same as the City Council. The Authority's financial data and transactions are included in the Debt Service Funds of the City.

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

### **B. Basis of Presentation**

#### Government-Wide Financial Statements

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

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

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

#### Governmental Fund Financial Statements

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

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

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

B. Basis of Presentation (Continued)

The City reports the following major governmental funds:

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

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.

HOME Program Fund – Home Program Fund accounts for activities and resources relating to the home loan assistance program.

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

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.

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

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 record the assets, liabilities, and the activities of the Successor Agency.

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

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

### **C. Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

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

#### **Cash and Investments**

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

#### **Investments**

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

Further cash and investment disclosures are presented in Note 2.



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

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

#### Investments (Continued)

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

#### Land Held for Resale

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

#### Capital Assets

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

#### Government-Wide Financial Statements

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

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

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

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

Capital Assets (Continued)

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums 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.

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.

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

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

Noncurrent 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 position.

Net Position/Fund Balances

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

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

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

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

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

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

Net Position/Fund Balances (Continued)

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

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

Property Taxes

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

The property tax calendar for the City is as follows:

|                  |  |
|------------------|--|
| Lien date        | January 1  |
| Levy dates       | July 1 through June 30   |
| Due dates        | November 1 – 1 <sup>st</sup> installment<br>February 1 – 2 <sup>nd</sup> installment |
| Collection dates | December 10 – 1 <sup>st</sup> installment<br>April 10 – 2 <sup>nd</sup> installment  |

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

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

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2013. All unencumbered appropriations lapse at year-end.

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

Budgets for the General, Special Revenue, and Debt Service Funds are presented on a basis consistent with accounting principles generally accepted in the United States of America. 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, 2013, the City Council approved \$185,920 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Balance

The Purchasing Internal Service Fund had a deficit fund balance of \$405,815. The deficit is expected to be eliminated in future years through departmental charges.

F. Reconciliation of Government-Wide and Fund Financial Statements

**Explanation of differences between governmental fund operating statements and the government-wide statement of activities.**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$9,483,999 difference are as follows:

|                      |                             |
|----------------------|-----------------------------|
| Capital Outlay       | \$ 18,812,445               |
| Depreciation Expense | <u>(7,902,932)</u>          |
| Difference           | <u><u>\$ 10,909,513</u></u> |

G. Reclassifications and Eliminations

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

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

### H. Recent Accounting Pronouncements – Implemented in the Financial Statements

**GASB Statement No. 60** – In November 2010, GASB issued *Accounting and Financial Reporting for Service Concession Arrangements* which addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after December 15, 2011. The City did not engage in these types of activities, therefore, the adoption of this statement did not impact the City's financial statements.

**GASB Statement No. 61** – In November 2010, GASB issued *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14, and No. 34* which modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. There was no effect on the financial statements as a result of implementing this statement.

**GASB Statement No. 62** – In December 2010, GASB issued *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements - FASB Statements and Interpretations, APB Opinions, and ARBs of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on the City's accounting or financial reporting as a result of implementing this statements.

**GASB Statement No. 63** – In June 2011, GASB issued *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which modifies current financial reporting of those elements. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources by defining these elements as a consumption of net position by the government that is applicable to a future reporting period and an acquisition of net position by the government that is applicable to a future reporting period, respectively. The guidance also identifies net position as the residual of all other elements presented in a statement of net position. The City did not have deferred outflows or inflows of resources to report.

**GASB Statement No. 64** – In June 2011, GASB issued *Derivative Instruments: Application of Hedge Accounting Termination Provisions* which amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue, rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. The City does not enter into hedge agreements with swap providers for the purpose of managing risk beyond investment return. As such, GASB Statement No. 64 did not have an effect on the financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)I. Future Pronouncements

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

| <b>Statement No.</b> | <b>Title</b>   | <b>Effective for Fiscal Years Beginning on or After</b> |
|----------------------|--|---|
| 65                   | <i>Items Previously Reported as Assets and Liabilities</i>                                     | December 15, 2012                                       |
| 66                   | <i>Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62</i>        | December 15, 2012                                       |
| 67                   | <i>Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25</i>           | June 15, 2013   |
| 68                   | <i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i> | June 15, 2014   |
| 69                   | <i>Government Combinations and Disposal of Government Operations</i>                           | December 15, 2013                                       |
| 70                   | <i>Accounting and Financial Reporting for Nonexchange Financial Guarantees</i>                 | June 15, 2013   |
| 71                   | <i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i>            | June 15, 2014   |

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

## Statement of Net Position:

|  |                             |
|--|-----------------------------|
| Primary Government                     |                             |
| Cash and Investments                   | \$ 43,808,195               |
| Cash and Investments with Fiscal Agent | 19,896,933                  |
| Restricted Cash and Investments        | 4,056,551                   |
| Fiduciary Funds:                       |                             |
| Cash and Investments                   | <u>9,519,154</u>            |
| Total Cash and Investments             | <u><u>\$ 77,280,833</u></u> |

Deposits and investments as of June 30, 2013, consist of the following:

|  |                             |
|--|-----------------------------|
| Deposits:                              |                             |
| Cash on Hand                           | \$ 9,875                    |
| Cash with Financial Institutions       | 126,999                     |
| Investments                            | 49,352,582                  |
| Cash and Investment with Fiscal Agents | <u>27,791,377</u>           |
| Total Cash and Investments             | <u><u>\$ 77,280,833</u></u> |

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

**Investments Authorized by the California Government Code and the City’s Investment Policy**

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

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

\* Must be rated A or better by a nationally recognized rating service.

\*\* May only be purchased for purposes of bond defeasance or future capital improvement projects.

**Investments Authorized by Debt Agreements**

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

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage Allowed</u> | <u>Maximum Investment in One Issuer</u> |
|-----------------------------------|-------------------------|-----------------------------------|---|
| U.S. Treasury Obligations         | None                    | None                              | None                                    |
| U.S. Agency Securities            | None                    | None                              | None                                    |
| Bankers’ Acceptances              | 180 days                | None                              | None                                    |
| Commercial Paper                  | 270 days                | None                              | None                                    |
| Money Market Mutual Funds         | N/A                     | None                              | None                                    |
| Investment Contracts              | 30 years                | None                              | None                                    |



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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value will be to changes in market interest rates. None of the City’s investments, as shown below, are adversely affected by changes in interest rates.

| Investment Type                     | Amount               | Weighted<br>Average Maturity<br>(in years) |
|-------------------------------------|----------------------|--|
| Federal Agency Securities           | \$ 23,158,344        | 2.4  |
| Local Agency Investment Fund (LAIF) | 731,994              | N/A  |
| Held by Bond Trustee:               | 25,206,885           |  |
| Money Market Funds                  | 14,080,882           | 0.2  |
| Investment Contracts                | 13,500,445           | 1.5  |
| Held by Insurance Administrator:    |                      |  |
| Pooled Investments                  | 52,317               | N/A  |
| Total                               | <u>\$ 76,730,867</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.

**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<br>Legal<br>Rating | Not Required<br>To Be Rated | Rating as of Year-End |                      |
|-------------------------------------|----------------------|----------------------------|-----------------------------|-----------------------|----------------------|
|                                     |                      |                            |                             | AAA                   | Unrated              |
| Federal Agency Securities           | \$ 23,158,344        | N/A                        | \$ -                        | \$ 23,158,344         | \$ -                 |
| Local Agency Investment Fund (LAIF) | 731,994              | Collateralized             | -                           | -                     | 731,994              |
| Held by Bond Trustee:               | 25,206,885           |                            | -                           | -                     | 25,206,885           |
| Money Market Funds                  | 14,080,882           | A                          | 14,080,882                  | -                     | -                    |
| Investment Contracts                | 13,500,445           | N/A                        | 13,500,445                  | -                     | -                    |
| Held by Insurance Administrator:    |                      |                            |                             |                       |                      |
| Pooled Investments                  | 52,317               | N/A                        | -                           | -                     | 52,317               |
| Total                               | <u>\$ 76,730,867</u> |                            | <u>\$ 27,581,327</u>        | <u>\$ 23,158,344</u>  | <u>\$ 25,991,196</u> |

## NOTE 2 – CASH AND INVESTMENTS (Continued)

### Concentration of Credit Risk

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

| <u>Issuer</u>             | <u>Investment Type</u>          | <u>Reported Amount</u> |
|---------------------------|---------------------------------|------------------------|
| Federal Home Loan         | Federal Agency Securities       | \$ 9,381,750           |
| Federal Farm Credit Banks | Federal Agency Securities       | 11,772,350             |
| Federal National Mortgage | Federal Agency Securities       | <u>2,004,244</u>       |
|                           | Total Federal Agency Securities | <u>\$ 23,158,344</u>   |

### Custodial Credit Risk

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

The carrying amounts of the City's cash deposits were \$126,999 at June 30, 2013. Bank balances before reconciling items were \$2,469,224 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

### Investments in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

### NOTE 3 – NOTES RECEIVABLE

Notes receivable for the primary government consist of:

#### Primary Government

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

Five secured notes receivable for various amounts from **Kaweah Management** for properties at 145 No B St, 445 So I St, 361 Beechwood, 484 Beechwood, and 524 Aspenwood. These loans are 55 year notes with affordability agreements. If these notes stay in compliance for full term, then the notes are forgiven. If not, then notes are due and payable and any funds received back to the City will be forwarded to Tulare County as program income per Federal funding rules for the Neighbor Stabilization Program (NSP) 759,458

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

### NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2013, were as follows:

| <u>Governmental Activities</u> | Balance<br>July 1, 2012      | Additions                   | Deletions                     | Balance<br>June 30, 2013     |
|--------------------------------|------------------------------|-----------------------------|-------------------------------|------------------------------|
| Nondepreciable Capital Assets: |                              |                             |                               |                              |
| Land                           | \$ 18,639,795                | \$ 331,860                  | \$ -                          | \$ 18,971,655                |
| Right-of-Way                   | 7,712,642                    | 160,512                     | -                             | 7,873,154                    |
| Construction in Progress       | <u>27,559,036</u>            | <u>10,855,192</u>           | <u>(19,537,221)</u>           | <u>18,877,007</u>            |
| Subtotal                       | <u>53,911,473</u>            | <u>11,347,564</u>           | <u>(19,537,221)</u>           | <u>45,721,816</u>            |
| Depreciable Capital Assets:    |                              |                             |                               |                              |
| Infrastructure                 | 182,951,061                  | 23,383,917                  | -                             | 206,334,978                  |
| Structures and Improvements    | 51,764,140                   | 3,413,278                   | -                             | 55,177,418                   |
| Equipment                      | <u>22,725,094</u>            | <u>1,392,215</u>            | <u>(726,914)</u>              | <u>23,390,395</u>            |
| Subtotal                       | <u>257,440,295</u>           | <u>28,189,410</u>           | <u>(726,914)</u>              | <u>284,902,791</u>           |
| Accumulated Depreciation:      |                              |                             |                               |                              |
| Infrastructure                 | (93,339,838)                 | (6,025,679)                 | 59,024                        | (99,306,493)                 |
| Structures and Improvements    | (14,164,382)                 | (1,818,351)                 | -                             | (15,982,733)                 |
| Equipment                      | <u>(16,448,644)</u>          | <u>(1,448,916)</u>          | <u>615,102</u>                | <u>(17,282,458)</u>          |
| Subtotal                       | <u>(123,952,864)</u>         | <u>(9,292,946)</u>          | <u>674,126</u>                | <u>(132,571,684)</u>         |
| Net Capital Assets             | <u><u>\$ 187,398,904</u></u> | <u><u>\$ 30,244,028</u></u> | <u><u>\$ (19,590,009)</u></u> | <u><u>\$ 198,052,923</u></u> |

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

| <b><u>Business-Type Activities</u></b> | Balance<br>July 1, 2012 | Additions            | Deletions              | Balance<br>June 30, 2013 |
|--|-------------------------|----------------------|------------------------|--------------------------|
| Nondepreciable Capital Assets:         |                         |                      |                        |                          |
| Land                                   | \$ 4,364,181            | \$ -                 | \$ -                   | \$ 4,364,181             |
| Construction in Progress               | <u>13,566,345</u>       | <u>1,517,487</u>     | <u>(12,128,246)</u>    | <u>2,955,586</u>         |
| Subtotal                               | <u>17,930,526</u>       | <u>1,517,487</u>     | <u>(12,128,246)</u>    | <u>7,319,767</u>         |
| Depreciable Capital Assets:            |                         |                      |                        |                          |
| Buildings                              | 4,776,481               | -                    | -                      | 4,776,481                |
| Improvements Other Than Buildings      | 298,225,772             | 16,427,609           | -                      | 314,653,381              |
| Equipment                              | <u>8,523,866</u>        | <u>119,036</u>       | <u>-</u>               | <u>8,642,902</u>         |
| Subtotal                               | <u>311,526,119</u>      | <u>16,546,645</u>    | <u>-</u>               | <u>328,072,764</u>       |
| Accumulated Depreciation:              |                         |                      |                        |                          |
| Buildings                              | (1,142,275)             | (101,857)            | -                      | (1,244,132)              |
| Improvements Other Than Buildings      | (50,681,616)            | (6,633,028)          | -                      | (57,314,644)             |
| Equipment                              | <u>(6,636,257)</u>      | <u>(339,996)</u>     | <u>-</u>               | <u>(6,976,253)</u>       |
| Subtotal                               | <u>(58,460,148)</u>     | <u>(7,074,881)</u>   | <u>-</u>               | <u>(65,535,029)</u>      |
| Net Capital Assets                     | <u>\$ 270,996,497</u>   | <u>\$ 10,989,251</u> | <u>\$ (12,128,246)</u> | <u>\$ 269,857,502</u>    |

Depreciation expense for the fiscal year ending June 30, 2013, was charged to the following activities:

|   |                     |
|---|---------------------|
| Governmental Activities:                            |                     |
| General Government                                  | \$ 887,553          |
| Public Safety                                       | 709,914             |
| Public Works  | 131,305             |
| Community Development                               | 3,574,693           |
| Community Services                                  | 67,188              |
| Library and Cultural                                | <u>3,922,293</u>    |
| Total Governmental Activities Depreciation Expense  | <u>\$ 9,292,946</u> |
| Business-Type Activities:                           |                     |
| Aviation  | \$ 110,935          |
| Transit   | 309,067             |
| Water   | 1,218,868           |
| Solid Waste   | 15,171              |
| Sewer   | <u>5,420,840</u>    |
| Total Business-Type Activities Depreciation Expense | <u>\$ 7,074,881</u> |

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

The City's accounts payable and accrued liabilities for the year ended June 30, 2013, for the major funds, nonmajor funds, and internal service funds are as follows:

|                                |                     |
|--------------------------------|---------------------|
| Governmental Activities:       |                     |
| General Fund                   | \$ 6,139,057        |
| Financing Authority Fund       | 391,231             |
| Other Governmental Funds       | 382,425             |
| Internal Service Funds         | <u>1,017,485</u>    |
| Total Governmental Activities  | <u>\$ 7,930,198</u> |
| Business-Type Activities:      |                     |
| Transit                        | \$ 87,627           |
| Development Services           | 52,937              |
| Water                          | 582,886             |
| Solid Waste                    | 197,446             |
| Sewer                          | 4,179,853           |
| Aviation                       | <u>4,335</u>        |
| Total Business-Type Activities | <u>\$ 5,105,084</u> |

## NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2013:

| Type of Debt                               | Balance<br>July 1, 2012 | Additions            | Deletions            | Balance<br>June 30, 2013 | Amounts Due<br>Within<br>One Year |
|--|-------------------------|----------------------|----------------------|--------------------------|-----------------------------------|
| <b>Governmental Activities:</b>            |                         |                      |                      |                          |                                   |
| Lease Revenue Bonds                        | \$ 30,650,000           | \$ -                 | \$ 730,000           | \$ 29,920,000            | \$ 760,000                        |
| Bond Premium                               | 1,471,165               | -                    | 56,949               | 1,414,216                | 56,948                            |
| Leases Payable                             | 1,227,504               | -                    | 93,830               | 1,133,674                | 98,091                            |
| Notes Payable                              | 256,000                 | -                    | 256,000              | -                        | -                                 |
| Net Post-Employment Benefits<br>Obligation | 653,550                 | 109,480              | -                    | 763,030                  | -                                 |
| Compensated Absences Payable               | 2,042,522               | 237,288              | 128,099              | 2,151,711                | 153,691                           |
| <b>Total Governmental Activities</b>       | <b>\$ 36,300,741</b>    | <b>\$ 346,768</b>    | <b>\$ 1,264,878</b>  | <b>\$ 35,382,631</b>     | <b>\$ 1,068,730</b>               |
| <b>Business-Type Activities:</b>           |                         |                      |                      |                          |                                   |
| Revenue Bonds Payable                      | \$ 200,218,330          | \$ 34,759,167        | \$ 37,908,594        | \$ 197,068,903           | \$ 2,833,040                      |
| Leases Payable                             | 12,190,869              | -                    | 1,131,596            | 11,059,273               | 1,177,004                         |
| Net Post-Employment Benefits<br>Obligation | 164,543                 | 51,521               | -                    | 216,064                  | -                                 |
| Compensated Absences Payable               | 690,603                 | 158,278              | 14,579               | 834,302                  | 59,570                            |
| <b>Total Business-Type Activities</b>      | <b>\$ 213,264,345</b>   | <b>\$ 34,968,966</b> | <b>\$ 39,054,769</b> | <b>\$ 209,178,542</b>    | <b>\$ 4,069,614</b>               |
| <b>Primary Government:</b>                 |                         |                      |                      |                          |                                   |
| Revenue Bonds Payable                      | \$ 230,868,330          | \$ 34,759,167        | \$ 38,638,594        | \$ 226,988,903           | \$ 3,593,040                      |
| Bond Premium                               | 1,471,165               | -                    | 56,949               | 1,414,216                | 56,948                            |
| Leases Payable                             | 13,418,373              | -                    | 1,225,426            | 12,192,947               | 1,275,095                         |
| Notes Payable                              | 256,000                 | -                    | -                    | -                        | -                                 |
| Net Post-Employment Benefits<br>Obligation | 818,093                 | 161,001              | -                    | 979,094                  | -                                 |
| Compensated Absences Payable               | 2,733,125               | 395,566              | 142,678              | 2,986,013                | 213,261                           |
| <b>Total Primary Government:</b>           | <b>\$ 249,565,086</b>   | <b>\$ 35,315,734</b> | <b>\$ 40,063,647</b> | <b>\$ 244,561,173</b>    | <b>\$ 5,138,344</b>               |

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

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

Governmental Activities -

Lease Revenue Bonds (the Authority):

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1 each year, commencing April 1, 2009, through April 1, 2038, and bear interest at rates ranging from 4.00% to 4.50% depending upon the date of maturity. At June 30, 2013, the outstanding balance, including the related bond premium, was:

\$ 31,334,217

Compensated Absences:

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

\$ 2,151,711

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 Position.

\$ 763,030

Lease Payable:

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

\$ 1,133,674

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

The annual requirements to amortize the lease payable outstanding, including interest of \$271,947, are as follows:

| Year Ending<br>June 30, | Citi Capital<br>Muni       |
|-------------------------|----------------------------|
| 2014                    | \$ 147,960                 |
| 2015                    | 147,960                    |
| 2016                    | 147,960                    |
| 2017                    | 147,960                    |
| 2018                    | 147,960                    |
| 2019-2023               | <u>665,821</u>             |
|                         | 1,405,621                  |
| Less Interest           | <u>271,947</u>             |
| Total                   | <u><u>\$ 1,133,674</u></u> |

## Business-Type Activities -

## Lease Payable:

In September 2006, the City entered into a lease agreement to obtain an obligation of \$8,448,136 on a capital lease for various energy retrofit capital expenditures. The sixteen-year lease bears an interest rate at 4.49% and has semi-annual payments in the range of \$36,417 and \$540,316 each year. At June 30, 2013, the outstanding balance was \$7,148,881.

The annual requirements to amortize the lease payable outstanding, including interest of \$1,711,503, are as follows:

| Year Ending<br>June 30, | Citi Capital<br>Muni       |
|-------------------------|----------------------------|
| 2014                    | \$ 932,672                 |
| 2015                    | 932,672                    |
| 2016                    | 932,672                    |
| 2017                    | 932,672                    |
| 2018                    | 932,672                    |
| 2019-2023               | <u>4,197,024</u>           |
|                         | 8,860,384                  |
| Less Interest           | <u>1,711,503</u>           |
| Total                   | <u><u>\$ 7,148,881</u></u> |

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2013, the outstanding balance was \$3,910,664.



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

The annual requirements to amortize the lease payable outstanding, including interest of \$1,107,724, are as follows:

| Year Ending<br>June 30, | Bank of America<br>Muni    |
|-------------------------|----------------------------|
| 2014                    | \$ 746,774                 |
| 2015                    | 738,322                    |
| 2016                    | 729,752                    |
| 2017                    | 263,014                    |
| 2018                    | 266,921                    |
| 2019-2023               | 1,392,639                  |
| 2024-2027               | 880,966                    |
|                         | <u>5,018,388</u>           |
| Less Interest           | <u>1,107,724</u>           |
| Total                   | <u><u>\$ 3,910,664</u></u> |

**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%. During the year, the City paid off the remaining balance by issuing the Sewer Revenue Refunding Bonds, Series 2013.

**2001 Sewer Revenue Bonds:**

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%. On May 18, 2012, the City partially refunded the 2001 Sewer Revenue Bonds by issuing the 2012 Sewer Revenue Refunding Bonds. During the year, the City paid off the remaining balance by issuing the Sewer Revenue Refunding Bonds, Series 2013.

**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, 2013, the outstanding balance, including the related bond premium, was \$78,109,743.

**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, 2013, the outstanding balance was \$54,775,000.

**2010 Sewer Revenue Bonds:**

On December 22, 2010, the City issued \$19,425,000 in Sewer Revenue Bonds. The bonds are payable semi-annually in amounts ranging from \$0 to \$10,700,000 per year on November 15 each year, commencing May 15, 2011, through November 15, 2045, and bear interest rates from 3.25% to 6%. At June 30, 2013, the outstanding balance was \$19,425,000.

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

2012 Sewer Revenue Refunding Bonds:

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.290%. At June 30, 2013, the outstanding balance was \$9,999,995.

2013 Sewer Revenue Refunding Bonds:

On May 1, 2013, the City issued \$32,855,000 in Sewer Revenue Refunding Bonds to refund the City's 2001 Sewer Revenue Bonds and the 2003 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2013, through November 15, 2033, and bear interest rates from 2% to 5%. At June 30, 2013, the outstanding balance, including the related bond premium, was \$34,759,167.

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 Position. At June 30, 2013, the net post-employment benefits obligation totaled \$216,064.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy. At June 30, 2013, the compensated absences payable totaled \$834,302 for business-type activities.

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

The annual requirements to amortize bonded debt and notes payable, including interest of \$23,234,354 are as follows:

| Year Ending<br>June 30, | Primary Government                |  |                     |  |  |
|-------------------------|-----------------------------------|--|---------------------|--|--|
|                         | Governmental Activities           |  |                     | Business-Type Activities                 |  |
|                         | 2008<br>Lease<br>Revenue<br>Bonds | 2008 Lease<br>Revenue<br>Bonds - Premium | Section 108<br>Loan | 2013 Sewer<br>Revenue<br>Refunding Bonds | 2013 Sewer<br>Revenue Bonds<br>Premium |
| 2014                    | \$ 2,324,925                      | \$ 56,948                                | \$ -                | \$ 2,918,648                             | \$ 95,208                              |
| 2015                    | 2,325,725                         | 56,948                                   | -                   | 2,870,600                                | 95,208                                 |
| 2016                    | 2,324,950                         | 56,948                                   | -                   | 2,871,075                                | 95,208                                 |
| 2017                    | 2,322,600                         | 56,948                                   | -                   | 2,869,900                                | 95,208                                 |
| 2018                    | 2,328,675                         | 56,948                                   | -                   | 2,872,000                                | 95,208                                 |
| 2019-2023               | 11,620,110                        | 284,742                                  | -                   | 11,433,700                               | 476,043                                |
| 2024-2028               | 11,176,675                        | 284,742                                  | -                   | 8,210,550                                | 476,042                                |
| 2029-2033               | 9,369,800                         | 284,743                                  | -                   | 10,869,525                               | 476,042                                |
| 2034-2038               | 9,360,894                         | 275,250                                  | -                   | 1,202,125                                | -                                      |
| 2039-2043               | -                                 | -  | -                   | -  | -                                      |
| 2044-2048               | -                                 | -  | -                   | -  | -                                      |
|                         | 53,154,354                        | 1,414,217                                | -                   | 46,118,123                               | 1,904,167                              |
| Less Interest           | 23,234,354                        | -  | -                   | 13,263,123                               | -                                      |
| Total                   | <u>\$ 29,920,000</u>              | <u>\$ 1,414,217</u>                      | <u>\$ -</u>         | <u>\$ 32,855,000</u>                     | <u>\$ 1,904,167</u>                    |

| Year Ending<br>June 30, | Primary Government             |  |                                |                                |                                    |
|-------------------------|--------------------------------|--|--------------------------------|--------------------------------|------------------------------------|
|                         | Business-Type Activities       |  |                                |                                |                                    |
|                         | 2006 Sewer<br>Revenue<br>Bonds | 2006 Sewer<br>Revenue<br>Bonds - Premium | 2009 Sewer<br>Revenue<br>Bonds | 2010 Sewer<br>Revenue<br>Bonds | 2012 Sewer<br>Revenue<br>Refunding |
| 2014                    | \$ 3,952,825                   | \$ 18,587                                | \$ 4,792,813                   | \$ 1,155,678                   | \$ 923,355                         |
| 2015                    | 3,957,225                      | 18,587                                   | 4,792,813                      | 1,155,678                      | 923,355                            |
| 2016                    | 3,990,225                      | 18,587                                   | 4,792,813                      | 1,499,990                      | 923,355                            |
| 2017                    | 4,040,825                      | 18,587                                   | 4,792,813                      | 1,463,615                      | 923,355                            |
| 2018                    | 4,049,425                      | 18,587                                   | 4,792,813                      | 1,451,428                      | 923,355                            |
| 2019-2023               | 23,316,350                     | 92,935                                   | 23,964,063                     | 7,337,350                      | 4,616,775                          |
| 2024-2028               | 27,512,363                     | 92,935                                   | 23,964,063                     | 7,673,625                      | 3,231,747                          |
| 2029-2033               | 27,650,750                     | 92,935                                   | 24,709,938                     | 6,681,931                      | -                                  |
| 2034-2038               | 28,091,875                     | 92,935                                   | 32,462,062                     | 3,477,500                      | -                                  |
| 2039-2043               | 22,078,125                     | 65,068                                   | 37,675,688                     | 3,477,500                      | -                                  |
| 2044-2048               | -                              | -  | 22,422,655                     | 12,438,750                     | -                                  |
|                         | 148,639,988                    | 529,743                                  | 189,162,534                    | 47,813,044                     | 12,465,297                         |
| Less Interest           | 71,059,988                     | -  | 134,387,534                    | 28,388,044                     | 2,465,302                          |
| Total                   | <u>\$ 77,580,000</u>           | <u>\$ 529,743</u>                        | <u>\$ 54,775,000</u>           | <u>\$ 19,425,000</u>           | <u>\$ 9,999,995</u>                |

## **NOTE 7 – PENSION PLAN**

### Plan Description

The City's defined benefit pension plans, the Miscellaneous and the Safety Plans of the City, 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 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, California 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<br>Under article 21252.02 | 8% Modified (July 1, 2001 - December 31, 2001,<br>Bi-weekly contributions = 8% X Earnings - \$109.84)<br>9% (January 1, 2002 - June 30, 2013) |

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, 2013, was 20.36% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 29.98% for the period July 1, 2012, through June 30, 2013. 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 plans' 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 10% of the net balance is amortized annually.

**NOTE 7 – PENSION PLAN** (Continued)

Annual Pension Cost

For the fiscal year ended June 30, 2013, the City's annual pension cost of \$6,645,189 for CalPERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2013, was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% discount 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 3.30% to 14.20% for safety members), and (c) 3% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial values of the Miscellaneous and the Safety Plans of the City's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a fifteen year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City'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, 2013, was 14 years for miscellaneous and 3 years for safety.

Three-Year Trend Information for CalPERS Miscellaneous Plan (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> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/11            | \$ 3,262                         | 100%                                 | \$ -                          |
| 6/30/12            | \$ 3,571                         | 100%                                 | \$ -                          |
| 6/30/13            | \$ 3,757                         | 100%                                 | \$ -                          |

Three-Year Trend Information for CalPERS Safety Plan (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> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/11            | \$ 2,486                         | 100%                                 | \$ -                          |
| 6/30/12            | \$ 2,722                         | 100%                                 | \$ -                          |
| 6/30/13            | \$ 2,888                         | 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> |
|---------------------------------|--|----------------------------------|---|---------------------------------|----------------------------|--|
| 6/30/10                         |  |                                  |   |                                 |                            |  |
| Misc.                           | \$ 79,375  | \$ 64,553                        | \$ 14,822   | 81.3%                           | \$ 10,904                  | 135.9%   |
| Safety Police                   | 10,165,475                                       | 8,470,235                        | 1,695,240   | 83.3%                           | 955,981                    | 177.3%   |
| Safety Fire First Tier          | 10,165,475                                       | 8,470,235                        | 1,695,240   | 83.3%                           | 955,981                    | 177.3%   |
| Safety Fire Second Tier         | 1,915,095  | 1,628,915                        | 286,180   | 85.1%                           | 224,562                    | 127.4%   |
| Total                           | <u>\$ 22,325,420</u>                             | <u>\$ 18,633,938</u>             | <u>\$ 3,691,482</u>                                   | 83.5%                           | <u>\$ 2,147,428</u>        | 171.9%   |
| 6/30/11                         |  |                                  |   |                                 |                            |  |
| Misc.                           | \$ 85,384  | \$ 68,085                        | \$ 17,299   | 79.7%                           | \$ 10,912                  | 158.5%   |
| Safety Police                   | 34,980   | 25,768                           | 9,212   | 73.7%                           | 5,251                      | 175.4%   |
| Safety Fire First Tier          | 26,807   | 19,619                           | 7,188   | 73.2%                           | 2,802                      | 256.5%   |
| Safety Fire Second Tier         | 30   | 24                               | 6   | 80.0%                           | 264                        | 2.3%   |
| Total                           | <u>\$ 147,201</u>                                | <u>\$ 113,496</u>                | <u>\$ 33,705</u>                                      | 77.1%                           | <u>\$ 19,229</u>           | 175.3%   |
| 6/30/12                         |  |                                  |   |                                 |                            |  |
| Misc.                           | \$ 88,212  | \$ 71,019                        | \$ 17,193   | 80.5%                           | \$ 10,462                  | 164.3%   |
| Safety Police                   | 37,271   | 25,963                           | 11,308  | 69.7%                           | 5,162                      | 219.1%   |
| Safety Fire First Tier          | 28,343   | 19,621                           | 8,722   | 69.2%                           | 2,634                      | 331.1%   |
| Safety Fire Second Tier         | 71   | 54                               | 17  | 76.1%                           | 246                        | 6.9%   |
| Total                           | <u>\$ 153,897</u>                                | <u>\$ 116,657</u>                | <u>\$ 37,240</u>                                      | 75.8%                           | <u>\$ 18,504</u>           | 201.3%   |

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

### Annual Pension Cost (Continued)

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

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

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

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

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

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

## **NOTE 9 – INTERFUND TRANSACTIONS**

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

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

Interfund due from/to other funds at June 30, 2013, were as follows:

|  | Purpose            | Due From<br>Other Funds | Due To<br>Other Funds |
|--|--------------------|-------------------------|-----------------------|
| Major Governmental Funds                 |                    |                         |                       |
| General Fund                             | General Operations | \$ 683,145              | \$ 147,500            |
| Nonmajor Governmental Funds              | General Operations | -                       | 535,645               |
| Enterprise Funds                         |                    |                         |                       |
| Aviation                                 | General Operations | -                       | 1,124,216             |
| Water Fund                               | General Operations | -                       | 2,996,500             |
| Sewer/Waste Water                        | General Operations | 4,120,716               | -                     |
| Internal Service Funds-Fleet Maintenance | General Operations | 630,273                 | -                     |
| Internal Service Funds-Purchasing        | General Operations | -                       | 630,273               |
|  |                    | <u>\$ 5,434,134</u>     | <u>\$ 5,434,134</u>   |

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2012-13 fiscal year are as follows:

|                                       | Purpose                                   | Transfers<br>In   | Transfers<br>Out |
|---------------------------------------|---|-------------------|------------------|
| General Fund                          |   |                   |                  |
| Nonmajor Governmental Funds           | General fund contribution                 | \$ 76,137         | \$ 1,710,348     |
| Internal Service Funds                | To pay unemployment claims                | -                 | 65,619           |
| Internal Service Funds                | To reimburse General Fund                 | 250,000           | -                |
| Nonmajor Governmental Funds           | To fund construction in progress activity | 1,943,051         | -                |
| Financing Authority Fund              | To fund construction in progress activity | 130,071           | -                |
| Financing Authority Fund              | To fund construction in progress activity | 10,374,887        | 2,289,983        |
| Nonmajor Governmental Funds           | To fund activity                          | 1,109,546         | 150,000          |
| Nonmajor Governmental Funds           | To fund activity                          | 34,695            | 100,000          |
| Nonmajor Governmental Funds           | General Fund Reserve                      | -                 | 467,741          |
| Nonmajor Governmental Funds           | For traffic safety activity               | 142,806           | 1,925,550        |
| Nonmajor Governmental Funds           | For traffic safety activity               | 7,224             | 17,500           |
| Total General Fund                    |   | <u>14,068,417</u> | <u>6,726,741</u> |
| Special Revenue Funds                 |   |                   |                  |
| General Fund                          | For capital improvements                  | -                 | 8,622,741        |
| Debt Service Fund                     |   |                   |                  |
| Financing Authority Fund              | To fund construction in progress activity | -                 | 86,885           |
| General Fund                          | For lease revenue bond payment            | 2,289,983         | 161,971          |
| Total Debt Service Funds              |   | <u>2,289,983</u>  | <u>248,856</u>   |
| Nonmajor Capital Projects Funds       |   |                   |                  |
| Technology CIP Fund                   | To fund construction in progress activity | 166,200           | -                |
| Total Nonmajor Capital Projects Funds |   | <u>166,200</u>    | <u>-</u>         |

(Continued)

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

|                                       |   | Transfers<br>In      | Transfers<br>Out     |
|---------------------------------------|---|----------------------|----------------------|
| Purpose                               |   |                      |                      |
| <b>Nonmajor Special Revenue Funds</b> |   |                      |                      |
| General Fund                          | General fund contribution                 | -                    | 76,137               |
| General Fund                          | To fund construction in progress activity | -                    | 1,565,262            |
| General Fund                          | For Traffic Safety activity               | -                    | 150,030              |
| General Fund                          | To purchase equipment                     | 150,000              | 10,545               |
| General Fund                          | General Fund contribution                 | 84,246               | -                    |
| Nonmajor Governmental Funds           | To reimburse General Fund                 | -                    | 34,695               |
| Nonmajor Governmental Funds           | General Fund contribution                 | 272,710              | -                    |
| Total Nonmajor Special Revenue Funds  |   | <u>506,956</u>       | <u>1,836,669</u>     |
| <b>Internal Service Funds</b>         |   |                      |                      |
| General Fund                          | To pay for unemployment claims            | 65,619               | 250,000              |
| General Fund                          | To fund equipment                         | 317,057              | -                    |
| Internal Service Funds                | To fund equipment                         | -                    | 4,973                |
| Total Internal Service Funds          |   | <u>382,676</u>       | <u>254,973</u>       |
| <b>Enterprise Funds</b>               |   |                      |                      |
| Water Funds                           | To fund construction in progress activity | 531,900              | -                    |
| Development Service Fund              | General Fund Contribution                 | 243,848              | -                    |
| Water                                 | To fund construction in progress activity | -                    | 500,000              |
| Sewer and Wastewater                  | To fund construction in progress activity | 1,430,000            | 1,430,000            |
| Total Enterprise Funds                |   | <u>2,205,748</u>     | <u>1,930,000</u>     |
| <b>Totals</b>                         |   | <u>\$ 19,619,980</u> | <u>\$ 19,619,980</u> |

Interfund advances to/from at June 30, 2013, were as follows:

|                        |   | Advances From<br>Other Funds | Advances To<br>Other Funds |
|------------------------|---|------------------------------|----------------------------|
| Purpose                |   |                              |                            |
| General Fund           | For General Operations - Transit                            | \$ -                         | \$ 270,000                 |
| Water Fund             | To Construct LNG Fuel and Corporate<br>Maintenance Facility | -                            | 2,498,083                  |
| Solid Waste Fund       | To Construct Corporation Maintenance Facility               | 2,200,562                    | -                          |
| Sewer Fund             | For General Operations                                      | 186,857                      | -                          |
| Transit Fund           | For General Operations                                      | 270,000                      | -                          |
| Internal Service Funds | Fleet Maintenance   | 110,664                      | -                          |
|                        |   | <u>\$ 2,768,083</u>          | <u>\$ 2,768,083</u>        |



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

Advances from Other Funds:

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%. \$ 2,200,562

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%. \$ 186,857

A loan from the City's General Fund to the Transit Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate. \$ 270,000

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 \$10,060 including interest of 3.00%. \$ 110,664

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

A. Plan Description

In addition to the employee retirement benefits described in Note 7, the City provides a Post-Employment Benefits Plan to cover eligible retirees' health care insurance and life insurance costs in accordance with a resolution approved by the City Council. The benefits are provided in the form of:

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

For employees hired before June 24, 1984, the City operates under an agreement to continue to provide health care insurance benefits to all employees who retire after the age of 50 and who have 10 years of service to the City. The retirees are required to pay the employee insurance contribution being charged at the time of their retirement and the City pays the excess of the cost over the amount of the contribution. The employees' contribution rate is frozen for them; they will never have to pay a larger amount regardless of changes in the City's cost to provide the insurance. In June 1984, in the City's annual memoranda of understanding with employee bargaining units, this agreement was amended for those hired after June 23, 1984: Employees hired after June 23, 1984, must be 55 years old and work 10 years to qualify for the benefits. In addition, for those employees who are hired after June 23, 1984, any increases in contributions after retirement must be borne by the retirees (their rates are not frozen); the City still pays the excess of the cost over the amount of the employees cost of the contribution. The City's obligation under the agreements continues until the death of the employee unless the employee chooses to discontinue the insurance.

The City recognizes the cost of the retiree health care costs insurance benefits as expenditures as insurance contributions are paid on a monthly basis in advance, which at June 30, 2013, approximated \$265,507. Because the City is self-insured, no payments are made to an outside insurer and because the City has not established a separate irrevocable trust or made payments of benefits directly to or on behalf of a retiree or beneficiary, no contributions are recognized. The plan uses the pay-as-you-go method to fund the current cost. At June 30, 2013, fifty-two (52) employees were affected by the provisions of these benefits.

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

**B. Funding Policy**

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

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

The following table shows the City's post-employment benefit plan assets/liabilities at June 30, 2013:

| <u>Item</u>                                 | <u>Primary Government</u> |
|---|---------------------------|
| Annual Required Contributions               | \$ 153,860                |
| Interest on Net OPEB Obligation/(Asset)     | 24,761                    |
| Adjustment to Annual Required Contributions | (17,620)                  |
| Annual OPEB Cost                            | 161,001                   |
| Contributions Made                          | -                         |
| Increase in Net OPEB Obligation             | 161,001                   |
| Net OPEB Obligation - Beginning of Year     | 818,093                   |
| Net OPEB Obligation - End of Year           | <u>\$ 979,094</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 years ended June 30, 2010, 2011, and 2012, are as follows:

| Fiscal Year | Annual OPEB Cost | Actual Annual Contribution | Annual Required Contribution | Percentage Contribution | Net OPEB Obligation/(Asset) |
|-------------|------------------|----------------------------|------------------------------|-------------------------|-----------------------------|
| 6/30/11     | \$ 161,000       | \$ -                       | \$ 161,000                   | 0.00%                   | \$ 671,000                  |
| 6/30/12     | \$ 158,308       | \$ -                       | \$ 153,860                   | 0.00%                   | \$ 818,093                  |
| 6/30/13     | \$ 161,001       | \$ -                       | \$ 153,860                   | 0.00%                   | \$ 979,094                  |

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2013, the end of the third year of GASB Statement No. 45 applicability, was as follows:

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

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

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

E. Actuarial Methods and Assumptions

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

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

Other critical assumptions used in the actuarial valuation are the health care cost trend rate, participation, inflation rate, investment return, and salary increase assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a **health care cost trend rate assumption** of 11% in the year July 1, 2012, to June 30, 2013, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

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

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

The City's UAAL is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2013, was 28 years.

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

As of June 30, 2013, expenditures exceeded appropriations in individual funds as follows:

| <u>Appropriations Category</u>                           | <u>Excess Expenditures</u> |
|--|----------------------------|
| <u>General Fund</u>                                      |                            |
| Interest and Fiscal Charges                              | \$ 7,881                   |
| <u>HOME Program Fund</u>                                 |                            |
| Community Services                                       | 5,000                      |
| Interest   | 56                         |
| <u>Measure R Fund</u>                                    |                            |
| Interest   | 62,722                     |
| <u>Special Revenue - COPS-State Grant Fund</u>           |                            |
| Public Safety  | 39,512                     |
| Interest   | 696                        |
| <u>Special Revenue - Traffic Safety Fund</u>             |                            |
| Interest   | 1,284                      |
| <u>Special Revenue - Local Law Enforcement Fund</u>      |                            |
| Public Safety  | 12,681                     |
| <u>Special Revenue - Police Forfeiture Fund</u>          |                            |
| Public Safety  | 20,922                     |
| <u>Special Revenue - Public Mitigation Grant Fund</u>    |                            |
| Interest   | 479                        |
| <u>Special Revenue - Rental Rehabilitation Fund</u>      |                            |
| Community Services                                       | 2,000                      |
| <u>Special Revenue - Housing Redevelopment CDBG Fund</u> |                            |
| Community Services                                       | 222,085                    |
| Principal  | 219,000                    |
| Interest   | 5,150                      |

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

General Liability

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

## NOTE 13 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2013, is as follows:

|                                      | General Fund         | HOME Program Fund   | Measure R Fund      | Financing Authority Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------|---------------------|---------------------|--------------------------|--------------------------|--------------------------|
| <b>Nonspendable:</b>                 | \$ -                 | \$ -                | \$ -                | \$ -                     | \$ 35,000                | \$ 35,000                |
| Total nonspendable fund balance      | -                    | -                   | -                   | -                        | 35,000                   | 35,000                   |
| <b>Restricted for:</b>               |                      |                     |                     |                          |                          |                          |
| Public Safety - Police               | -                    | -                   | -                   | -                        | 132,951                  | 132,951                  |
| Public Safety - Fire                 | -                    | -                   | -                   | -                        | 121,945                  | 121,945                  |
| Public Works - Street                | -                    | -                   | 2,104,521           | -                        | 6,232,315                | 8,336,836                |
| Debt Service                         | -                    | -                   | -                   | 2,875,150                | -                        | 2,875,150                |
| Development Services                 | 8,708                | 2,000,000           | -                   | -                        | 1,519,268                | 3,527,976                |
| Total restricted fund balance        | 8,708                | 2,000,000           | 2,104,521           | 2,875,150                | 8,006,479                | 14,994,858               |
| <b>Committed to:</b>                 |                      |                     |                     |                          |                          |                          |
| Cash Basis Reserve                   | 5,416,760            | -                   | -                   | -                        | -                        | 5,416,760                |
| Appropriation for Next Year's Budget | 14,581,320           | -                   | -                   | -                        | 626,408                  | 15,207,728               |
| Total committed fund balance         | 19,998,080           | -                   | -                   | -                        | 626,408                  | 20,624,488               |
| <b>Unassigned fund balance:</b>      | -                    | -                   | -                   | -                        | -                        | -                        |
| Total unassigned fund balance        | (1,634,962)          | -                   | -                   | -                        | -                        | (1,634,962)              |
| Total fund balances                  | <u>\$ 18,371,826</u> | <u>\$ 2,000,000</u> | <u>\$ 2,104,521</u> | <u>\$ 2,875,150</u>      | <u>\$ 8,667,887</u>      | <u>\$ 34,019,384</u>     |

## NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2013, have been evaluated for possible adjustments to the financial statements or disclosures is January 30, 2014, which is the date that the financial statements were available to be issued.

## NOTE 15 – EXTRAORDINARY ITEM

The City reported and extraordinary loss in the current fiscal year as a result of reversing a previous transfer of \$1.6 million in property taxes that had been previously transferred from the former Redevelopment Agency to the City in December 2011 to make a loan payment. The SCO ordered the City that these funds be returned to the Successor Agency. As such, the Successor Agency recorded a corresponding extraordinary gain.

## NOTE 16 – DEVELOPMENT SOURCES AND PURCHASING FUNDS DEFICIT

As of June 30, 2013, the Development Sources Fund, an Enterprise Fund, had a deficit of \$9,632. The Development Sources Fund deficit relates to the initiation of this fund. The City expects to eliminate this deficit with General Fund transfers.

Also, the Purchasing Fund, an Internal Service Fund, had a deficit of \$405,815. The deficit in the Purchasing Fund was due to insufficient charges to the other funds. The City has eliminated this deficit with transfers from the Fleet Maintenance Fund made on July 1, 2014.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|  | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| Revenues   |                      |                      |                      |                               |
| Taxes  | \$ 28,984,600        | \$ 28,984,600        | \$ 29,804,750        | \$ 820,150                    |
| Intergovernmental  | -                    | -                    | 46,550               | 46,550                        |
| Licenses and Permits   | 60,050               | 60,050               | 78,939               | 18,889                        |
| Fines and Forfeitures  | 47,000               | 47,000               | 28,877               | (18,123)                      |
| Charges for Services   | 2,609,440            | 2,587,600            | 2,481,343            | (106,257)                     |
| Interest and Rentals   | 347,870              | 347,870              | 197,137              | (150,733)                     |
| Grants   | 7,425,620            | 7,569,450            | 3,346,933            | (4,222,517)                   |
| Assessments  | 88,300               | 88,300               | 85,616               | (2,684)                       |
| Other  | 2,676,410            | 2,740,340            | 4,058,134            | 1,317,794                     |
| <b>Total Revenues</b>  | <b>42,239,290</b>    | <b>42,425,210</b>    | <b>40,128,279</b>    | <b>(2,296,931)</b>            |
| Expenditures   |                      |                      |                      |                               |
| Current  |                      |                      |                      |                               |
| General Government   | 3,790,330            | 3,738,530            | 3,644,121            | 94,409                        |
| Public Safety  | 18,102,430           | 18,118,020           | 17,528,067           | 589,953                       |
| Public Works   | 2,445,610            | 2,445,610            | 2,368,831            | 76,779                        |
| Community Development  | 1,352,500            | 1,352,500            | 1,283,742            | 68,758                        |
| Community Services   | 4,517,270            | 4,380,580            | 3,884,359            | 496,221                       |
| Library and Cultural   | 854,000              | 854,000              | 794,455              | 59,545                        |
| Capital Outlay   | 41,576,490           | 41,561,090           | 16,668,830           | 24,892,260                    |
| Debt Service   |                      |                      |                      |                               |
| Principal  | 241,010              | 241,010              | 76,010               | 165,000                       |
| Interest and Fiscal Charges                                  | 52,380               | 52,380               | 60,261               | (7,881)                       |
| <b>Total Expenditures</b>                                    | <b>72,932,020</b>    | <b>72,743,720</b>    | <b>46,308,676</b>    | <b>26,435,044</b>             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (30,692,730)         | (30,318,510)         | (6,180,397)          | 24,138,113                    |
| Other Financing Sources (Uses)                               |                      |                      |                      |                               |
| Transfers In   | 34,830,920           | 34,862,620           | 14,068,417           | (20,794,203)                  |
| Transfers Out  | (5,922,060)          | (5,953,760)          | (6,726,741)          | (772,981)                     |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>28,908,860</b>    | <b>28,908,860</b>    | <b>7,341,676</b>     | <b>(21,567,184)</b>           |
| Change in Fund Balance before<br>Extraordinary loss          | (1,783,870)          | (1,409,650)          | 1,161,279            | 2,570,929                     |
| Extraordinary Item   |                      |                      |                      |                               |
| Extraordinary Loss   | -                    | -                    | 1,634,962            | 1,634,962                     |
| <b>Net Change in Fund Balance</b>                            | <b>(1,783,870)</b>   | <b>(1,409,650)</b>   | <b>(473,683)</b>     | <b>935,967</b>                |
| Fund Balance, Beginning                                      | 18,845,509           | 18,845,509           | 18,845,509           | -                             |
| <b>Fund Balance, Ending</b>                                  | <b>\$ 17,061,639</b> | <b>\$ 17,435,859</b> | <b>\$ 18,371,826</b> | <b>\$ 935,967</b>             |

**CITY OF TULARE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
HOME PROGRAM FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

|                            | <u>Original Budget</u>     | <u>Final Budget</u>        | <u>Actual</u>              | <u>Variance with<br/>Final Budget</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------------------|
| <b>Revenues</b>            |                            |                            |                            |                                       |
| Intergovernmental          | \$ -                       | \$ -                       | \$ 28,748                  | \$ 28,748                             |
| Grants                     | -                          | -                          | 1,308                      | 1,308                                 |
| <b>Total Revenues</b>      | <u>-</u>                   | <u>-</u>                   | <u>30,056</u>              | <u>30,056</u>                         |
| <b>Expenditures</b>        |                            |                            |                            |                                       |
| Current                    |                            |                            |                            |                                       |
| Community Services         | -                          | -                          | 5,000                      | (5,000)                               |
| Interest                   | -                          | -                          | 56                         | (56)                                  |
| <b>Total Expenditures</b>  | <u>-</u>                   | <u>-</u>                   | <u>5,056</u>               | <u>(5,056)</u>                        |
| Net Change in Fund Balance | -                          | -                          | 25,000                     | 25,000                                |
| Fund Balance - Beginning   | <u>1,975,000</u>           | <u>1,975,000</u>           | <u>1,975,000</u>           | <u>-</u>                              |
| Fund Balance - Ending      | <u><u>\$ 1,975,000</u></u> | <u><u>\$ 1,975,000</u></u> | <u><u>\$ 2,000,000</u></u> | <u><u>\$ 25,000</u></u>               |



**CITY OF TULARE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
MEASURE R FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Original Budget | Final Budget          | Actual              | Variance with<br>Final Budget |
|--|-----------------|-----------------------|---------------------|-------------------------------|
| <b>Revenues</b>  |                 |                       |                     |                               |
| Taxes  | \$ -            | \$ 23,590,200         | \$ 8,431,736        | \$ (15,158,464)               |
| Interest and Rentals   | -               | 20,000                | -                   | (20,000)                      |
| <b>Total Revenues</b>  | <u>-</u>        | <u>23,610,200</u>     | <u>8,431,736</u>    | <u>(15,178,464)</u>           |
| <b>Expenditures</b>  |                 |                       |                     |                               |
| Current  |                 |                       |                     |                               |
| Interest   | -               | -                     | 62,722              | (62,722)                      |
| <b>Total Expenditures</b>                                    | <u>-</u>        | <u>-</u>              | <u>62,722</u>       | <u>(62,722)</u>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>-</u>        | <u>23,610,200</u>     | <u>8,369,014</u>    | <u>(15,241,186)</u>           |
| Other Financing Sources (Uses)                               |                 |                       |                     |                               |
| Transfers Out  | -               | (28,570,390)          | (8,622,741)         | (19,947,649)                  |
| Net Change in Fund Balance                                   | -               | (4,960,190)           | (253,727)           | 4,706,463                     |
| Fund Balance, Beginning                                      | <u>-</u>        | <u>2,358,248</u>      | <u>2,358,248</u>    | <u>-</u>                      |
| Fund Balance, Ending   | <u>\$ -</u>     | <u>\$ (2,601,942)</u> | <u>\$ 2,104,521</u> | <u>\$ 4,706,463</u>           |

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

| Actuarial<br>Valuation<br>Date | (A)<br>Entry Age<br>Actuarial<br>Accrued<br>Liability | (B)<br>Actuarial<br>Asset<br>Value | (C)<br>Unfunded<br>Liability<br>(Excess<br>Assets)<br>(A)-(B) | (D)<br>Funded<br>Ratio<br>(B)/(A) | (E)<br>Covered<br>Payroll | (F)<br>Unfunded<br>Actuarial<br>Liability as<br>Percentage<br>of Covered<br>Payroll<br>(A)-(B)/(E) |
|--------------------------------|---|------------------------------------|---|-----------------------------------|---------------------------|--|
| <b>Retirement Program</b>      |   |                                    |   |                                   |                           |  |
| 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%  |
| 6/30/09                        |   |                                    |   |                                   |                           |  |
| Misc.                          | \$ 73,809   | \$ 60,685                          | \$ 13,124   | 82.2%                             | \$ 13,983                 | 93.9%  |
| Safety Police                  | 9,722   | 8,027                              | 1,695   | 82.6%                             | 974                       | 174.0%   |
| Safety Fire First Tier         | 9,722   | 8,027                              | 1,695   | 82.6%                             | 974                       | 174.0%   |
| Safety Fire Second Tier        | 1,803   | 1,520                              | 283   | 84.3%                             | 222                       | 127.5%   |
| Total                          | <u>\$ 95,056</u>                                      | <u>\$ 78,259</u>                   | <u>\$ 16,797</u>  | 82.3%                             | <u>\$ 16,153</u>          | 104.0%   |
| 6/30/10                        |   |                                    |   |                                   |                           |  |
| Misc.                          | \$ 79,375   | \$ 64,553                          | \$ 14,822   | 81.3%                             | \$ 10,904                 | 135.9%   |
| Safety Police                  | 10,165,475  | 8,470,235                          | 1,695,240   | 83.3%                             | 955,981                   | 177.3%   |
| Safety Fire First Tier         | 10,165,475  | 8,470,235                          | 1,695,240   | 83.3%                             | 955,982                   | 177.3%   |
| Safety Fire Second Tier        | 1,915,095   | 1,628,915                          | 286,180   | 85.1%                             | 224,562                   | 127.4%   |
| Total                          | <u>\$ 22,325,420</u>                                  | <u>\$ 18,633,938</u>               | <u>\$ 3,691,482</u>   | 83.5%                             | <u>\$ 2,147,429</u>       | 171.9%   |
| 6/30/11                        |   |                                    |   |                                   |                           |  |
| Misc.                          | \$ 85,384   | \$ 68,085                          | \$ 17,299   | 79.7%                             | \$ 10,912                 | 158.5%   |
| Safety Police                  | 34,980  | 25,768                             | 9,212   | 73.7%                             | 5,251                     | 175.4%   |
| Safety Fire First Tier         | 26,807  | 19,619                             | 7,188   | 73.2%                             | 2,802                     | 256.5%   |
| Safety Fire Second Tier        | 30  | 24                                 | 6   | 80.0%                             | 264                       | 2.3%   |
| Total                          | <u>\$ 147,201</u>                                     | <u>\$ 113,496</u>                  | <u>\$ 33,705</u>  | 77.1%                             | <u>\$ 19,229</u>          | 175.3%   |
| 6/30/12                        |   |                                    |   |                                   |                           |  |
| Misc.                          | \$ 88,212   | \$ 71,019                          | \$ 17,193   | 80.5%                             | \$ 10,462                 | 164.3%   |
| Safety Police                  | 37,271  | 25,963                             | 11,308  | 69.7%                             | 5,162                     | 219.1%   |
| Safety Fire First Tier         | 28,343  | 19,621                             | 8,722   | 69.2%                             | 2,634                     | 331.1%   |
| Safety Fire Second Tier        | 71  | 54                                 | 17  | 76.1%                             | 246                       | 6.9%   |
| Total                          | <u>\$ 153,897</u>                                     | <u>\$ 116,657</u>                  | <u>\$ 37,240</u>  | 75.8%                             | <u>\$ 18,504</u>          | 201.3%   |

**CITY OF TULARE  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR OTHER POST-EMPLOYMENT BENEFITS PLAN**

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

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|------------------------------|--|
|  | <u>                    </u> | <u>                    </u>  | <u>                    </u>                |
| <b>Assets</b>                            |                             |                              |  |
| Cash and Investments                     | \$ 6,785,823                | \$ 281,304                   | \$ 7,067,127                               |
| Cash and Investments with Fiscal Agent   | -                           | 579,722                      | 579,722                                    |
| Receivables                              |                             |                              |  |
| Accounts                                 | 14,162                      | -                            | 14,162                                     |
| Interest                                 | 11,523                      | -                            | 11,523                                     |
| Taxes                                    | 117,894                     | -                            | 117,894                                    |
| Intergovernmental                        | 733,848                     | -                            | 733,848                                    |
| Deferred Loans Receivable                | 3,342,113                   | -                            | 3,342,113                                  |
| Notes Receivable                         | 1,284,453                   | -                            | 1,284,453                                  |
| Land Held for Resale                     | 35,000                      | -                            | 35,000                                     |
|  | <u>                    </u> | <u>                    </u>  | <u>                    </u>                |
| Total Assets                             | <u>\$ 12,324,816</u>        | <u>\$ 861,026</u>            | <u>\$ 13,185,842</u>                       |
| <b>Liabilities and Fund Balances</b>     |                             |                              |  |
| Liabilities                              |                             |                              |  |
| Accounts Payable and Accrued Liabilities | \$ 147,807                  | \$ 234,618                   | \$ 382,425                                 |
| Due to Other Funds                       | 535,645                     | -                            | 535,645                                    |
| Deferred Revenue                         | 3,599,885                   | -                            | 3,599,885                                  |
|  | <u>                    </u> | <u>                    </u>  | <u>                    </u>                |
| Total Liabilities                        | <u>4,283,337</u>            | <u>234,618</u>               | <u>4,517,955</u>                           |
| Fund Balances                            |                             |                              |  |
| Nonspendable                             | 35,000                      | -                            | 35,000                                     |
| Restricted                               | 8,006,479                   | -                            | 8,006,479                                  |
| Committed                                | -                           | 626,408                      | 626,408                                    |
|  | <u>                    </u> | <u>                    </u>  | <u>                    </u>                |
| Total Fund Balances                      | <u>8,041,479</u>            | <u>626,408</u>               | <u>8,667,887</u>                           |
| Total Liabilities and Fund Balances      | <u>\$ 12,324,816</u>        | <u>\$ 861,026</u>            | <u>\$ 13,185,842</u>                       |

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|------------------------------|--|
| <b>Revenues</b>  |                             |                              |  |
| Taxes  | \$ 1,887,811                | \$ -                         | \$ 1,887,811                               |
| Intergovernmental  | 104,067                     | -                            | 104,067                                    |
| Fines and Forfeitures  | 204,290                     | -                            | 204,290                                    |
| Interest and Rentals   | 14                          | 1,041                        | 1,055                                      |
| Grants   | 2,216,184                   | -                            | 2,216,184                                  |
| Meals  | 26,296                      | -                            | 26,296                                     |
| Assessments  | 625,580                     | -                            | 625,580                                    |
| Other  | 30,501                      | -                            | 30,501                                     |
| Total Revenues   | <u>5,094,743</u>            | <u>1,041</u>                 | <u>5,095,784</u>                           |
| <b>Expenditures</b>  |                             |                              |  |
| Current  |                             |                              |  |
| Public Safety  | 640,395                     | -                            | 640,395                                    |
| Community Development  | 1,122,585                   | 2,053,133                    | 3,175,718                                  |
| Community Services   | 860,853                     | -                            | 860,853                                    |
| Debt Service   |                             |                              |  |
| Principal  | 256,000                     | -                            | 256,000                                    |
| Interest   | 43,729                      | -                            | 43,729                                     |
| Total Expenditures   | <u>2,923,562</u>            | <u>2,053,133</u>             | <u>4,976,695</u>                           |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>2,171,181</u>            | <u>(2,052,092)</u>           | <u>119,089</u>                             |
| Other Financing Sources (Uses)                               |                             |                              |  |
| Transfers In   | 506,956                     | 166,200                      | 673,156                                    |
| Transfers Out  | <u>(1,836,669)</u>          | <u>-</u>                     | <u>(1,836,669)</u>                         |
| Total Other Financing<br>Sources (Uses)                      | <u>(1,329,713)</u>          | <u>166,200</u>               | <u>(1,163,513)</u>                         |
| Net Change in Fund Balances                                  | 841,468                     | (1,885,892)                  | (1,044,424)                                |
| Fund Balances - Beginning                                    | <u>7,200,011</u>            | <u>2,512,300</u>             | <u>9,712,311</u>                           |
| Fund Balances - Ending                                       | <u>\$ 8,041,479</u>         | <u>\$ 626,408</u>            | <u>\$ 8,667,887</u>                        |

This page intentionally left blank.

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

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

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

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

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

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

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

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

The Police Forfeiture Fund accounts for state and federal revenues for narcotic suppression activities.

The Vehicle Abatement Fund accounts for state and federal revenues for the abatement of abandoned vehicles.

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

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

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

The Catastrophe Fund accounts for funds accounted for the anticipation of future catastrophic events.



**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013**

|  | Senior<br>Services | Housing<br>Redevelopment<br>CDBG | Gas Tax             | Traffic<br>Safety | COPS -<br>State Grant |
|--|--------------------|----------------------------------|---------------------|-------------------|-----------------------|
| <b>Assets</b>                                  |                    |                                  |                     |                   |                       |
| Cash and Investments                           | \$ 200             | \$ -                             | \$ 6,103,942        | \$ 19,142         | \$ 189,160            |
| Receivables                                    |                    |                                  |                     |                   |                       |
| Accounts                                       | 9,925              | 1,666                            | -                   | -                 | -                     |
| Interest                                       | -                  | -                                | 10,479              | 221               | 259                   |
| Taxes  | -                  | -                                | 117,894             | -                 | -                     |
| Intergovernmental                              | 9,926              | 473,804                          | -                   | 12,692            | 33,517                |
| Deferred Loans Receivable                      | -                  | 2,227,525                        | -                   | -                 | -                     |
| Notes Receivable                               | -                  | 1,284,453                        | -                   | -                 | -                     |
| Land Held for Resale                           | -                  | 35,000                           | -                   | -                 | -                     |
| <b>Total Assets</b>                            | <b>\$ 20,051</b>   | <b>\$ 4,022,448</b>              | <b>\$ 6,232,315</b> | <b>\$ 32,055</b>  | <b>\$ 222,936</b>     |
| <b>Liabilities and Fund Balances</b>           |                    |                                  |                     |                   |                       |
| <b>Liabilities</b>                             |                    |                                  |                     |                   |                       |
| Accounts Payable and                           |                    |                                  |                     |                   |                       |
| Accrued Liabilities                            | \$ 11,075          | \$ 90,832                        | \$ -                | \$ -              | \$ 2,652              |
| Due to Other Funds                             | 8,976              | 384,575                          | -                   | -                 | -                     |
| Deferred Revenue                               | -                  | 2,227,524                        | -                   | -                 | 220,284               |
| <b>Total Liabilities</b>                       | <b>20,051</b>      | <b>2,702,931</b>                 | <b>-</b>            | <b>-</b>          | <b>222,936</b>        |
| <b>Fund Balances</b>                           |                    |                                  |                     |                   |                       |
| Nonspendable                                   | -                  | 35,000                           | -                   | -                 | -                     |
| Restricted                                     | -                  | 1,284,517                        | 6,232,315           | 32,055            | -                     |
| <b>Total Fund Balances</b>                     | <b>-</b>           | <b>1,319,517</b>                 | <b>6,232,315</b>    | <b>32,055</b>     | <b>-</b>              |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 20,051</b>   | <b>\$ 4,022,448</b>              | <b>\$ 6,232,315</b> | <b>\$ 32,055</b>  | <b>\$ 222,936</b>     |

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

|  | Local Law<br>Enforcement<br>Block Grant | Landscape<br>and<br>Lighting | OTS<br>Grant    | Auto<br>Theft<br>Deterrence | Police<br>Forfeiture | Vehicle<br>Abatement |
|--|---|------------------------------|-----------------|-----------------------------|----------------------|----------------------|
| <b>Assets</b>                                  |   |                              |                 |                             |                      |                      |
| Cash and Investments                           | \$ -                                    | \$ 28,790                    | \$ 1,301        | \$ 88,183                   | \$ 77,847            | \$ 122,638           |
| Receivables                                    |   |                              |                 |                             |                      |                      |
| Accounts                                       | -                                       | 2,046                        | 500             | -                           | 25                   | -                    |
| Interest                                       | -                                       | 39                           | 12              | 121                         | 114                  | 168                  |
| Taxes  | -                                       | -                            | -               | -                           | -                    | -                    |
| Intergovernmental                              | 347                                     | 36,832                       | -               | -                           | -                    | -                    |
| Deferred Loans Receivable                      | -                                       | -                            | -               | -                           | -                    | -                    |
| Notes Receivable                               | -                                       | -                            | -               | -                           | -                    | -                    |
| Land Held for Resale                           | -                                       | -                            | -               | -                           | -                    | -                    |
| <b>Total Assets</b>                            | <b>\$ 347</b>                           | <b>\$ 67,707</b>             | <b>\$ 1,813</b> | <b>\$ 88,304</b>            | <b>\$ 77,986</b>     | <b>\$ 122,806</b>    |
| <b>Liabilities and Fund Balances</b>           |   |                              |                 |                             |                      |                      |
| <b>Liabilities</b>                             |   |                              |                 |                             |                      |                      |
| Accounts Payable and                           |   |                              |                 |                             |                      |                      |
| Accrued Liabilities                            | \$ -                                    | \$ 15,011                    | \$ 1,813        | \$ -                        | \$ 476               | \$ 861               |
| Due to Other Funds                             | 347                                     | -                            | -               | -                           | -                    | -                    |
| Deferred Revenue                               | -                                       | -                            | -               | -                           | 32,863               | -                    |
| <b>Total Liabilities</b>                       | <b>347</b>                              | <b>15,011</b>                | <b>1,813</b>    | <b>-</b>                    | <b>33,339</b>        | <b>861</b>           |
| <b>Fund Balances</b>                           |   |                              |                 |                             |                      |                      |
| Nonspendable                                   | -                                       | -                            | -               | -                           | -                    | -                    |
| Restricted                                     | -                                       | 52,696                       | -               | 88,304                      | 44,647               | 121,945              |
| <b>Total Fund Balances</b>                     | <b>-</b>                                | <b>52,696</b>                | <b>-</b>        | <b>88,304</b>               | <b>44,647</b>        | <b>121,945</b>       |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 347</b>                           | <b>\$ 67,707</b>             | <b>\$ 1,813</b> | <b>\$ 88,304</b>            | <b>\$ 77,986</b>     | <b>\$ 122,806</b>    |

(Continued)

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

|  | Public<br>Mitigation<br>Grant | 2009 COPS<br>Hiring Recovery<br>Program | Rental<br>Rehabilitation | Catastrophe       | Total                |
|--|-------------------------------|---|--------------------------|-------------------|----------------------|
| <b>Assets</b>                                  |                               |   |                          |                   |                      |
| Cash and Investments                           | \$ -                          | \$ -                                    | \$ 4,620                 | \$ 150,000        | \$ 6,785,823         |
| Receivables                                    |                               |   |                          |                   |                      |
| Accounts                                       | -                             | -                                       | -                        | -                 | 14,162               |
| Interest                                       | 104                           | -                                       | 6                        | -                 | 11,523               |
| Taxes  | -                             | -                                       | -                        | -                 | 117,894              |
| Intergovernmental                              | -                             | 166,730                                 | -                        | -                 | 733,848              |
| Deferred Loans Receivable                      | -                             | -                                       | 1,114,588                | -                 | 3,342,113            |
| Notes Receivable                               | -                             | -                                       | -                        | -                 | 1,284,453            |
| Land Held for Resale                           | -                             | -                                       | -                        | -                 | 35,000               |
| <b>Total Assets</b>                            | <b>\$ 104</b>                 | <b>\$ 166,730</b>                       | <b>\$ 1,119,214</b>      | <b>\$ 150,000</b> | <b>\$ 12,324,816</b> |
| <b>Liabilities and Fund Balances</b>           |                               |   |                          |                   |                      |
| <b>Liabilities</b>                             |                               |   |                          |                   |                      |
| Accounts Payable and<br>Accrued Liabilities    | \$ -                          | \$ 25,087                               | \$ -                     | \$ -              | \$ 147,807           |
| Due to Other Funds                             | 104                           | 141,643                                 | -                        | -                 | 535,645              |
| Deferred Revenue                               | -                             | -                                       | 1,119,214                | -                 | 3,599,885            |
| <b>Total Liabilities</b>                       | <b>104</b>                    | <b>166,730</b>                          | <b>1,119,214</b>         | <b>-</b>          | <b>4,283,337</b>     |
| <b>Fund Balances</b>                           |                               |   |                          |                   |                      |
| Nonspendable                                   | -                             | -                                       | -                        | -                 | 35,000               |
| Restricted                                     | -                             | -                                       | -                        | 150,000           | 8,006,479            |
| <b>Total Fund Balances</b>                     | <b>-</b>                      | <b>-</b>                                | <b>-</b>                 | <b>150,000</b>    | <b>8,041,479</b>     |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 104</b>                 | <b>\$ 166,730</b>                       | <b>\$ 1,119,214</b>      | <b>\$ 150,000</b> | <b>\$ 12,324,816</b> |

This page intentionally left blank.

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Senior<br>Services | Housing<br>Redevelopment<br>CDBG | Gas<br>Tax          | Traffic<br>Safety | COPS -<br>State Grant |
|--|--------------------|----------------------------------|---------------------|-------------------|-----------------------|
| <b>Revenues</b>  |                    |                                  |                     |                   |                       |
| Taxes  | \$ -               | \$ -                             | \$ 1,887,811        | \$ -              | \$ -                  |
| Intergovernmental  | 104,067            | -                                | -                   | -                 | -                     |
| Fines and Forfeitures  | -                  | -                                | -                   | 144,090           | -                     |
| Interest and Rentals   | -                  | 13                               | 1                   | -                 | -                     |
| Grants   | -                  | 1,419,417                        | 136,763             | -                 | 40,208                |
| Meals  | 26,296             | -                                | -                   | -                 | -                     |
| Assessments  | -                  | -                                | -                   | -                 | -                     |
| Other  | 20,041             | -                                | -                   | -                 | -                     |
| <b>Total Revenues</b>  | <b>150,404</b>     | <b>1,419,430</b>                 | <b>2,024,575</b>    | <b>144,090</b>    | <b>40,208</b>         |
| <b>Expenditures</b>  |                    |                                  |                     |                   |                       |
| Current  |                    |                                  |                     |                   |                       |
| Public Safety  | -                  | -                                | -                   | -                 | 39,512                |
| Community Services   | 418,052            | 1,120,585                        | -                   | -                 | -                     |
| Debt Service   |                    |                                  |                     |                   |                       |
| Principal  | -                  | 256,000                          | -                   | -                 | -                     |
| Interest   | -                  | 8,150                            | 33,120              | 1,284             | 696                   |
| <b>Total Expenditures</b>                                    | <b>418,052</b>     | <b>1,384,735</b>                 | <b>33,120</b>       | <b>1,284</b>      | <b>40,208</b>         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (267,648)          | 34,695                           | 1,991,455           | 142,806           | -                     |
| Other Financing Sources (Uses)                               |                    |                                  |                     |                   |                       |
| Transfers In   | 272,710            | -                                | -                   | -                 | -                     |
| Transfers Out  | (5,062)            | (34,695)                         | (1,565,262)         | (142,806)         | -                     |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <b>267,648</b>     | <b>(34,695)</b>                  | <b>(1,565,262)</b>  | <b>(142,806)</b>  | <b>-</b>              |
| <b>Net Change in Fund Balances</b>                           | <b>-</b>           | <b>-</b>                         | <b>426,193</b>      | <b>-</b>          | <b>-</b>              |
| Fund Balances - Beginning                                    | -                  | 1,319,517                        | 5,806,122           | 32,055            | -                     |
| <b>Fund Balances - Ending</b>                                | <b>\$ -</b>        | <b>\$ 1,319,517</b>              | <b>\$ 6,232,315</b> | <b>\$ 32,055</b>  | <b>\$ -</b>           |

**CITY OF TULARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|  | Local Law<br>Enforcement<br>Block Grant | Landscape<br>and<br>Lighting | OTS<br>Grant   | Auto<br>Theft<br>Deterrence | Police<br>Forfeiture | Vehicle<br>Abatement |
|--|---|------------------------------|----------------|-----------------------------|----------------------|----------------------|
| <b>Revenues</b>  |   |                              |                |                             |                      |                      |
| Taxes  | \$ -                                    | \$ -                         | \$ -           | \$ -                        | \$ -                 | \$ -                 |
| Intergovernmental  | -                                       | -                            | -              | -                           | -                    | -                    |
| Fines and Forfeitures  | -                                       | -                            | 60,200         | -                           | -                    | -                    |
| Interest and Rentals   | -                                       | -                            | -              | -                           | -                    | -                    |
| Grants   | 12,681                                  | -                            | -              | 86,822                      | 8,261                | 21,999               |
| Meals  | -                                       | -                            | -              | -                           | -                    | -                    |
| Assessments  | -                                       | 625,580                      | -              | -                           | -                    | -                    |
| Other  | -                                       | 460                          | -              | -                           | 10,000               | -                    |
| <b>Total Revenues</b>  | <b>12,681</b>                           | <b>626,040</b>               | <b>60,200</b>  | <b>86,822</b>               | <b>18,261</b>        | <b>21,999</b>        |
| <b>Expenditures</b>  |   |                              |                |                             |                      |                      |
| Current  |   |                              |                |                             |                      |                      |
| Public Safety  | 12,681                                  | -                            | -              | -                           | 64,692               | 27,847               |
| Community Services   | -                                       | 384,276                      | 52,976         | 5,549                       | -                    | -                    |
| Debt Service   |   |                              |                |                             |                      |                      |
| Principal  | -                                       | -                            | -              | -                           | -                    | -                    |
| Interest   | -                                       | -                            | -              | -                           | -                    | -                    |
| <b>Total Expenditures</b>                                    | <b>12,681</b>                           | <b>384,276</b>               | <b>52,976</b>  | <b>5,549</b>                | <b>64,692</b>        | <b>27,847</b>        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                                       | 241,764                      | 7,224          | 81,273                      | (46,431)             | (5,848)              |
| Other Financing Sources (Uses)                               |   |                              |                |                             |                      |                      |
| Transfers In   | -                                       | -                            | -              | -                           | -                    | -                    |
| Transfers Out  | -                                       | -                            | (7,224)        | -                           | (5,483)              | -                    |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <b>-</b>                                | <b>-</b>                     | <b>(7,224)</b> | <b>-</b>                    | <b>(5,483)</b>       | <b>-</b>             |
| <b>Net Change in Fund Balances</b>                           | <b>-</b>                                | <b>241,764</b>               | <b>-</b>       | <b>81,273</b>               | <b>(51,914)</b>      | <b>(5,848)</b>       |
| Fund Balances - Beginning                                    | -                                       | (189,068)                    | -              | 7,031                       | 96,561               | 127,793              |
| <b>Fund Balances - Ending</b>                                | <b>\$ -</b>                             | <b>\$ 52,696</b>             | <b>\$ -</b>    | <b>\$ 88,304</b>            | <b>\$ 44,647</b>     | <b>\$ 121,945</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, 2013**

|  | Public<br>Mitigation<br>Grant | 2009 COPS<br>Hiring Recovery<br>Program | Rental<br>Rehabilitation | Catastrophe       | Total               |
|--|-------------------------------|---|--------------------------|-------------------|---------------------|
| <b>Revenues</b>  |                               |   |                          |                   |                     |
| Taxes  | \$ -                          | \$ -                                    | \$ -                     | \$ -              | \$ 1,887,811        |
| Intergovernmental  | -                             | -                                       | -                        | -                 | 104,067             |
| Fines and Forfeitures  | -                             | -                                       | -                        | -                 | 204,290             |
| Interest and Rentals   | -                             | -                                       | -                        | -                 | 14                  |
| Grants   | 76,616                        | 411,417                                 | 2,000                    | -                 | 2,216,184           |
| Meals  | -                             | -                                       | -                        | -                 | 26,296              |
| Assessments  | -                             | -                                       | -                        | -                 | 625,580             |
| Other  | -                             | -                                       | -                        | -                 | 30,501              |
| <b>Total Revenues</b>  | <b>76,616</b>                 | <b>411,417</b>                          | <b>2,000</b>             | <b>-</b>          | <b>5,094,743</b>    |
| <b>Expenditures</b>  |                               |   |                          |                   |                     |
| Current  |                               |   |                          |                   |                     |
| Public Safety  | -                             | 495,663                                 | -                        | -                 | 640,395             |
| Community Services   | -                             | -                                       | 2,000                    | -                 | 1,983,438           |
| Debt Service   |                               |   |                          |                   |                     |
| Principal  | -                             | -                                       | -                        | -                 | 256,000             |
| Interest   | 479                           | -                                       | -                        | -                 | 43,729              |
| <b>Total Expenditures</b>                                    | <b>479</b>                    | <b>495,663</b>                          | <b>2,000</b>             | <b>-</b>          | <b>2,923,562</b>    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 76,137                        | (84,246)                                | -                        | -                 | 2,171,181           |
| Other Financing Sources (Uses)                               |                               |   |                          |                   |                     |
| Transfers In   | -                             | 84,246                                  | -                        | 150,000           | 506,956             |
| Transfers Out  | (76,137)                      | -                                       | -                        | -                 | (1,836,669)         |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <b>(76,137)</b>               | <b>84,246</b>                           | <b>-</b>                 | <b>150,000</b>    | <b>(1,329,713)</b>  |
| <b>Net Change in Fund Balances</b>                           | <b>-</b>                      | <b>-</b>                                | <b>-</b>                 | <b>150,000</b>    | <b>841,468</b>      |
| Fund Balances - Beginning                                    | -                             | -                                       | -                        | -                 | 7,200,011           |
| <b>Fund Balances - Ending</b>                                | <b>\$ -</b>                   | <b>\$ -</b>                             | <b>\$ -</b>              | <b>\$ 150,000</b> | <b>\$ 8,041,479</b> |

**CITY OF TULARE  
 SENIOR SERVICES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Final Budget</u> | <u>Actual</u>  | <u>Variance with<br/>Final Budget</u> |
|--|---------------------|----------------|---------------------------------------|
| <b>Revenues</b>  |                     |                |                                       |
| Intergovernmental  | \$ 91,050           | \$ 104,067     | \$ 13,017                             |
| Meals  | 41,000              | 26,296         | (14,704)                              |
| Other  | 29,000              | 20,041         | (8,959)                               |
| Total Revenues   | <u>161,050</u>      | <u>150,404</u> | <u>(10,646)</u>                       |
| <b>Expenditures</b>  |                     |                |                                       |
| Current  |                     |                |                                       |
| Community Services   | <u>436,050</u>      | <u>418,052</u> | <u>17,998</u>                         |
| Total Expenditures   | <u>436,050</u>      | <u>418,052</u> | <u>17,998</u>                         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (275,000)           | (267,648)      | 7,352                                 |
| Other Financing Sources (Uses)                               |                     |                |                                       |
| Transfers In   | 275,000             | 272,710        | (2,290)                               |
| Transfers Out  | <u>-</u>            | <u>(5,062)</u> | <u>(5,062)</u>                        |
| Total Other Financing<br>Sources (Uses)                      | <u>275,000</u>      | <u>267,648</u> | <u>(7,352)</u>                        |
| Net Change in Fund Balance                                   | -                   | -              | -                                     |
| Fund Balance, Beginning                                      | <u>-</u>            | <u>-</u>       | <u>-</u>                              |
| Fund Balance, Ending   | <u>\$ -</u>         | <u>\$ -</u>    | <u>\$ -</u>                           |



**CITY OF TULARE  
HOUSING REDEVELOPMENT CDBG FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Final Budget</u>        | <u>Actual</u>              | <u>Variance with<br/>Final Budget</u> |
|--|----------------------------|----------------------------|---------------------------------------|
| <b>Revenues</b>  |                            |                            |                                       |
| Interest and Rentals   | \$ -                       | \$ 13                      | \$ 13                                 |
| Grants   | 1,671,950                  | 1,419,417                  | (252,533)                             |
| <b>Total Revenues</b>  | <u>1,671,950</u>           | <u>1,419,430</u>           | <u>(252,520)</u>                      |
| <b>Expenditures</b>  |                            |                            |                                       |
| Current  |                            |                            |                                       |
| Community Services   | 898,500                    | 1,120,585                  | (222,085)                             |
| Debt Service   |                            |                            |                                       |
| Principal  | 37,000                     | 256,000                    | (219,000)                             |
| Interest   | 3,000                      | 8,150                      | (5,150)                               |
| <b>Total Expenditures</b>                                    | <u>938,500</u>             | <u>1,384,735</u>           | <u>(446,235)</u>                      |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>733,450</u>             | <u>34,695</u>              | <u>(698,755)</u>                      |
| Other Financing Sources (Uses)                               |                            |                            |                                       |
| Transfers Out  | -                          | (34,695)                   | (34,695)                              |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <u>-</u>                   | <u>(34,695)</u>            | <u>(34,695)</u>                       |
| <b>Net Change in Fund Balance</b>                            | 733,450                    | -                          | (733,450)                             |
| <b>Fund Balance - Beginning</b>                              | <u>1,319,517</u>           | <u>1,319,517</u>           | <u>-</u>                              |
| <b>Fund Balance - Ending</b>                                 | <u><u>\$ 2,052,967</u></u> | <u><u>\$ 1,319,517</u></u> | <u><u>\$ (733,450)</u></u>            |

**CITY OF TULARE  
GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Final Budget</u>   | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|--|-----------------------|---------------------|---------------------------------------|
| <b>Revenues</b>  |                       |                     |                                       |
| Taxes  | \$ 2,055,760          | \$ 1,887,811        | \$ (167,949)                          |
| Interest and Rentals   | 30,000                | 1                   | (29,999)                              |
| Grants   | -                     | 136,763             | 136,763                               |
|  | <u>2,085,760</u>      | <u>2,024,575</u>    | <u>(61,185)</u>                       |
| Total Revenues   |                       |                     |                                       |
|  | <u>2,085,760</u>      | <u>2,024,575</u>    | <u>(61,185)</u>                       |
| <b>Expenditures</b>  |                       |                     |                                       |
| Interest   | -                     | 33,120              | 33,120                                |
|  | <u>-</u>              | <u>33,120</u>       | <u>33,120</u>                         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 2,085,760             | 1,991,455           | (94,305)                              |
| Other Financing Sources (Uses)                               |                       |                     |                                       |
| Transfers Out  | <u>(9,314,080)</u>    | <u>(1,565,262)</u>  | <u>7,748,818</u>                      |
| Net Change in Fund Balance                                   | (7,228,320)           | 426,193             | 7,654,513                             |
| Fund Balance, Beginning                                      | <u>-</u>              | <u>5,806,122</u>    | <u>5,806,122</u>                      |
| Fund Balance, Ending   | <u>\$ (7,228,320)</u> | <u>\$ 6,232,315</u> | <u>\$ 13,460,635</u>                  |

**CITY OF TULARE  
TRAFFIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Final Budget</u>     | <u>Actual</u>           | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-------------------------|---------------------------------------|
| <b>Revenues</b>  |                         |                         |                                       |
| Fines and Forfeitures  | \$ 201,000              | \$ 144,090              | \$ (56,910)                           |
| Interest and Rentals   | -                       | -                       | -                                     |
|  | <u>201,000</u>          | <u>144,090</u>          | <u>(56,910)</u>                       |
| <b>Total Revenues</b>  |                         |                         |                                       |
|  | <u>201,000</u>          | <u>144,090</u>          | <u>(56,910)</u>                       |
| <b>Expenditures</b>  |                         |                         |                                       |
| Interest   | -                       | 1,284                   | 1,284                                 |
|  | <u>-</u>                | <u>1,284</u>            | <u>1,284</u>                          |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 201,000                 | 142,806                 | (58,194)                              |
| Other Financing Sources (Uses)                               |                         |                         |                                       |
| Transfers Out  | <u>(201,000)</u>        | <u>(142,806)</u>        | <u>58,194</u>                         |
| Net Change in Fund Balance                                   | -                       | -                       | -                                     |
| Fund Balance, Beginning                                      | <u>32,055</u>           | <u>32,055</u>           | <u>-</u>                              |
| Fund Balance, Ending   | <u><u>\$ 32,055</u></u> | <u><u>\$ 32,055</u></u> | <u><u>\$ -</u></u>                    |

**CITY OF TULARE  
COPS – STATE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Final Budget     | Actual        | Variance with<br>Final Budget |
|--|------------------|---------------|-------------------------------|
| <b>Revenues</b>  |                  |               |                               |
| Interest and Rentals   | \$ -             | \$ -          | \$ -                          |
| Grants   | 100,000          | 40,208        | (59,792)                      |
| <b>Total Revenues</b>  | <u>100,000</u>   | <u>40,208</u> | <u>(59,792)</u>               |
| <b>Expenditures</b>  |                  |               |                               |
| Current  |                  |               |                               |
| Public Safety  | -                | 39,512        | (39,512)                      |
| Interest   | -                | 696           | (696)                         |
| <b>Total Expenditures</b>                                    | <u>-</u>         | <u>40,208</u> | <u>(40,208)</u>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>100,000</u>   | <u>-</u>      | <u>(100,000)</u>              |
| Other Financing Sources (Uses)                               |                  |               |                               |
| Transfers Out  | <u>(100,000)</u> | <u>-</u>      | <u>100,000</u>                |
| Net Change in Fund Balance                                   | -                | -             | -                             |
| Fund Balance, Beginning                                      | <u>-</u>         | <u>-</u>      | <u>-</u>                      |
| Fund Balance, Ending   | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>                   |

**CITY OF TULARE  
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|                            | Final Budget | Actual    | Variance with<br>Final Budget |
|----------------------------|--------------|-----------|-------------------------------|
| <b>Revenues</b>            |              |           |                               |
| Grants                     | \$ -         | \$ 12,681 | \$ 12,681                     |
| Total Revenues             | -            | 12,681    | 12,681                        |
| <b>Expenditures</b>        |              |           |                               |
| Current                    |              |           |                               |
| Public Safety              | -            | 12,681    | (12,681)                      |
| Total Expenditures         | -            | 12,681    | (12,681)                      |
| Net Change in Fund Balance | -            | -         | -                             |
| Fund Balance, Beginning    | -            | -         | -                             |
| Fund Balance, Ending       | \$ -         | \$ -      | \$ -                          |

**CITY OF TULARE  
LANDSCAPE AND LIGHTING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|                                   | <u>Final Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|---------------------|------------------|---------------------------------------|
| <b>Revenues</b>                   |                     |                  |                                       |
| Assessments                       | \$ 604,780          | \$ 625,580       | \$ 20,800                             |
| Other                             | 72,800              | 460              | (72,340)                              |
|                                   | <u>677,580</u>      | <u>626,040</u>   | <u>(51,540)</u>                       |
| Total Revenues                    |                     |                  |                                       |
|                                   | <u>677,580</u>      | <u>626,040</u>   | <u>(51,540)</u>                       |
| <b>Expenditures</b>               |                     |                  |                                       |
| Community Services                | 529,690             | 384,276          | 145,414                               |
|                                   | <u>529,690</u>      | <u>384,276</u>   | <u>145,414</u>                        |
| Net Change in Fund Balance        | 147,890             | 241,764          | 93,874                                |
| Fund Balance (Deficit), Beginning | <u>(189,068)</u>    | <u>(189,068)</u> | <u>-</u>                              |
| Fund Balance (Deficit), Ending    | <u>\$ (41,178)</u>  | <u>\$ 52,696</u> | <u>\$ 93,874</u>                      |

**CITY OF TULARE  
OTS GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Final Budget    | Actual         | Variance with<br>Final Budget |
|---|-----------------|----------------|-------------------------------|
| <b>Revenues</b>   |                 |                |                               |
| Fines and Forfeitures                                       | \$ 71,000       | \$ 60,200      | \$ (10,800)                   |
| Interest and Rentals  | 50              | -              | (50)                          |
|   | <u>71,050</u>   | <u>60,200</u>  | <u>(10,850)</u>               |
| Total Revenues  | <u>71,050</u>   | <u>60,200</u>  | <u>(10,850)</u>               |
| <b>Expenditures</b>   |                 |                |                               |
| Current   |                 |                |                               |
| Community Services  | 60,210          | 52,976         | 7,234                         |
|   | <u>60,210</u>   | <u>52,976</u>  | <u>7,234</u>                  |
| Excess (Deficiency) of Revenue<br>Over (Under) Expenditures | 10,840          | 7,224          | (3,616)                       |
| Other Financing Sources (Uses)                              |                 |                |                               |
| Transfers Out   | (10,840)        | (7,224)        | 3,616                         |
|   | <u>(10,840)</u> | <u>(7,224)</u> | <u>3,616</u>                  |
| Net Change in Fund Balance                                  | -               | -              | -                             |
| Fund Balance, Beginning                                     | -               | -              | -                             |
| Fund Balance, Ending  | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ -</u>                   |

**CITY OF TULARE  
 AUTO THEFT DETERRENCE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013**

|                            | <u>Final Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|----------------------------|---------------------|------------------|---------------------------------------|
| <b>Revenues</b>            |                     |                  |                                       |
| Grants                     | \$ -                | \$ 86,822        | \$ 86,822                             |
| Total Revenues             | <u>-</u>            | <u>86,822</u>    | <u>86,822</u>                         |
| <b>Expenditures</b>        |                     |                  |                                       |
| Current                    |                     |                  |                                       |
| Community Services         | <u>7,000</u>        | <u>5,549</u>     | <u>1,451</u>                          |
| Total Expenditures         | <u>7,000</u>        | <u>5,549</u>     | <u>1,451</u>                          |
| Net Change in Fund Balance | (7,000)             | 81,273           | 88,273                                |
| Fund Balance, Beginning    | <u>7,031</u>        | <u>7,031</u>     | <u>-</u>                              |
| Fund Balance, Ending       | <u>\$ 31</u>        | <u>\$ 88,304</u> | <u>\$ 88,273</u>                      |



**CITY OF TULARE  
POLICE FORFEITURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Final Budget     | Actual           | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------------------|
| <b>Revenues</b>                                      |                  |                  |                               |
| Grants   | \$ -             | \$ 8,261         | \$ 8,261                      |
| Other  | 10,000           | 10,000           | -                             |
| Total Revenues                                       | <u>10,000</u>    | <u>18,261</u>    | <u>8,261</u>                  |
| <b>Expenditures</b>                                  |                  |                  |                               |
| Current  |                  |                  |                               |
| Public Safety  | 43,770           | 64,692           | (20,922)                      |
| Total Expenditures                                   | <u>43,770</u>    | <u>64,692</u>    | <u>(20,922)</u>               |
| Excess (Deficiency) of<br>Revenues Over Expenditures | <u>(33,770)</u>  | <u>(46,431)</u>  | <u>(12,661)</u>               |
| Other Financing Sources (Uses)                       |                  |                  |                               |
| Transfers Out  | -                | (5,483)          | (5,483)                       |
| Net Change in Fund Balance                           | (33,770)         | (51,914)         | (18,144)                      |
| Fund Balance, Beginning                              | <u>96,561</u>    | <u>96,561</u>    | <u>-</u>                      |
| Fund Balance, Ending                                 | <u>\$ 62,791</u> | <u>\$ 44,647</u> | <u>\$ (18,144)</u>            |

**CITY OF TULARE  
VEHICLE ABATEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|                            | <u>Final Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|----------------------------|---------------------|-------------------|---------------------------------------|
| <b>Revenues</b>            |                     |                   |                                       |
| Interest and Rentals       | \$ 700              | \$ -              | \$ (700)                              |
| Grants                     | 25,000              | 21,999            | (3,001)                               |
|                            | <u>25,700</u>       | <u>21,999</u>     | <u>(3,701)</u>                        |
| Total Revenues             |                     |                   |                                       |
|                            | <u>25,700</u>       | <u>21,999</u>     | <u>(3,701)</u>                        |
| <b>Expenditures</b>        |                     |                   |                                       |
| Current                    |                     |                   |                                       |
| Public Safety              | 30,150              | 27,847            | 2,303                                 |
|                            | <u>30,150</u>       | <u>27,847</u>     | <u>2,303</u>                          |
| Net Change in Fund Balance | (4,450)             | (5,848)           | (1,398)                               |
| Fund Balance, Beginning    | <u>127,793</u>      | <u>127,793</u>    | <u>-</u>                              |
| Fund Balance, Ending       | <u>\$ 123,343</u>   | <u>\$ 121,945</u> | <u>\$ (1,398)</u>                     |

**CITY OF TULARE  
PUBLIC MITIGATION GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Final Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|--|---------------------|--------------------|---------------------------------------|
| <b>Revenues</b>  |                     |                    |                                       |
| Grants   | \$ -                | \$ 76,616          | \$ 76,616                             |
| Total Revenues   | <u>-</u>            | <u>76,616</u>      | <u>76,616</u>                         |
| <b>Expenditures</b>  |                     |                    |                                       |
| Current  |                     |                    |                                       |
| Interest   | -                   | 479                | (479)                                 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>-</u>            | <u>76,137</u>      | <u>76,137</u>                         |
| Other Financing Sources (Uses)                               |                     |                    |                                       |
| Transfers Out  | -                   | (76,137)           | (76,137)                              |
| Net Change in Fund Balance                                   | -                   | -                  | -                                     |
| Fund Balance, Beginning                                      | <u>-</u>            | <u>-</u>           | <u>-</u>                              |
| Fund Balance, Ending   | <u><u>\$ -</u></u>  | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                    |

**CITY OF TULARE**  
**2009 COPS HIRING RECOVERY PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|  | Final Budget     | Actual          | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------------------|
| <b>Revenues</b>  |                  |                 |                               |
| Grants   | \$ 618,690       | \$ 411,417      | \$ (207,273)                  |
| Total Revenues   | <u>618,690</u>   | <u>411,417</u>  | <u>(207,273)</u>              |
| <b>Expenditures</b>  |                  |                 |                               |
| Current  |                  |                 |                               |
| Public Safety  | 733,690          | 495,663         | 238,027                       |
| Total Expenditures   | <u>733,690</u>   | <u>495,663</u>  | <u>238,027</u>                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(115,000)</u> | <u>(84,246)</u> | <u>30,754</u>                 |
| Other Financing Sources (Uses)                               |                  |                 |                               |
| Transfers In   | 115,000          | 84,246          | (30,754)                      |
| Net Change in Fund Balance                                   | -                | -               | -                             |
| Fund Balance, Beginning                                      | <u>-</u>         | <u>-</u>        | <u>-</u>                      |
| Fund Balance, Ending   | <u>\$ -</u>      | <u>\$ -</u>     | <u>\$ -</u>                   |

**CITY OF TULARE  
 RENTAL REHABILITATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013**

|                            | <u>Final Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|----------------------------|---------------------|--------------------|---------------------------------------|
| <b>Revenues</b>            |                     |                    |                                       |
| Grants                     | \$ -                | \$ 2,000           | \$ 2,000                              |
| Total Revenues             | <u>-</u>            | <u>2,000</u>       | <u>2,000</u>                          |
| <b>Expenditures</b>        |                     |                    |                                       |
| Current                    |                     |                    |                                       |
| Community Services         | -                   | 2,000              | (2,000)                               |
| Total Expenditures         | <u>-</u>            | <u>2,000</u>       | <u>(2,000)</u>                        |
| Net Change in Fund Balance | -                   | -                  | -                                     |
| Fund Balance - Beginning   | <u>-</u>            | <u>-</u>           | <u>-</u>                              |
| Fund Balance - Ending      | <u><u>\$ -</u></u>  | <u><u>\$ -</u></u> | <u><u>\$ -</u></u>                    |

**CITY OF TULARE  
CATASTROPHE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Final Budget | Actual     | Variance with<br>Final Budget |
|--|--------------|------------|-------------------------------|
| <b>Revenues</b>  |              |            |                               |
| Grants   | \$ -         | \$ -       | \$ -                          |
| Total Revenues   | -            | -          | -                             |
| <b>Expenditures</b>  |              |            |                               |
| Current  |              |            |                               |
| Total Expenditures   | -            | -          | -                             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -            | -          | -                             |
| Other Financing Sources (Uses)                               |              |            |                               |
| Transfers In   | -            | 150,000    | 150,000                       |
| Net Change in Fund Balance                                   | -            | 150,000    | 150,000                       |
| Fund Balance, Beginning                                      | -            | -          | -                             |
| Fund Balance, Ending   | \$ -         | \$ 150,000 | \$ 150,000                    |

This page intentionally left blank.

## **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 Technology CIP Fund accounts for the capital projects expenditures related to technology.

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



**CITY OF TULARE  
BALANCE SHEET  
COMBINING NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2013**

|   | Technology<br>CIP | Fire<br>Station #2 | Total             |
|---|-------------------|--------------------|-------------------|
| <b>Assets</b>                               |                   |                    |                   |
| Cash and Investments                        | \$ 99,737         | \$ 181,567         | \$ 281,304        |
| Cash and Investments with Fiscal Agent      | -                 | 579,722            | 579,722           |
| <b>Total Assets</b>                         | <b>\$ 99,737</b>  | <b>\$ 761,289</b>  | <b>\$ 861,026</b> |
| <b>Liabilities and Fund Balances</b>        |                   |                    |                   |
| Accounts Payable and<br>Accrued Liabilities | \$ -              | \$ 234,618         | \$ 234,618        |
| <b>Total Liabilities</b>                    | <b>-</b>          | <b>234,618</b>     | <b>234,618</b>    |
| Fund Balances                               |                   |                    |                   |
| Committed                                   | 99,737            | 526,671            | 626,408           |
| <b>Total Fund Balances</b>                  | <b>99,737</b>     | <b>526,671</b>     | <b>626,408</b>    |
| <b>Total Liabilities and Fund Balances</b>  | <b>\$ 99,737</b>  | <b>\$ 761,289</b>  | <b>\$ 861,026</b> |

**CITY OF TULARE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

|  | Technolgy<br>CIP | Fire<br>Station #2 | Total              |
|--|------------------|--------------------|--------------------|
| <b>Revenues</b>  |                  |                    |                    |
| Interest and Rentals   | \$ -             | \$ 1,041           | \$ 1,041           |
| Total Revenues   | <u>-</u>         | <u>1,041</u>       | <u>1,041</u>       |
| <b>Expenditures</b>  |                  |                    |                    |
| Current  |                  |                    |                    |
| Community Development  | 66,463           | 1,986,670          | 2,053,133          |
| Total Expenditures   | <u>66,463</u>    | <u>1,986,670</u>   | <u>2,053,133</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(66,463)</u>  | <u>(1,985,629)</u> | <u>(2,052,092)</u> |
| Other Financing Sources                                      |                  |                    |                    |
| Transfers In   | 166,200          | -                  | 166,200            |
| Total Other Financing Sources                                | <u>166,200</u>   | <u>-</u>           | <u>166,200</u>     |
| Net Change in Fund Balances                                  | 99,737           | (1,985,629)        | (1,885,892)        |
| Fund Balances - Beginning                                    | <u>-</u>         | <u>2,512,300</u>   | <u>2,512,300</u>   |
| Fund Balances - Ending                                       | <u>\$ 99,737</u> | <u>\$ 526,671</u>  | <u>\$ 626,408</u>  |

This page intentionally left blank.

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF TULARE  
COMBINING STATEMENT OF NET POSITION  
ALL INTERNAL SERVICE FUNDS  
JUNE 30, 2013**

| <b>Assets</b>                            | Fleet<br>Maintenance | Employee<br>Welfare | Workers'<br>Compensation |
|--|----------------------|---------------------|--------------------------|
| <b>Current Assets</b>                    |                      |                     |                          |
| Cash and Investments                     | \$ 4,374,121         | \$ 1,036,496        | \$ 1,697,253             |
| Cash and Investments with Fiscal Agent   | -                    | -                   | -                        |
| Accounts Receivable                      | 41,089               | 7,335               | 2,319                    |
| Other Receivables                        | 118,958              | -                   | -                        |
| Inventories                              | -                    | -                   | -                        |
| Due from Other Funds                     | 630,273              | -                   | -                        |
| <b>Total Current Assets</b>              | <b>5,164,441</b>     | <b>1,043,831</b>    | <b>1,699,572</b>         |
| <b>Noncurrent Assets</b>                 |                      |                     |                          |
| <b>Capital Assets</b>                    |                      |                     |                          |
| Nondepreciable                           |                      |                     |                          |
| Land                                     | 75,000               | -                   | -                        |
| Depreciable                              |                      |                     |                          |
| Buildings                                | 6,187,770            | -                   | -                        |
| Improvements Other than Buildings        | 1,648,583            | -                   | -                        |
| Machinery and Equipment                  | 17,962,027           | -                   | -                        |
| Accumulated Depreciation                 | (14,268,888)         | -                   | -                        |
| <b>Total Noncurrent Assets</b>           | <b>11,604,492</b>    | <b>-</b>            | <b>-</b>                 |
| <b>Total Assets</b>                      | <b>\$ 16,768,933</b> | <b>\$ 1,043,831</b> | <b>\$ 1,699,572</b>      |
| <b>Liabilities</b>                       |                      |                     |                          |
| <b>Current Liabilities</b>               |                      |                     |                          |
| Accounts Payable and Accrued Liabilities | \$ 927,696           | \$ 5,272            | \$ 2,129                 |
| Due to Other Funds                       | -                    | -                   | -                        |
| Advances from Other Funds - Current      | 10,060               | -                   | -                        |
| Compensated Absences Payable - Current   | 2,079                | 337                 | 338                      |
| Capital Leases Payable - Current         | 18,630               | -                   | -                        |
| Deferred Revenue                         | -                    | 57,772              | -                        |
| Insurance Claims Payable                 | -                    | -                   | 1,141,877                |
| <b>Total Current Liabilities</b>         | <b>958,465</b>       | <b>63,381</b>       | <b>1,144,344</b>         |
| <b>Noncurrent Liabilities</b>            |                      |                     |                          |
| Advances from Other Funds                | 100,604              | -                   | -                        |
| Capital Leases Payable                   | 196,684              | -                   | -                        |
| Compensated Absences Payable             | 26,592               | 4,315               | 4,318                    |
| <b>Total Noncurrent Liabilities</b>      | <b>323,880</b>       | <b>4,315</b>        | <b>4,318</b>             |
| <b>Total Liabilities</b>                 | <b>1,282,345</b>     | <b>67,696</b>       | <b>1,148,662</b>         |
| <b>Net Position (Deficit)</b>            |                      |                     |                          |
| Net Investment in Capital Assets         | 11,389,178           | -                   | -                        |
| Unrestricted                             | 4,097,410            | 976,135             | 550,910                  |
| <b>Total Net Position (Deficit)</b>      | <b>\$ 15,486,588</b> | <b>\$ 976,135</b>   | <b>\$ 550,910</b>        |

| General Insurance | Unemployment Insurance | Purchasing          | Totals               |
|-------------------|------------------------|---------------------|----------------------|
| \$ 547,776        | \$ -                   | \$ -                | \$ 7,655,646         |
| 52,317            | -                      | -                   | 52,317               |
| 749               | -                      | -                   | 51,492               |
| -                 | -                      | -                   | 118,958              |
| -                 | -                      | 314,545             | 314,545              |
| -                 | -                      | -                   | 630,273              |
| <u>600,842</u>    | <u>-</u>               | <u>314,545</u>      | <u>8,823,231</u>     |
| -                 | -                      | -                   | 75,000               |
| -                 | -                      | -                   | 6,187,770            |
| -                 | -                      | -                   | 1,648,583            |
| -                 | -                      | 13,419              | 17,975,446           |
| -                 | -                      | (13,419)            | (14,282,307)         |
| <u>-</u>          | <u>-</u>               | <u>-</u>            | <u>11,604,492</u>    |
| <u>\$ 600,842</u> | <u>\$ -</u>            | <u>\$ 314,545</u>   | <u>\$ 20,427,723</u> |
| \$ 2,353          | \$ -                   | \$ 80,035           | \$ 1,017,485         |
| -                 | -                      | 630,273             | 630,273              |
| -                 | -                      | -                   | 10,060               |
| 337               | -                      | 729                 | 3,820                |
| -                 | -                      | -                   | 18,630               |
| -                 | -                      | -                   | 57,772               |
| -                 | -                      | -                   | 1,141,877            |
| <u>2,690</u>      | <u>-</u>               | <u>711,037</u>      | <u>2,879,917</u>     |
| -                 | -                      | -                   | 100,604              |
| -                 | -                      | -                   | 196,684              |
| <u>4,315</u>      | <u>-</u>               | <u>9,323</u>        | <u>48,863</u>        |
| <u>4,315</u>      | <u>-</u>               | <u>9,323</u>        | <u>346,151</u>       |
| <u>7,005</u>      | <u>-</u>               | <u>720,360</u>      | <u>3,226,068</u>     |
| -                 | -                      | -                   | 11,389,178           |
| <u>593,837</u>    | <u>-</u>               | <u>(405,815)</u>    | <u>5,812,477</u>     |
| <u>\$ 593,837</u> | <u>\$ -</u>            | <u>\$ (405,815)</u> | <u>\$ 17,201,655</u> |

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Fleet<br>Maintenance | Employee<br>Welfare | Workers'<br>Compensation |
|---|----------------------|---------------------|--------------------------|
| <b>Operating Revenues</b>               |                      |                     |                          |
| Departmental Charges                    | \$ 1,304,927         | \$ 2,189,610        | \$ 447,478               |
| Employee Contributions                  | -                    | 1,277,018           | -                        |
| Total Operating Revenues                | <u>1,304,927</u>     | <u>3,466,628</u>    | <u>447,478</u>           |
| <b>Operating Expenses</b>               |                      |                     |                          |
| General Administration                  | 409                  | 1,752               | 3,652                    |
| Personnel Services                      | 595,219              | 113,552             | 62,375                   |
| Contractual Services                    | 177,369              | -                   | 930                      |
| Equipment Usage and Operation           | 847,733              | -                   | -                        |
| Insurance                               | 86,458               | 4,210,237           | 2,045,566                |
| Depreciation                            | 1,330,989            | -                   | -                        |
| Total Operating Expenses                | <u>3,038,177</u>     | <u>4,325,541</u>    | <u>2,112,523</u>         |
| Operating Income (Loss)                 | <u>(1,733,250)</u>   | <u>(858,913)</u>    | <u>(1,665,045)</u>       |
| <b>Nonoperating Revenues (Expenses)</b> |                      |                     |                          |
| Interest Income (Expense)               | (16,297)             | (3,831)             | (4,595)                  |
| Other Income                            | 360,629              | 2,603               | 20,802                   |
| Gain on Sale of Assets                  | 25,351               | -                   | -                        |
| Total Nonoperating Revenues (Expenses)  | <u>369,683</u>       | <u>(1,228)</u>      | <u>16,207</u>            |
| Income (Loss) Before Transfers          | (1,363,567)          | (860,141)           | (1,648,838)              |
| Transfers In                            | 317,057              | -                   | -                        |
| Transfers Out                           | -                    | (250,000)           | -                        |
| Change in Net Position                  | (1,046,510)          | (1,110,141)         | (1,648,838)              |
| Net Position (Deficit), Beginning       | <u>16,533,098</u>    | <u>2,086,276</u>    | <u>2,199,748</u>         |
| Net Position (Deficit), Ending          | <u>\$ 15,486,588</u> | <u>\$ 976,135</u>   | <u>\$ 550,910</u>        |

| <u>General Insurance</u> | <u>Unemployment Insurance</u> | <u>Purchasing</u>   | <u>Totals</u>        |
|--------------------------|-------------------------------|---------------------|----------------------|
| \$ 722,984               | \$ -                          | \$ 1,222,875        | \$ 5,887,874         |
| -                        | -                             | -                   | 1,277,018            |
| <u>722,984</u>           | <u>-</u>                      | <u>1,222,875</u>    | <u>7,164,892</u>     |
| 6,532                    | -                             | 4,233               | 16,578               |
| 62,425                   | -                             | 64,175              | 897,746              |
| -                        | -                             | 2,244               | 180,543              |
| -                        | -                             | 1,100,899           | 1,948,632            |
| 1,177,857                | 65,619                        | -                   | 7,585,737            |
| -                        | -                             | -                   | 1,330,989            |
| <u>1,246,814</u>         | <u>65,619</u>                 | <u>1,171,551</u>    | <u>11,960,225</u>    |
| <u>(523,830)</u>         | <u>(65,619)</u>               | <u>51,324</u>       | <u>(4,795,333)</u>   |
| (2,886)                  | -                             | -                   | (27,609)             |
| 208,423                  | -                             | 51,292              | 643,749              |
| -                        | -                             | -                   | 25,351               |
| <u>205,537</u>           | <u>-</u>                      | <u>51,292</u>       | <u>641,491</u>       |
| (318,293)                | (65,619)                      | 102,616             | (4,153,842)          |
| -                        | 65,619                        | -                   | 382,676              |
| -                        | -                             | (4,973)             | (254,973)            |
| (318,293)                | -                             | 97,643              | (4,026,139)          |
| <u>912,130</u>           | <u>-</u>                      | <u>(503,458)</u>    | <u>21,227,794</u>    |
| <u>\$ 593,837</u>        | <u>\$ -</u>                   | <u>\$ (405,815)</u> | <u>\$ 17,201,655</u> |



**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Fleet<br>Maintenance | Employee<br>Welfare | Workers'<br>Compensation |
|---|----------------------|---------------------|--------------------------|
| <b>Cash Flows from Operating Activities:</b>                                    |                      |                     |                          |
| Cash received from interfund services provided                                  | \$ 1,320,976         | \$ 3,522,150        | \$ 450,336               |
| Cash received from other operations   | -                    | 57,772              | -                        |
| Cash paid for salaries and benefits   | (596,984)            | (112,989)           | (61,813)                 |
| Cash paid for services and supplies   | (373,529)            | (316,201)           | 1,052,689                |
| Cash paid for reported claims   | (86,458)             | (4,210,237)         | (2,045,566)              |
| Cash paid for other charges   | (409)                | (1,752)             | (3,652)                  |
| <b>Net Cash Provided by (Used for) Operating Activities</b>                     | <b>263,596</b>       | <b>(1,061,257)</b>  | <b>(608,006)</b>         |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                        |                      |                     |                          |
| Other income  | 360,629              | 2,603               | 20,802                   |
| Operating transfers from other funds  | 317,057              | -                   | -                        |
| Operating transfers to other funds  | -                    | (250,000)           | -                        |
| <b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>         | <b>677,686</b>       | <b>(247,397)</b>    | <b>20,802</b>            |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                |                      |                     |                          |
| Proceeds from the sale of assets  | 18,074               | -                   | -                        |
| Payments made on capital leases   | (17,821)             | -                   | -                        |
| Acquisition of capital assets   | (1,068,217)          | -                   | -                        |
| <b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b> | <b>(1,067,964)</b>   | <b>-</b>            | <b>-</b>                 |
| <b>Cash Flows from Investing Activities:</b>                                    |                      |                     |                          |
| Interest income (expense)   | (16,297)             | (3,831)             | (4,595)                  |
| <b>Net Cash Provided by (Used for) Investing Activities</b>                     | <b>(16,297)</b>      | <b>(3,831)</b>      | <b>(4,595)</b>           |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                     | <b>(142,979)</b>     | <b>(1,312,485)</b>  | <b>(591,799)</b>         |
| Cash and Cash Equivalents, Beginning of the Year                                | 4,517,100            | 2,348,981           | 2,289,052                |
| <b>Cash and Cash Equivalents, End of the Year</b>                               | <b>\$ 4,374,121</b>  | <b>\$ 1,036,496</b> | <b>\$ 1,697,253</b>      |

| General Insurance | Unemployment Insurance | Purchasing   | Totals       |
|-------------------|------------------------|--------------|--------------|
| \$ 723,150        | \$ -                   | \$ 1,121,227 | \$ 7,137,839 |
| -                 | -                      | -            | 57,772       |
| (61,862)          | -                      | (63,078)     | (896,726)    |
| 111               | (10,259)               | (1,100,235)  | (747,424)    |
| (1,177,857)       | (65,619)               | -            | (7,585,737)  |
| (6,532)           | -                      | (4,233)      | (16,578)     |
| (522,990)         | (75,878)               | (46,319)     | (2,050,854)  |
| 208,423           | -                      | 51,292       | 643,749      |
| -                 | 65,619                 | -            | 382,676      |
| -                 | -                      | (4,973)      | (254,973)    |
| 208,423           | 65,619                 | 46,319       | 771,452      |
| -                 | -                      | -            | 18,074       |
| -                 | -                      | -            | (17,821)     |
| -                 | -                      | -            | (1,068,217)  |
| -                 | -                      | -            | (1,067,964)  |
| (2,886)           | -                      | -            | (27,609)     |
| (2,886)           | -                      | -            | (27,609)     |
| (317,453)         | (10,259)               | -            | (2,374,975)  |
| 917,546           | 10,259                 | -            | 10,082,938   |
| \$ 600,093        | \$ -                   | \$ -         | \$ 7,707,963 |

(Continued)

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <u>Fleet<br/>Maintenance</u> | <u>Employee<br/>Welfare</u> | <u>Workers'<br/>Compensation</u> |
|--|------------------------------|-----------------------------|----------------------------------|
| Operating Income (Loss)  | \$ (1,733,250)               | \$ (858,913)                | \$ (1,665,045)                   |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided by (Used for) Operating Activities: |                              |                             |                                  |
| Depreciation   | 1,330,989                    | -                           | -                                |
| Changes in assets and liabilities:   |                              |                             |                                  |
| (Increase) Decrease in accounts receivable   | (22,137)                     | 55,522                      | 2,858                            |
| (Increase) Decrease in inventory   | -                            | -                           | -                                |
| (Increase) Decrease in due from other funds  | 48,247                       | -                           | -                                |
| Increase (Decrease) in accounts payable<br>and accrued liabilities   | 651,573                      | (316,201)                   | -                                |
| Increase in due to other funds   | -                            | -                           | -                                |
| Increase in advance from other funds   | (10,061)                     | -                           | -                                |
| Increase (Decrease) in insurance claims payable  | -                            | -                           | 1,053,619                        |
| Increase (Decrease) in compensated absences payable  | (1,765)                      | 563                         | 562                              |
| Increase (Decrease) in deferred revenue  | -                            | 57,772                      | -                                |
| Net Cash Provided by (Used for) Operating Activities   | <u>263,596</u>               | <u>(1,061,257)</u>          | <u>(608,006)</u>                 |
| Reconciliation of cash and cash equivalents per<br>Statement of Cash Flows to the Statement of Net Position: |                              |                             |                                  |
| Cash and investments   | 4,374,121                    | 1,036,496                   | 1,697,253                        |
| Cash and investments with fiscal agents  | -                            | -                           | -                                |
| Cash and Cash Equivalents per Statement of Cash Flows  | <u>\$ 4,374,121</u>          | <u>\$ 1,036,496</u>         | <u>\$ 1,697,253</u>              |

| <u>General Insurance</u> | <u>Unemployment Insurance</u> | <u>Purchasing</u> | <u>Totals</u>       |
|--------------------------|-------------------------------|-------------------|---------------------|
| \$ (523,830)             | \$ (65,619)                   | \$ 51,324         | \$ (4,795,333)      |
| -                        | -                             | -                 | 1,330,989           |
| 166                      | -                             | -                 | 36,409              |
| -                        | -                             | (53,401)          | (53,401)            |
| -                        | -                             | -                 | 48,247              |
| 111                      | (10,259)                      | 2,908             | 328,132             |
| -                        | -                             | (48,247)          | (48,247)            |
| -                        | -                             | -                 | (10,061)            |
| -                        | -                             | -                 | 1,053,619           |
| 563                      | -                             | 1,097             | 1,020               |
| -                        | -                             | -                 | 57,772              |
| <u>(522,990)</u>         | <u>(75,878)</u>               | <u>(46,319)</u>   | <u>(2,050,854)</u>  |
| 547,776                  | -                             | -                 | 7,655,646           |
| <u>52,317</u>            | <u>-</u>                      | <u>-</u>          | <u>52,317</u>       |
| <u>\$ 600,093</u>        | <u>\$ -</u>                   | <u>\$ -</u>       | <u>\$ 7,707,963</u> |

This page intentionally left blank.

## **FIDUCIARY FUNDS**

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

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

**CITY OF TULARE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Balance<br>June 30, 2012 | Additions           | Deletions           | Balance<br>June 30, 2013 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <b>AGENCY FUND</b>                           |                          |                     |                     |                          |
| Assets                                       |                          |                     |                     |                          |
| Cash and Investments                         | \$ 574,639               | \$ 123,119          | \$ 165,453          | \$ 532,305               |
| Accounts Receivable                          | 43                       | 10,812              | 10,842              | 13                       |
| Total Assets                                 | <u>\$ 574,682</u>        | <u>\$ 133,931</u>   | <u>\$ 176,295</u>   | <u>\$ 532,318</u>        |
| Liabilities                                  |                          |                     |                     |                          |
| Accounts Payable                             | \$ 2,246                 | \$ 159,986          | \$ 146,822          | \$ 15,410                |
| Deposits Payable                             | 572,436                  | 123,130             | 178,658             | 516,908                  |
| Total Liabilities                            | <u>\$ 574,682</u>        | <u>\$ 283,116</u>   | <u>\$ 325,480</u>   | <u>\$ 532,318</u>        |
| <b>AGENCY FUND - DEVELOPMENT IMPACT FEES</b> |                          |                     |                     |                          |
| Assets                                       |                          |                     |                     |                          |
| Cash and Investments                         | \$ 1,897,257             | \$ 2,307,180        | \$ 2,240,735        | \$ 1,963,702             |
| Accounts Receivable                          | 57,929                   | 12,463              | 16,166              | 54,226                   |
| Total Assets                                 | <u>\$ 1,955,186</u>      | <u>\$ 2,319,643</u> | <u>\$ 2,256,901</u> | <u>\$ 2,017,928</u>      |
| Liabilities                                  |                          |                     |                     |                          |
| Accounts Payable                             | \$ 19,495                | \$ 27,476           | \$ 28,241           | \$ 18,730                |
| Deposits Payable                             | 1,935,691                | 3,197,395           | 3,133,888           | 1,999,198                |
| Total Liabilities                            | <u>\$ 1,955,186</u>      | <u>\$ 3,224,871</u> | <u>\$ 3,162,129</u> | <u>\$ 2,017,928</u>      |
| <b>TOTAL - ALL AGENCY FUNDS</b>              |                          |                     |                     |                          |
| Assets                                       |                          |                     |                     |                          |
| Cash and Investments                         | \$ 2,471,896             | \$ 2,430,299        | \$ 2,406,188        | \$ 2,496,007             |
| Accounts Receivable                          | 57,972                   | 23,275              | 27,008              | 54,239                   |
| Total Assets                                 | <u>\$ 2,529,868</u>      | <u>\$ 2,453,574</u> | <u>\$ 2,433,196</u> | <u>\$ 2,550,246</u>      |
| Liabilities                                  |                          |                     |                     |                          |
| Accounts Payable                             | \$ 21,741                | \$ 187,462          | \$ 175,063          | \$ 34,140                |
| Deposits Payable                             | 2,508,127                | 3,320,525           | 3,312,546           | 2,516,106                |
| Total Liabilities                            | <u>\$ 2,529,868</u>      | <u>\$ 3,507,987</u> | <u>\$ 3,487,609</u> | <u>\$ 2,550,246</u>      |

**CITY OF TULARE**  
**SCHEDULE OF EXPENDITURES BY DEPARTMENT –**  
**BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|                                  | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget |
|----------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| General Government               |                      |                      |                      |                               |
| City Council                     | \$ 65,690            | \$ 65,690            | \$ 65,706            | \$ (16)                       |
| City Manager                     | 833,600              | 781,800              | 705,902              | 75,898                        |
| Finance                          | 1,036,240            | 1,036,240            | 928,545              | 107,695                       |
| Economic Development             | 258,660              | 258,660              | 197,139              | 61,521                        |
| Personnel                        | 393,360              | 393,360              | 305,215              | 88,145                        |
| Non-Departmental                 | 571,230              | 571,230              | 918,195              | (346,965)                     |
| Animal Control                   | 631,550              | 631,550              | 523,419              | 108,131                       |
|                                  | <u>3,790,330</u>     | <u>3,738,530</u>     | <u>3,644,121</u>     | <u>94,409</u>                 |
| Total General Government         |                      |                      |                      |                               |
| Public Safety                    |                      |                      |                      |                               |
| Police                           | 11,803,180           | 11,807,260           | 11,409,768           | 397,492                       |
| Fire Code Enforcement            | 6,299,250            | 6,310,760            | 6,118,299            | 192,461                       |
|                                  | <u>18,102,430</u>    | <u>18,118,020</u>    | <u>17,528,067</u>    | <u>589,953</u>                |
| Total Public Safety              |                      |                      |                      |                               |
| Public Works                     |                      |                      |                      |                               |
| Streets                          | 2,271,010            | 2,271,010            | 2,218,545            | 52,465                        |
| Storm Drains                     | 174,600              | 174,600              | 150,286              | 24,314                        |
|                                  | <u>2,445,610</u>     | <u>2,445,610</u>     | <u>2,368,831</u>     | <u>76,779</u>                 |
| Total Public Works               |                      |                      |                      |                               |
| Community Development            |                      |                      |                      |                               |
| Planning                         | 375,360              | 375,360              | 489,439              | (114,079)                     |
| Building Services                | -                    | -                    | -                    | -                             |
| Engineering Administration       | 767,840              | 767,840              | 615,971              | 151,869                       |
| Building Inspection              | -                    | -                    | -                    | -                             |
| Parking and Business Improvement | 88,300               | 88,300               | 85,616               | 2,684                         |
| Dangerous Building Abatement     | 121,000              | 121,000              | 92,716               | 28,284                        |
|                                  | <u>1,352,500</u>     | <u>1,352,500</u>     | <u>1,283,742</u>     | <u>68,758</u>                 |
| Total Community Development      |                      |                      |                      |                               |
| Community Services               |                      |                      |                      |                               |
| Parks                            | 3,693,760            | 3,557,070            | 3,126,119            | 430,951                       |
| Community Services               | 823,510              | 823,510              | 758,240              | 65,270                        |
| Cycle Park                       | -                    | -                    | -                    | -                             |
|                                  | <u>4,517,270</u>     | <u>4,380,580</u>     | <u>3,884,359</u>     | <u>496,221</u>                |
| Total Community Services         |                      |                      |                      |                               |
| Library and Cultural             | 854,000              | 854,000              | 794,455              | 59,545                        |
| Capital Outlay                   | 41,576,490           | 41,561,090           | 16,668,830           | 24,892,260                    |
| Debt Service                     |                      |                      |                      |                               |
| Principal                        | 241,010              | 241,010              | 76,010               | 165,000                       |
| Interest                         | 52,380               | 52,380               | 60,261               | (7,881)                       |
|                                  | <u>293,390</u>       | <u>293,390</u>       | <u>136,271</u>       | <u>157,119</u>                |
| Total Debt Service               |                      |                      |                      |                               |
| Transfers Out                    | 5,922,060            | 5,953,760            | 6,726,741            | (772,981)                     |
| Total General Fund Expenditures  | <u>\$ 78,854,080</u> | <u>\$ 78,697,480</u> | <u>\$ 53,035,417</u> | <u>\$ 25,662,063</u>          |



**CITY OF TULARE  
 MEASURE I SALES TAX REVENUE AND RELATED  
 EXPENDITURES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013**

|   | Final<br>Budget | Actual       | Variance with<br>Final Budget |
|---|-----------------|--------------|-------------------------------|
| <b>Revenues</b>                         |                 |              |                               |
| Measure I Sales Tax                     | \$ 4,246,620    | \$ 4,531,093 | \$ 284,473                    |
| <b>Expenditures</b>                     |                 |              |                               |
| Measure I - Police                      | 2,805,960       | 2,485,421    | 320,539                       |
| Measure I - Fire                        | 1,174,400       | 1,353,059    | (178,659)                     |
| Measure I - Code Enforcement            | 115,600         | 93,029       | 22,571                        |
| Total Expenditures                      | 4,095,960       | 3,931,509    | 164,451                       |
| Excess of Revenues<br>Over Expenditures | \$ 150,660      | \$ 599,584   | \$ 448,924                    |

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

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

\$ 8,605,000

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

\$ 4,915,000

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

\$ 9,730,000

(Continued)

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2013**

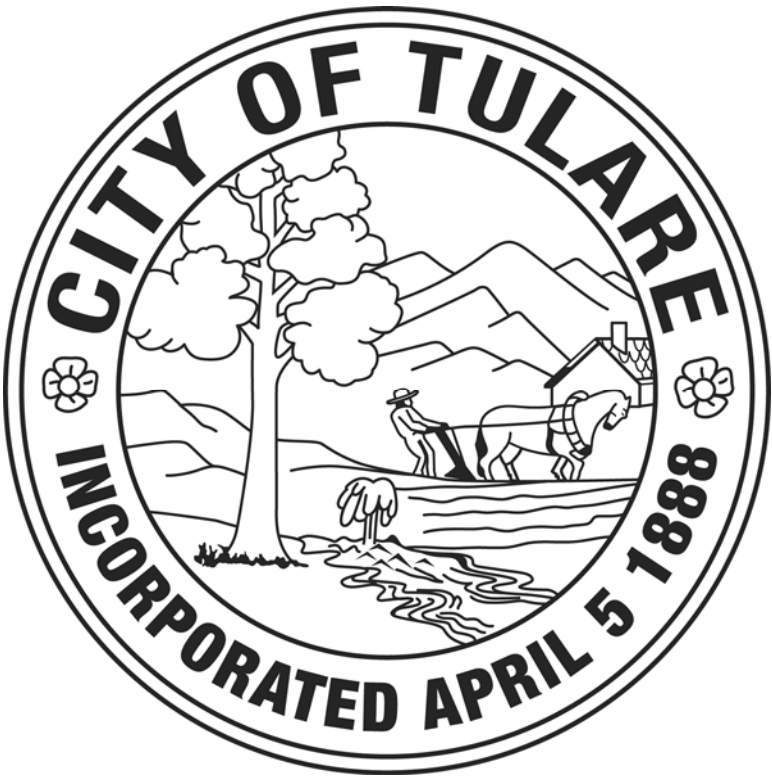
The City advanced funds to the former Redevelopment Agency for operations. These advances date back since inception, and were payable upon demand, with interest accruing at 8% per annum on the unpaid balance. As of June 30, 2009, the remaining balance was approximately \$66 million. On June 29, 2010, the former Redevelopment Agency and the City reached an amended repayment agreement. The City forgave \$44,258,915 to reduce the outstanding principal balance to the City to \$22,052,848. In addition, the former Redevelopment Agency repaid \$6,000,000 and reduced the balance to the amount of \$3,302,059 as of June 30, 2011. The former Redevelopment Agency would make annual payments to the City with the annual interest rate at 3%. Beginning in fiscal year 2010-11, the former Redevelopment Agency was required to make annual payments of interest only to the City. This agreement will continue through fiscal year 2024-25 and commencing in fiscal year 2025-26, payments of principal and interest are due until all amounts due are paid in full.

\$ 3,767,795

The annual requirements to amortize debt payable are as follows:

| Year Ending<br>June 30, | Fiduciary Fund - Private Purpose Trust Fund   |   |   |   |
|-------------------------|---|---|---|---|
|                         | 2010 Tax<br>Allocation<br>Bonds -<br>Series A | 2010 Tax<br>Allocation<br>Bonds -<br>Series B | 2010 Tax<br>Allocation<br>Bonds -<br>Series C | Advances<br>from the<br>Primary<br>Government |
| 2014                    | \$ 529,113                                    | \$ 686,784                                    | \$ 847,894                                    | \$ -  |
| 2015                    | 529,113                                       | 686,353                                       | 854,744                                       | 3,767,795                                     |
| 2016                    | 529,113                                       | 683,640                                       | 1,007,131                                     | -   |
| 2017                    | 529,113                                       | 683,548                                       | 1,007,225                                     | -   |
| 2018                    | 529,113                                       | 686,015                                       | 1,003,663                                     | -   |
| 2019-2023               | 2,645,563                                     | 3,324,885                                     | 5,029,950                                     | -   |
| 2024-2028               | 3,836,663                                     | 316,743                                       | 4,185,394                                     | -   |
| 2029-2033               | 3,582,316                                     | -   | 3,675,756                                     | -   |
| 2034-2038               | 4,309,159                                     | -   | 3,674,475                                     | -   |
| 2039-2043               | 2,809,531                                     | -   | 2,207,975                                     | -   |
| 2044-2048               | -   | -   | -   | -   |
|                         | 19,828,797                                    | 7,067,968                                     | 23,494,207                                    | 3,767,795                                     |
| Less Interest           | 11,223,797                                    | 2,152,968                                     | 13,764,207                                    | -   |
| Total                   | <u>\$ 8,605,000</u>                           | <u>\$ 4,915,000</u>                           | <u>\$ 9,730,000</u>                           | <u>\$ 3,767,795</u>                           |

# STATISTICAL SECTION



**CITY OF TULARE  
STATISTICAL SECTION  
FOR THE YEAR ENDED JUNE 30, 2013**

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.  | 124 – 133    |
| <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.  | 134 – 141    |
| <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.                     | 142 – 149    |
| <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.   | 150 – 152    |
| <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. | 153 – 157    |

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

|  | Fiscal Year                  |                              |                              |                              |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 2005                         | 2006                         | 2007                         | 2008                         | 2009                         |
| <b><u>Governmental Activities:</u></b>             |                              |                              |                              |                              |                              |
| Net Investment in Capital Assets                   | \$ 26,833,821                | \$ 33,166,653                | \$ 110,129,292               | \$ 129,555,443               | \$ 142,261,018               |
| Restricted   | -                            | -                            | -                            | 23,652,940                   | 19,215,692                   |
| Unrestricted                                       | 65,408,770                   | 71,510,372                   | 84,457,595                   | 66,208,918                   | 74,474,840                   |
| <b>Total Governmental Activities Net Position</b>  | <b><u>\$ 92,242,591</u></b>  | <b><u>\$ 104,677,025</u></b> | <b><u>\$ 194,586,887</u></b> | <b><u>\$ 219,417,301</u></b> | <b><u>\$ 235,951,550</u></b> |
| <b><u>Business-Type Activities:</u></b>            |                              |                              |                              |                              |                              |
| Net Investment in Capital Assets                   | \$ 41,321,330                | \$ 57,986,627                | \$ 52,468,556                | \$ 107,113,034               | \$ 86,649,558                |
| Restricted   | 15,561,699                   | 15,721,361                   | 85,998,650                   | 44,617,222                   | 51,229,220                   |
| Unrestricted                                       | (3,362,494)                  | (14,315,941)                 | (74,574,833)                 | (74,352,100)                 | (52,851,820)                 |
| <b>Total Business-Type Activities Net Position</b> | <b><u>\$ 53,520,535</u></b>  | <b><u>\$ 59,392,047</u></b>  | <b><u>\$ 63,892,373</u></b>  | <b><u>\$ 77,378,156</u></b>  | <b><u>\$ 85,026,958</u></b>  |
| <b><u>Primary Government:</u></b>                  |                              |                              |                              |                              |                              |
| Net Investment in Capital Assets                   | \$ 68,155,151                | \$ 91,153,280                | \$ 162,597,848               | \$ 236,668,477               | \$ 228,910,576               |
| Restricted   | 15,561,699                   | 15,721,361                   | 85,998,650                   | 68,270,162                   | 70,444,912                   |
| Unrestricted                                       | 62,046,276                   | 57,194,431                   | 9,882,762                    | (8,143,182)                  | 21,623,020                   |
| <b>Total Primary Government Net Position</b>       | <b><u>\$ 145,763,126</u></b> | <b><u>\$ 164,069,072</u></b> | <b><u>\$ 258,479,260</u></b> | <b><u>\$ 296,795,457</u></b> | <b><u>\$ 320,978,508</u></b> |

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position

| Fiscal Year                  |                              |                              |                              |
|------------------------------|------------------------------|------------------------------|------------------------------|
| 2010                         | 2011                         | 2012                         | 2013                         |
| \$ 134,341,017               | \$ 151,745,077               | \$ 154,050,235               | \$ 165,585,033               |
| 5,079,552                    | 5,950,633                    | 5,112,388                    | 2,212,182                    |
| <u>48,577,529</u>            | <u>41,007,426</u>            | <u>49,533,580</u>            | <u>46,626,129</u>            |
| <u><u>\$ 187,998,098</u></u> | <u><u>\$ 198,703,136</u></u> | <u><u>\$ 208,696,203</u></u> | <u><u>\$ 214,423,344</u></u> |
| \$ 83,970,647                | \$ 87,741,783                | \$ 83,851,638                | \$ 83,470,628                |
| 33,428,794                   | 11,328,132                   | 14,901,129                   | 14,901,128                   |
| <u>(34,593,405)</u>          | <u>(16,441,899)</u>          | <u>(11,609,337)</u>          | <u>(8,501,979)</u>           |
| <u><u>\$ 82,806,036</u></u>  | <u><u>\$ 82,628,016</u></u>  | <u><u>\$ 87,143,430</u></u>  | <u><u>\$ 89,869,777</u></u>  |
| \$ 218,311,664               | \$ 239,486,860               | \$ 237,901,873               | \$ 249,055,661               |
| 38,508,346                   | 17,278,765                   | 20,013,517                   | 17,113,310                   |
| <u>13,984,124</u>            | <u>24,565,527</u>            | <u>37,924,243</u>            | <u>38,124,150</u>            |
| <u><u>\$ 270,804,134</u></u> | <u><u>\$ 281,331,152</u></u> | <u><u>\$ 295,839,633</u></u> | <u><u>\$ 304,293,121</u></u> |

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

|   | Fiscal Year       |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2005              | 2006              | 2007              | 2008              |
| <b><u>Expenses:</u></b>                         |                   |                   |                   |                   |
| Governmental Activities:                        |                   |                   |                   |                   |
| General Government                              | \$ 2,544,937      | \$ 1,933,465      | \$ 4,405,718      | \$ 2,855,538      |
| Intergovernmental                               | 3,896             | 3,895             | 3,895             | 28,228            |
| Public Safety                                   | 11,663,036        | 13,372,193        | 15,345,247        | 17,234,653        |
| Public Works                                    | 1,924,049         | 2,100,496         | 2,499,561         | 2,816,141         |
| Community Development                           | 2,545,200         | 3,442,573         | 5,469,002         | 7,791,822         |
| Community Services                              | 2,889,063         | 3,025,032         | 3,534,104         | 4,075,367         |
| Library and Cultural                            | 1,376,479         | 1,541,423         | 3,513,601         | 3,331,468         |
| Interest on Long-Term Debt                      | 451,701           | 508,483           | 99,986            | 668,323           |
| Total Governmental Activities Expenses          | <u>23,398,361</u> | <u>25,927,560</u> | <u>34,871,114</u> | <u>38,801,540</u> |
| Business-Type Activities:                       |                   |                   |                   |                   |
| Aviation  | 189,335           | 158,865           | 164,682           | 149,838           |
| Transit   | 2,325,655         | 2,229,068         | 2,291,825         | 2,373,838         |
| Development Services                            | -                 | -                 | -                 | -                 |
| Water   | 3,255,991         | 3,760,697         | 4,446,988         | 5,774,160         |
| Solid Waste                                     | 5,426,552         | 5,696,194         | 6,276,096         | 6,828,700         |
| Sewer   | 8,005,084         | 9,953,994         | 10,850,918        | 12,797,031        |
| Total Business-Type Activities Expenses         | <u>19,202,617</u> | <u>21,798,818</u> | <u>24,030,509</u> | <u>27,923,567</u> |
| Total Primary Government Expenses               | <u>42,600,978</u> | <u>47,726,378</u> | <u>58,901,623</u> | <u>66,725,107</u> |
| <b><u>Program Revenues:</u></b>                 |                   |                   |                   |                   |
| Governmental Activities:                        |                   |                   |                   |                   |
| Charges for Services:                           |                   |                   |                   |                   |
| General Government                              | 399,798           | 355,884           | 525,607           | 307,426           |
| Intergovernmental                               | 1,238,362         | 1,355,515         | 1,649,615         | 180,370           |
| Public Safety                                   | 2,004,347         | 2,587,645         | 2,022,999         | 2,079,850         |
| Public Works                                    | 302,259           | 386,629           | 298,200           | 301,977           |
| Community Development                           | 1,487,515         | 2,331,095         | 2,617,517         | 2,428,421         |
| Community Services                              | 453,858           | 556,804           | 421,623           | 436,384           |
| Library and Cultural                            | 216,238           | 283,722           | 419,176           | 363,663           |
| Operating Grants and Contributions              | 333,406           | 52,689            | 203,221           | 153,895           |
| Capital Grants and Contributions                | 1,243             | -                 | 124,714           | 931,941           |
| Total Governmental Activities Program Revenues  | <u>6,437,026</u>  | <u>7,909,983</u>  | <u>8,282,672</u>  | <u>7,183,927</u>  |
| Business-Type Activities:                       |                   |                   |                   |                   |
| Charges for Services:                           |                   |                   |                   |                   |
| Aviation  | 61,467            | 63,857            | 99,294            | 103,064           |
| Transit   | 1,576,025         | 1,621,973         | 1,864,717         | 1,507,696         |
| Development Services                            | -                 | -                 | -                 | -                 |
| Water   | 4,426,660         | 5,083,108         | 5,214,527         | 6,383,693         |
| Solid Waste                                     | 4,752,226         | 5,471,596         | 5,743,916         | 6,513,112         |
| Sewer   | 10,139,732        | 11,727,127        | 12,303,626        | 18,812,643        |
| Operating Grants and Contributions              | -                 | -                 | -                 | -                 |
| Capital Grants and Contributions                | 1,221,308         | 2,922,213         | 1,887,471         | 7,543,285         |
| Total Business-Type Activities Program Revenues | <u>22,177,418</u> | <u>26,889,874</u> | <u>27,113,551</u> | <u>40,863,493</u> |
| Total Primary Government Program Revenues       | <u>28,614,444</u> | <u>34,799,857</u> | <u>35,396,223</u> | <u>48,047,420</u> |

(Continued)



|    |                   | Fiscal Year |                   |      |                   |      |                   |    |                   |
|----|-------------------|-------------|-------------------|------|-------------------|------|-------------------|----|-------------------|
|    |                   | 2009        | 2010              | 2011 | 2012              | 2013 |                   |    |                   |
| \$ | 4,372,097         | \$          | 7,227,222         | \$   | 8,642,445         | \$   | 8,067,355         | \$ | 9,010,273         |
|    | 3,904             |             | 22,198            |      | 3,325             |      | 4,875             |    | 1,850             |
|    | 17,919,518        |             | 18,150,196        |      | 18,593,186        |      | 18,318,598        |    | 19,059,260        |
|    | 2,655,054         |             | 2,253,586         |      | 2,578,473         |      | 3,579,669         |    | 5,655,689         |
|    | 5,367,023         |             | 7,548,417         |      | 6,750,085         |      | 6,997,115         |    | 3,122,172         |
|    | 4,161,627         |             | 4,119,626         |      | 3,862,066         |      | 2,941,823         |    | 3,941,229         |
|    | 4,082,194         |             | 5,254,822         |      | 4,432,456         |      | 4,767,847         |    | 4,114,378         |
|    | 2,649,504         |             | 1,873,941         |      | 1,558,168         |      | 1,541,400         |    | 1,797,517         |
|    | <u>41,210,921</u> |             | <u>46,450,008</u> |      | <u>46,420,204</u> |      | <u>46,218,682</u> |    | <u>46,702,368</u> |
|    | 135,527           |             | 377,402           |      | 382,051           |      | 367,763           |    | 293,005           |
|    | 2,569,527         |             | 2,491,326         |      | 2,646,089         |      | 2,543,927         |    | 2,618,740         |
|    | -                 |             | -                 |      | -                 |      | -                 |    | 1,342,996         |
|    | 5,360,552         |             | 5,886,572         |      | 6,873,779         |      | 5,961,595         |    | 6,998,271         |
|    | 6,392,221         |             | 6,630,196         |      | 5,413,630         |      | 6,170,699         |    | 5,562,606         |
|    | 13,920,042        |             | 23,628,414        |      | 22,960,927        |      | 23,915,636        |    | 26,131,677        |
|    | <u>28,377,869</u> |             | <u>39,013,910</u> |      | <u>38,276,476</u> |      | <u>38,959,620</u> |    | <u>42,947,295</u> |
|    | <u>69,588,790</u> |             | <u>85,463,918</u> |      | <u>84,696,680</u> |      | <u>85,178,302</u> |    | <u>89,649,663</u> |
|    | 465,136           |             | 404,289           |      | 471,461           |      | 392,699           |    | 498,638           |
|    | 176,350           |             | 261,239           |      | 1,656,320         |      | 176,929           |    | 179,467           |
|    | 2,139,721         |             | 1,311,651         |      | 1,275,328         |      | 1,226,824         |    | 1,285,941         |
|    | 282,465           |             | 126,065           |      | 140,660           |      | 174,249           |    | 312,403           |
|    | 1,692,768         |             | 1,506,687         |      | 1,938,612         |      | 1,899,718         |    | 962,594           |
|    | 442,745           |             | 230,451           |      | 210,683           |      | 143,201           |    | 217,701           |
|    | 434,294           |             | 293,953           |      | 241,799           |      | 232,086           |    | 227,266           |
|    | 153,891           |             | 647,282           |      | 1,131,073         |      | 1,181,916         |    | 1,151,910         |
|    | 150,871           |             | 182,021           |      | 4,449,047         |      | 10,881,509        |    | 9,196,546         |
|    | <u>5,938,241</u>  |             | <u>4,963,638</u>  |      | <u>11,514,983</u> |      | <u>16,309,131</u> |    | <u>14,032,466</u> |
|    | 111,999           |             | 113,350           |      | 110,825           |      | 121,495           |    | 109,303           |
|    | 2,131,920         |             | 1,885,297         |      | 1,895,852         |      | 1,934,546         |    | 2,248,152         |
|    | -                 |             | -                 |      | -                 |      | -                 |    | 1,089,516         |
|    | 4,673,549         |             | 5,112,671         |      | 4,978,664         |      | 5,187,429         |    | 6,063,775         |
|    | 5,946,594         |             | 6,539,840         |      | 7,158,579         |      | 7,570,292         |    | 8,340,384         |
|    | 16,887,266        |             | 20,134,580        |      | 22,549,039        |      | 26,595,579        |    | 26,051,737        |
|    | -                 |             | -                 |      | 850,130           |      | 1,679,277         |    | 863,097           |
|    | 4,604,955         |             | 2,246,055         |      | -                 |      | -                 |    | -                 |
|    | <u>34,356,283</u> |             | <u>36,031,793</u> |      | <u>37,543,089</u> |      | <u>43,088,618</u> |    | <u>44,765,964</u> |
|    | <u>40,294,524</u> |             | <u>40,995,431</u> |      | <u>49,058,072</u> |      | <u>59,397,749</u> |    | <u>58,798,430</u> |

(Continued)

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

|  | Fiscal Year          |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2005                 | 2006                 | 2007                 | 2008                 |
| Net Revenues (Expenses):   |                      |                      |                      |                      |
| Governmental Activities  | (16,961,335)         | (18,017,577)         | (26,588,442)         | (31,617,613)         |
| Business-Type Activities   | 2,974,801            | 5,091,056            | 3,083,042            | 12,939,926           |
| Total Net Revenues (Expenses)  | <u>(13,986,534)</u>  | <u>(12,926,521)</u>  | <u>(23,505,400)</u>  | <u>(18,677,687)</u>  |
| <b><u>General Revenues and Other Changes in Net Position:</u></b>      |                      |                      |                      |                      |
| Governmental Activities:   |                      |                      |                      |                      |
| Taxes:   |                      |                      |                      |                      |
| Sales Tax  | 6,209,806            | 7,220,399            | 11,859,889           | 16,163,788           |
| Property Tax   | 2,170,347            | 2,553,998            | 3,577,111            | 4,279,124            |
| Utility Tax  | 4,405,682            | 4,891,749            | 5,370,352            | 5,348,107            |
| Motel/Hotel and Franchise Tax  | 2,059,010            | 2,327,371            | 2,515,731            | 2,524,436            |
| Motor Vehicle-in-Lieu Tax<br>(intergovernmental, unrestricted)         | 3,638,093            | 3,561,218            | 4,042,805            | 4,580,676            |
| Other Taxes  | -                    | -                    | -                    | -                    |
| Investment Income  | 4,280,463            | 4,610,583            | 5,644,508            | 6,504,081            |
| Other General Revenues   | 4,784,368            | 4,340,440            | 8,458,768            | 15,202,114           |
| Grants and Contributions Not<br>Restricted to Specific Programs        | -                    | 883,803              | 349,443              | 1,285,206            |
| Gain on Sale of Capital Assets   | -                    | 56,456               | 76,882               | 30,055               |
| Transfers  | 57,389               | 5,994                | 289,624              | 530,440              |
| Total Governmental Activities  | <u>27,605,158</u>    | <u>30,452,011</u>    | <u>42,185,113</u>    | <u>56,448,027</u>    |
| Business-Type Activities:  |                      |                      |                      |                      |
| Investment Income  | 968,326              | 786,450              | 1,706,908            | 1,076,297            |
| Gain on Sale of Capital Assets   | -                    | -                    | -                    | -                    |
| Transfers  | (57,389)             | (5,994)              | (289,624)            | (530,440)            |
| Total Business-Type Activities   | <u>910,937</u>       | <u>780,456</u>       | <u>1,417,284</u>     | <u>545,857</u>       |
| Total Primary Government   | <u>28,516,095</u>    | <u>31,232,467</u>    | <u>43,602,397</u>    | <u>56,993,884</u>    |
| <b><u>Special Items</u></b>  |                      |                      |                      |                      |
| Debt Forgiveness-Governmental Activities:                              | -                    | -                    | -                    | -                    |
| Extraordinary Gain or (Loss) on Dissolution<br>of Redevelopment Agency | -                    | -                    | -                    | -                    |
| Total Special Items  | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Changes in Net Position  |                      |                      |                      |                      |
| Governmental Activities  | 10,643,823           | 12,434,434           | 15,596,671           | 24,830,414           |
| Business-Type Activities   | 3,885,738            | 5,871,512            | 4,500,326            | 13,485,783           |
| Total Primary Government   | <u>\$ 14,529,561</u> | <u>\$ 18,305,946</u> | <u>\$ 20,096,997</u> | <u>\$ 38,316,197</u> |

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position

| Fiscal Year          |                        |                      |                      |                     |
|----------------------|------------------------|----------------------|----------------------|---------------------|
| 2009                 | 2010                   | 2011                 | 2012                 | 2013                |
| (35,272,680)         | (41,486,370)           | (34,905,221)         | (29,909,551)         | (32,669,902)        |
| 5,978,414            | (2,982,117)            | (733,387)            | 4,128,998            | 1,818,669           |
| <u>(29,294,266)</u>  | <u>(44,468,487)</u>    | <u>(35,638,608)</u>  | <u>(25,780,553)</u>  | <u>(30,851,233)</u> |
|                      |                        |                      |                      |                     |
| 14,466,030           | 17,003,577             | 16,314,384           | 20,311,365           | 23,905,777          |
| 4,583,226            | 4,040,713              | 4,153,674            | 4,447,600            | 4,026,662           |
| 5,295,978            | 5,462,182              | 5,533,018            | 5,234,472            | 5,343,876           |
| 2,548,329            | 2,147,819              | 2,299,093            | 820,038              | 1,984,941           |
| 4,819,229            | 4,701,932              | 4,734,280            | 4,367,392            | 4,229,944           |
| -                    | -                      | -                    | 1,608,623            | 633,097             |
| 6,709,281            | 897,402                | 579,731              | 652,931              | 212,232             |
| 9,123,660            | 3,035,817              | 3,357,639            | 3,514,588            | -                   |
| 955,672              | 591,426                | 265,222              | -                    | -                   |
| -                    | -                      | 17,734               | -                    | -                   |
| <u>3,305,524</u>     | <u>-</u>               | <u>8,355,484</u>     | <u>2,713,404</u>     | <u>(304,524)</u>    |
| <u>51,806,929</u>    | <u>37,880,868</u>      | <u>45,610,259</u>    | <u>43,670,413</u>    | <u>40,032,005</u>   |
|                      |                        |                      |                      |                     |
| 4,777,743            | 719,593                | 656,937              | 679,628              | 631,930             |
| -                    | 41,602                 | -                    | -                    | -                   |
| <u>(3,305,524)</u>   | <u>-</u>               | <u>(101,570)</u>     | <u>(293,211)</u>     | <u>275,748</u>      |
| <u>1,472,219</u>     | <u>761,195</u>         | <u>555,367</u>       | <u>386,417</u>       | <u>907,678</u>      |
| <u>53,279,148</u>    | <u>38,642,063</u>      | <u>46,165,626</u>    | <u>44,056,830</u>    | <u>40,939,683</u>   |
|                      |                        |                      |                      |                     |
| -                    | (44,258,915)           | -                    | -                    | -                   |
| <u>-</u>             | <u>-</u>               | <u>-</u>             | <u>(3,767,795)</u>   | <u>(1,634,962)</u>  |
| <u>-</u>             | <u>(44,258,915)</u>    | <u>-</u>             | <u>(3,767,795)</u>   | <u>(1,634,962)</u>  |
|                      |                        |                      |                      |                     |
| 16,534,249           | (47,864,417)           | 10,705,038           | 9,993,067            | 5,727,141           |
| 7,450,633            | (2,220,922)            | (178,020)            | 4,515,415            | 2,726,347           |
| <u>\$ 23,984,882</u> | <u>\$ (50,085,339)</u> | <u>\$ 10,527,018</u> | <u>\$ 14,508,482</u> | <u>\$ 8,453,488</u> |

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

|                                    | Fiscal Year          |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2005                 | 2006                 | 2007                 | 2008                 |
| General Fund:                      |                      |                      |                      |                      |
| Reserved                           | \$ 17,684,766        | \$ 18,275,950        | \$ 22,001,145        | \$ 25,285,362        |
| Unreserved                         | 10,802,682           | 12,539,095           | 15,676,717           | 10,431,701           |
| Nonspendable                       | -                    | -                    | -                    | -                    |
| Restricted                         | -                    | -                    | -                    | -                    |
| Committed                          | -                    | -                    | -                    | -                    |
| Assigned                           | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    |
| Total General Fund                 | <u>\$ 28,487,448</u> | <u>\$ 30,815,045</u> | <u>\$ 37,677,862</u> | <u>\$ 35,717,063</u> |
| All Other Governmental Funds:      |                      |                      |                      |                      |
| Reserved, Reported in:             |                      |                      |                      |                      |
| Debt Service Funds                 | \$ 1,043,538         | \$ 1,051,951         | \$ 1,112,693         | \$ 23,427,969        |
| Unreserved, Reported in:           |                      |                      |                      |                      |
| Special Revenue Funds              | 1,814,801            | 3,330,476            | 4,313,146            | 5,119,028            |
| Capital Projects Funds             | 141,760              | (19,520)             | (224,289)            | (297,431)            |
| Nonspendable                       | -                    | -                    | -                    | -                    |
| Restricted                         | -                    | -                    | -                    | -                    |
| Committed                          | -                    | -                    | -                    | -                    |
| Assigned                           | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    |
| Total All Other Governmental Funds | <u>\$ 3,000,099</u>  | <u>\$ 4,362,907</u>  | <u>\$ 5,201,550</u>  | <u>\$ 28,249,566</u> |

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

**Sources:**

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

| Fiscal Year          |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| \$ 26,437,732        | \$ 26,437,732        | \$ -                 | \$ -                 | \$ -                 |
| 9,409,100            | 6,320,602            | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | (13,386)             | -                    | 8,708                |
| -                    | -                    | 21,781,536           | 22,797,424           | 19,998,080           |
| -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | -                    | (3,951,915)          | (1,634,962)          |
| <u>\$ 35,846,832</u> | <u>\$ 32,758,334</u> | <u>\$ 21,768,150</u> | <u>\$ 18,845,509</u> | <u>\$ 18,371,826</u> |
| <br>                 |                      |                      |                      |                      |
| \$ 16,374,755        | \$ 4,293,093         | \$ -                 | \$ -                 | \$ -                 |
| 6,069,714            | 7,141,590            | -                    | -                    | -                    |
| (455,256)            | (253,448)            | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | 35,000               |
| -                    | -                    | 12,310,686           | 17,345,677           | 14,986,150           |
| -                    | -                    | 3,381,226            | -                    | 626,408              |
| -                    | -                    | -                    | (189,068)            | -                    |
| -                    | -                    | -                    | -                    | -                    |
| <u>\$ 21,989,213</u> | <u>\$ 11,181,235</u> | <u>\$ 15,691,912</u> | <u>\$ 17,156,609</u> | <u>\$ 15,647,558</u> |

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

|   | Fiscal Year         |                     |                     |                      |
|---|---------------------|---------------------|---------------------|----------------------|
|   | 2005                | 2006                | 2007                | 2008                 |
| <b>Revenues:</b>                            |                     |                     |                     |                      |
| Taxes                                       | \$ 18,482,938       | \$ 20,554,735       | \$ 27,365,888       | \$ 32,896,131        |
| Intergovernmental                           | 1,308,261           | 2,795,298           | 2,738,351           | 177,349              |
| Licenses and Permits                        | 958,444             | 1,505,099           | 1,652,910           | 1,218,021            |
| Fines and Forfeitures                       | 172,139             | 126,287             | 192,294             | 233,436              |
| Charges for Services                        | 3,604,812           | 4,678,772           | 4,148,235           | 4,098,683            |
| Interest and Rentals                        | 855,938             | 890,924             | 1,686,320           | 1,962,211            |
| Grants                                      | 2,015,872           | 924,397             | 677,378             | 2,044,042            |
| Meals                                       | 68,119              | 70,776              | 67,150              | 65,411               |
| Assessments                                 | 129,232             | 192,338             | 312,148             | 370,602              |
| Other                                       | 2,580,549           | 3,644,967           | 7,464,240           | 14,837,908           |
| <b>Total Revenues</b>                       | <b>30,176,304</b>   | <b>35,383,593</b>   | <b>46,304,914</b>   | <b>57,903,794</b>    |
| <b>Expenditures:</b>                        |                     |                     |                     |                      |
| <b>Current:</b>                             |                     |                     |                     |                      |
| General Government                          | 2,251,173           | 2,550,663           | 4,238,567           | 3,798,782            |
| Intergovernmental                           | 3,896               | 3,895               | 3,896               | 1,628,184            |
| Public Safety                               | 11,482,782          | 13,154,240          | 14,319,066          | 16,532,003           |
| Public Works                                | 1,849,499           | 2,012,500           | 2,251,300           | 2,606,821            |
| Community Development                       | 3,836,553           | 3,231,634           | 3,927,092           | 6,027,437            |
| Community Services                          | 2,838,583           | 2,975,889           | 3,384,773           | 3,987,118            |
| Library and Cultural                        | 662,982             | 694,063             | 763,357             | 859,849              |
| Capital Outlay                              | 2,687,696           | 6,099,406           | 8,231,702           | 28,645,304           |
| <b>Debt Service:</b>                        |                     |                     |                     |                      |
| Principal                                   | 642,795             | 662,245             | 1,164,169           | 6,432,137            |
| Interest and Fiscal Charges                 | 482,525             | 530,781             | 558,445             | 1,073,901            |
| <b>Total Expenditures</b>                   | <b>26,738,484</b>   | <b>31,915,316</b>   | <b>38,842,367</b>   | <b>71,591,536</b>    |
| <b>Excess (Deficiency) of Revenues</b>      |                     |                     |                     |                      |
| <b>Over (Under) Expenditures</b>            | <b>3,437,820</b>    | <b>3,468,277</b>    | <b>7,462,547</b>    | <b>(13,687,742)</b>  |
| <b>Other Financing Sources (Uses):</b>      |                     |                     |                     |                      |
| Transfers In                                | 2,207,877           | 4,160,480           | 6,428,333           | 20,856,930           |
| Transfers Out                               | (2,547,171)         | (3,938,352)         | (6,189,421)         | (20,840,420)         |
| Issuance of Bonds                           | -                   | -                   | -                   | 34,758,449           |
| <b>Total Other Financing Sources (Uses)</b> | <b>(339,294)</b>    | <b>222,128</b>      | <b>238,912</b>      | <b>34,774,959</b>    |
| <b>Net Change in Fund Balances</b>          |                     |                     |                     |                      |
| <b>Before Extraordinary Item</b>            | <b>3,098,526</b>    | <b>3,690,405</b>    | <b>7,701,459</b>    | <b>21,087,217</b>    |
| <b>Extraordinary Item</b>                   |                     |                     |                     |                      |
| Extraordinary Loss                          | -                   | -                   | -                   | -                    |
| <b>Net Change in Fund Balances</b>          | <b>\$ 3,098,526</b> | <b>\$ 3,690,405</b> | <b>\$ 7,701,459</b> | <b>\$ 21,087,217</b> |
| <b>Debt Service as a Percentage</b>         |                     |                     |                     |                      |
| <b>of Non-Capital Expenditures</b>          | <b>4.68%</b>        | <b>4.63%</b>        | <b>5.63%</b>        | <b>17.48%</b>        |

| <u>2009</u>           | <u>2010</u>            | <u>2011</u>           | <u>2012</u>           | <u>2013</u>           |
|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| \$ 31,712,792         | \$ 33,356,223          | \$ 28,300,169         | \$ 36,789,494         | \$ 40,124,297         |
| 317,124               | 259,997                | 6,390,419             | 176,692               | 179,365               |
| 640,257               | 600,944                | 880,876               | 839,048               | 78,939                |
| 233,308               | 296,334                | 261,035               | 335,121               | 233,167               |
| 4,102,455             | 2,493,574              | 2,447,307             | 2,174,778             | 2,481,343             |
| 2,893,221             | 740,036                | 502,658               | 555,667               | 239,841               |
| 1,232,934             | 1,420,729              | 5,845,341             | 12,063,425            | 5,564,425             |
| 57,093                | 35,006                 | 40,879                | 40,238                | 26,296                |
| 481,527               | 483,486                | 689,506               | 720,068               | 711,196               |
| 8,620,736             | 2,770,855              | 2,658,216             | 2,845,740             | 4,088,635             |
| <u>50,291,447</u>     | <u>42,457,184</u>      | <u>48,016,406</u>     | <u>56,540,271</u>     | <u>53,727,504</u>     |
| 4,194,242             | 3,842,671              | 4,250,919             | 4,426,111             | 3,354,212             |
| 3,904                 | 22,198                 | 3,325                 | 4,875                 | 1,850                 |
| 16,934,752            | 17,119,531             | 17,934,692            | 17,592,694            | 18,458,371            |
| 2,398,132             | 2,014,853              | 2,423,082             | 3,422,798             | 5,544,549             |
| 7,945,185             | 15,862,715             | 5,347,788             | 4,972,369             | 2,149,595             |
| 4,034,706             | 4,027,590              | 3,806,034             | 2,874,852             | 3,884,359             |
| 855,572               | 822,996                | 914,157               | 864,684               | 794,455               |
| 18,524,487            | 8,785,378              | 14,714,906            | 17,196,246            | 16,668,830            |
| 1,914,942             | 1,352,491              | 3,128,889             | 777,332               | 1,062,010             |
| 2,604,554             | 2,266,398              | 1,758,832             | 1,677,870             | 1,753,594             |
| <u>59,410,476</u>     | <u>56,116,821</u>      | <u>54,282,624</u>     | <u>53,809,831</u>     | <u>53,671,825</u>     |
| <u>(9,119,029)</u>    | <u>(13,659,637)</u>    | <u>(6,266,218)</u>    | <u>2,730,440</u>      | <u>55,679</u>         |
| 22,570,192            | 23,144,987             | 14,415,335            | 11,796,917            | 17,031,556            |
| (19,581,747)          | (23,381,826)           | (14,628,624)          | (12,217,506)          | (17,435,007)          |
| -                     | -                      | -                     | -                     | -                     |
| <u>2,988,445</u>      | <u>(236,839)</u>       | <u>(213,289)</u>      | <u>(420,589)</u>      | <u>(403,451)</u>      |
| <u>(6,130,584)</u>    | <u>(13,896,476)</u>    | <u>(6,479,507)</u>    | <u>2,309,851</u>      | <u>(347,772)</u>      |
| -                     | -                      | -                     | (3,767,795)           | (1,634,962)           |
| <u>\$ (6,130,584)</u> | <u>\$ (13,896,476)</u> | <u>\$ (6,479,507)</u> | <u>\$ (1,457,944)</u> | <u>\$ (1,982,734)</u> |
| 11.05%                | 7.65%                  | 12.35%                | 6.69%                 | 7.70%                 |

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

| Fiscal Year Ended<br>June 30 | City             |               | Total Assessed<br>Value (1) | Total Direct<br>Tax Rate |
|------------------------------|------------------|---------------|-----------------------------|--------------------------|
|                              | Secured          | Unsecured     |                             |                          |
| 2004                         | \$ 1,562,323,196 | \$ 67,852,847 | \$ 1,630,176,043            | 0.14%                    |
| 2005                         | 1,666,885,107    | 68,073,906    | 1,734,959,013               | 0.14%                    |
| 2006                         | 1,891,681,055    | 73,181,208    | 1,964,862,263               | 0.14%                    |
| 2007                         | 2,281,534,333    | 79,440,106    | 2,360,974,439               | 0.14%                    |
| 2008                         | 2,751,300,875    | 99,377,099    | 2,850,677,974               | 0.14%                    |
| 2009                         | 2,960,375,724    | 109,793,770   | 3,070,169,494               | 0.14%                    |
| 2010                         | 2,821,529,666    | 111,490,540   | 2,933,020,206               | 0.14%                    |
| 2011                         | 2,867,056,082    | 107,447,481   | 2,974,503,563               | 0.14%                    |
| 2012                         | 2,757,281,919    | 112,107,423   | 2,869,389,342               | 0.14%                    |
| 2013                         | 2,671,376,051    | 115,955,396   | 2,787,331,447               | 0.14%                    |

(1) Assessed valuations are net of exemptions.

**Source:**

County of Tulare, Office of the Auditor-Controller

**NOTE:**

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



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

|   | 2013  | 1998  |
|---|-------|-------|
| City Direct Rates:                          |       |       |
| City Basic Rate                             | 0.143 | 0.141 |
| Total Average City Direct Rate              | 0.143 | 0.141 |
| Overlapping Rates:                          |       |       |
| County of Tulare                            | 0.164 | 0.167 |
| Buena Vista Elementary School District      | 0.000 | 0.154 |
| Liberty Elementary School District          | 0.039 | 0.123 |
| Sundale Elementary School District          | 0.020 |       |
| 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     | 0.147 | 0.048 |
| College of the Sequoias                     | 0.046 | 0.022 |
| County Schools Service Fund                 | 0.022 | 0.022 |
| Kaweah Delta Water District                 | 0.005 | 0.002 |
| Tulare Cemetery District                    | 0.002 | 0.002 |
| Tulare County Flood Control District        | 0.000 | 0.228 |
| Tulare Hospital District                    | 0.113 | 0.025 |
| Tulare Irrigation District                  | 0.025 | 0.021 |
| Tulare Memorial District                    | 0.010 | 0.010 |
| Tulare Mosquito District                    | 0.018 | 0.018 |
| Education Revenue Augmentation 1993/94      | 0.232 | 0.235 |
| Total Average Direct Rate                   | 1.151 | 1.656 |

**NOTE:**

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

**Source:**

County of Tulare, Office of the Auditor-Controller

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

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

**Source:**

State Board of Equalization, State of California

**Notes:**

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

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

| Taxpayer   | 2013                      |  | 2003                      |  |
|--|---------------------------|--|---------------------------|--|
|  | Taxable<br>Assessed Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value |
| Saputo Cheese, USA, Inc. (formerly Stella Cheese Company, Inc.)              | \$ 267,988,270            | 9.61%  | \$ 36,202,792             | 2.34%  |
| Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)        | 176,922,681               | 6.35%  | 230,953,380               | 14.90%   |
| Oscar Mayer Foods Corporation (formerly General Food Corporation)            | 82,513,728                | 2.96%  | 67,281,640                | 4.34%  |
| U.S. Cold Storage of California  | 67,140,351                | 2.41%  | 22,344,726                | 1.44%  |
| Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)   | 51,975,635                | 1.86%  | -                         | n/a  |
| 1407 Rutherford Street Holdings, LLC (formerly Horizon Outlet Centers, Ltp.) | 35,523,205                | 1.27%  | 16,573,918                | 1.07%  |
| Target Corporation   | 22,979,276                | 0.82%  | -                         | n/a  |
| Paul A. and Vickie L. Daley  | 16,903,134                | 0.61%  | 8,865,098                 | 0.57%  |
| General Mills Operations, Inc.   | -                         | n/a  | 23,563,000                | 1.52%  |
| Lowe's HIW, Inc.   | 13,221,980                | 0.47%  | -                         | n/a  |
| Wal-Mart Real Estate Business Trust  | -                         | n/a  | 10,087,585                | 0.65%  |
| KindtCorp  | -                         | n/a  | 10,063,035                | 0.65%  |
| Ice Cream Partners USA, LLC  | -                         | n/a  | 38,525,470                | 2.48%  |
| Daleville Sommerset Tulare Outlet Center, LP                                 | -                         | n/a  | -                         | 0.00%  |
| International Agri-Center, Inc.  | 13,025,594                |  |                           |  |
| Total taxable assessed value of top fifteen largest taxpayers                | \$ 748,193,854            | 26.38%   | \$ 464,460,644            | 29.96%   |
| Total assessed value of all taxpayers  | \$ 2,787,331,447          | 100.00%  | \$ 1,550,370,007          | 100.00%  |

**Source:**

Tulare County Auditor-Controller Office

This page intentionally left blank.

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

| <u>Fiscal Year<br/>Ended June 30</u> |      | <u>Taxes Levied<br/>for the Fiscal<br/>Year (1)</u> | <u>Collected within the Fiscal<br/>Year of Levy</u> |                            | <u>Collections in<br/>Subsequent<br/>Years</u> | <u>Total Collections to Date</u> |                            |
|--------------------------------------|------|---|---|----------------------------|--|----------------------------------|----------------------------|
|                                      |      |   | <u>Amount (2)</u>                                   | <u>Percent<br/>of Levy</u> |  | <u>Amount</u>                    | <u>Percent of<br/>Levy</u> |
| 2004                                 | (4)  | \$ 2,430,804  | \$ 2,253,365  | 92.70%                     | (3)  | \$ 2,253,365                     | 92.70%                     |
| 2005                                 | (5)  | 2,701,215   | 2,477,028   | 91.70%                     | (3)  | 2,477,028                        | 91.70%                     |
| 2006                                 | (6)  | 3,102,138   | 2,799,164   | 90.23%                     | (3)  | 2,799,164                        | 90.23%                     |
| 2007                                 | (7)  | 3,841,381   | 3,361,285   | 87.50%                     | (3)  | 3,361,285                        | 87.50%                     |
| 2008                                 | (8)  | 4,628,069   | 3,973,382   | 85.85%                     | (3)  | 3,973,382                        | 85.85%                     |
| 2009                                 | (9)  | 4,978,367   | 3,973,382   | 79.81%                     | (3)  | 3,973,382                        | 79.81%                     |
| 2010                                 | (10) | 4,673,554   | 3,888,715   | 83.21%                     | 80,491   | 3,969,206                        | 84.93%                     |
| 2011                                 | (11) | 4,607,290   | 3,901,196   | 84.67%                     | 74,056   | 3,975,252                        | 86.28%                     |
| 2012                                 | (12) | 5,137,770   | 4,087,387   | 79.56%                     | 93,634   | 4,181,021                        | 81.38%                     |
| 2013                                 | (13) | 4,120,720   | 3,359,035   | 81.52%                     | 202,448  | 3,561,483                        | 86.43%                     |

**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 \$939,592 for the property tax shift to education.
- (5) Reduced approximately \$984,502 for the property tax shift to education.
- (6) Reduced approximately \$1,458,821 for the property tax shift to education.
- (7) Reduced approximately \$1,568,945 for the property tax shift to education.
- (8) Reduced approximately \$1,385,911 for the property tax shift to education.
- (9) Reduced approximately \$1,635,368 for the property tax shift to education.
- (10) Reduced approximately \$1,774,310 for the property tax shift to education.
- (11) Reduced approximately \$1,675,639 for the property tax shift to education.
- (12) Reduced approximately \$1,698,640 for the property tax shift to education.
- (13) Reduced approximately \$1,626,244 for the property tax shift to education.

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

|                      | Fiscal Year     |                |                 |                |                 |                |                 |                |
|----------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
|                      | 2004            |                | 2005            |                | 2006            |                | 2007            |                |
| <b>Sales:</b>        |                 |                |                 |                |                 |                |                 |                |
| General Retail       | \$ 1,506        | 28.44%         | \$ 1,608        | 27.14%         | \$ 1,798        | 27.49%         | \$ 1,883        | 26.91%         |
| Food Products        | 942             | 17.79%         | 1,159           | 19.56%         | 1,047           | 16.01%         | 1,093           | 15.62%         |
| Transportation       | 1,481           | 27.97%         | 1,726           | 29.13%         | 1,874           | 28.65%         | 1,965           | 28.08%         |
| Construction         | 766             | 14.47%         | 856             | 14.45%         | 1,169           | 17.87%         | 1,242           | 17.75%         |
| Business to Business | 551             | 10.41%         | 525             | 8.86%          | 593             | 9.07%          | 743             | 10.62%         |
| Miscellaneous        | 49              | 0.93%          | 51              | 0.86%          | 59              | 0.90%          | 71              | 1.01%          |
| <b>Total</b>         | <b>\$ 5,295</b> | <b>100.00%</b> | <b>\$ 5,925</b> | <b>100.00%</b> | <b>\$ 6,540</b> | <b>100.00%</b> | <b>\$ 6,997</b> | <b>100.00%</b> |

**Source:**  
MuniServices, LLC

Fiscal Year

| 2008            |                | 2009            |                | 2010            |                | 2011            |                | 2012            |                | 2013            |                |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| \$ 2,066        | 28.61%         | \$ 1,961        | 30.08%         | \$ 1,919        | 30.44%         | \$ 1,909        | 26.95%         | \$ 2,015        | 25.14%         | \$ 2,119        | 25.69%         |
| 1,185           | 16.41%         | 1,166           | 17.88%         | 1,260           | 19.98%         | 1,228           | 17.33%         | 1,163           | 14.51%         | 1,268           | 15.37%         |
| 2,022           | 28.00%         | 1,637           | 25.11%         | 1,541           | 24.44%         | 2,266           | 31.99%         | 2,735           | 34.13%         | 2,849           | 34.54%         |
| 1,158           | 16.04%         | 1,041           | 15.97%         | 994             | 15.77%         | 1,027           | 14.50%         | 1,374           | 17.14%         | 1,334           | 16.17%         |
| 731             | 10.12%         | 656             | 10.06%         | 531             | 8.42%          | 604             | 8.53%          | 684             | 8.54%          | 628             | 7.61%          |
| 59              | 0.82%          | 59              | 0.90%          | 60              | 0.95%          | 50              | 0.71%          | 43              | 0.54%          | 51              | 0.62%          |
| <u>\$ 7,221</u> | <u>100.00%</u> | <u>\$ 6,520</u> | <u>100.00%</u> | <u>\$ 6,305</u> | <u>100.00%</u> | <u>\$ 7,084</u> | <u>100.00%</u> | <u>\$ 8,014</u> | <u>100.00%</u> | <u>\$ 8,249</u> | <u>100.00%</u> |

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

| Fiscal Year<br>Ended June 30 | Governmental Activities    |                   |                 |                                 |                               |                                     |
|------------------------------|----------------------------|-------------------|-----------------|---------------------------------|-------------------------------|-------------------------------------|
|                              | Lease Revenue<br>Bonds (1) | Leases<br>Payable | Note<br>Payable | Advances<br>from Other<br>Funds | General<br>Obligation<br>Bond | Total<br>Governmental<br>Activities |
| 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                          |
| 2010                         | 36,025,061                 | 1,285,944         | -               | -                               | -                             | 37,311,005                          |
| 2011                         | 32,883,113                 | 1,273,634         | 291,000         | -                               | -                             | 34,447,747                          |
| 2012                         | 32,161,165                 | 1,227,504         | 256,000         | -                               | -                             | 33,644,669                          |
| 2013                         | 31,334,217                 | 1,133,674         | -               | -                               | -                             | 32,467,891                          |

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

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



Business-Type Activities

| Revenue<br>Bonds<br>Payable (1) | Leases<br>Payable | Notes<br>Payable | Advances<br>from Other<br>Funds | Total<br>Business-<br>Type Activities | Total Primary<br>Government | Debt per<br>Capita (2) | Percentage<br>of Gross<br>Assessed<br>Valuation | Percentage<br>of Personal<br>Income (3) |
|---------------------------------|-------------------|------------------|---------------------------------|---------------------------------------|-----------------------------|------------------------|---|---|
| \$ 62,045,000                   | \$ 726,039        | \$ -             | \$ -                            | \$ 62,771,039                         | \$ 75,319,656               | 1,577                  | 4.62%   | 6.81%                                   |
| 60,375,000                      | 609,296           | -                | -                               | 60,984,296                            | 72,889,158                  | 1,473                  | 4.20%   | 6.23%                                   |
| 58,665,000                      | 486,188           | -                | -                               | 59,151,188                            | 70,588,988                  | 1,371                  | 3.67%   | 5.68%                                   |
| 136,451,266                     | 8,834,773         | -                | -                               | 145,286,039                           | 157,188,849                 | 2,810                  | 6.77%   | (a)                                     |
| 134,632,678                     | 8,628,016         | -                | -                               | 143,260,694                           | 183,237,324                 | 3,194                  | 6.52%   | (a)                                     |
| 187,544,091                     | 8,334,263         | -                | -                               | 195,878,354                           | 234,676,214                 | 4,011                  | 7.64%   | (a)                                     |
| 185,330,504                     | 8,108,519         | -                | -                               | 193,439,023                           | 230,750,028                 | 3,876                  | 7.87%   | (a)                                     |
| 202,456,916                     | 12,925,015        | -                | -                               | 215,381,931                           | 249,829,678                 | 4,164                  | 8.39%   | (a)                                     |
| 200,218,330                     | 12,190,869        | -                | -                               | 212,409,199                           | 246,053,868                 | 4,106                  | 8.57%   | 22.65%                                  |
| 197,068,905                     | 11,059,545        | -                | -                               | 208,128,450                           | 240,596,341                 | 4,015                  | 8.63%   | 21.59%                                  |

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

| <u>Fiscal Year<br/>Ended June 30</u> | <u>General<br/>Obligation<br/>Bonds</u> | <u>Tax<br/>Allocation<br/>Bonds</u> | <u>Total</u> | <u>Percent of<br/>Assessed<br/>Value (1)</u> | <u>Per Capita</u> |
|--------------------------------------|---|-------------------------------------|--------------|--|-------------------|
| 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             |
| 2010                                 | -                                       | 24,675                              | 24,675       | 0.84%  | 414.46            |
| 2011                                 | -                                       | 23,350                              | 23,350       | 0.79%  | 389.65            |
| 2012                                 | -                                       | 23,300                              | 23,300       | 0.81%  | 384.32            |
| 2013                                 | -                                       | 22,840                              | 22,840       | 0.82%  | 373.21            |

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, 2013**

|   |                   |                   |                           |
|---|-------------------|-------------------|---------------------------|
| City Assessed Valuation   |                   |                   | \$ 3,402,295,924          |
|   | <u>Total Debt</u> | <u>Percentage</u> | <u>City's Share of</u>    |
|   | 6/30/13           | Applicable (1)    | Debt 6/30/13              |
| Overlapping Tax and Assessment Debt:                                  |                   |                   |                           |
| College of the Sequoias Tulare School Facilities Improvement District | \$ 39,718,552     | 46.869%           | \$ 18,615,688             |
| Tulare Union High School District                                     | 37,870,812        | 61.224%           | 23,186,026                |
| Liberty School District   | 928,036           | 6.821%            | 63,301                    |
| Tulare Local Health Care District                                     | 84,985,000        | 59.340%           | <u>50,430,099</u>         |
| Total Overlapping Tax and Assessment Debt                             |                   |                   | <u>92,295,114</u>         |
| Direct and Overlapping General Fund Debt:                             |                   |                   |                           |
| Tulare County General Fund Obligations                                | 54,540,000        | 12.633%           | 6,890,038                 |
| College of the Sequoias General Fund Obligations                      | 8,675,000         | 13.581%           | 1,178,152                 |
| Tulare School District General Fund Obligations                       | 3,890,787         | 94.157%           | 3,663,448                 |
| City of Tulare General Fund Obligations                               | 29,920,000        | 100.000%          | <u>29,920,000</u>         |
| Total Direct and Overlapping General Fund Debt                        |                   |                   | <u>41,651,638</u>         |
| Total Direct Debt   |                   |                   | \$ 29,920,000             |
| Overlapping Tax Increment Debt ( Successor Agency)                    | \$ 23,250,000     | 100.000%          | 23,250,000                |
| Total Overlapping Debt  |                   |                   | <u>127,276,753</u>        |
| Combined Total Debt   |                   |                   | <u>\$ 157,196,753 (2)</u> |

Ratios to 2012-13 Assessed Valuation:

|   |       |
|---|-------|
| Total Overlapping Tax and Assessment Debt | 2.71% |
| Total Direct Debt (\$29,920,000)          | 0.88% |
| Combined total Debt                       | 4.62% |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$614,964,477):

|                                      |       |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 3.78% |
|--------------------------------------|-------|

AB: (\$475)

Notes:

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.
- (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          |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2004                 | 2005                 | 2006                 | 2007                 |
| Assessed Valuation  | \$ 1,671,724,504     | \$ 1,755,719,923     | \$ 1,884,513,873     | \$ 2,360,974,439     |
| Conversion Percentage   | <u>25%</u>           | <u>25%</u>           | <u>25%</u>           | <u>25%</u>           |
| Adjusted Assessed Valuation   | 417,931,126          | 438,929,981          | 471,128,468          | 590,243,610          |
| Debt Limit Percentage   | <u>15%</u>           | <u>15%</u>           | <u>15%</u>           | <u>15%</u>           |
| Debt Limit  | 62,689,669           | 65,839,497           | 70,669,270           | 88,536,541           |
| Total Net Debt Applicable to Limit:<br>General Obligation Bonds         | -                    | -                    | -                    | -                    |
| Legal Debt Margin   | <u>\$ 62,689,669</u> | <u>\$ 65,839,497</u> | <u>\$ 70,669,270</u> | <u>\$ 88,536,541</u> |
| <br>Total Debt Applicable to the Limit<br>as a percentage of Debt Limit | <br>0.00%            | <br>0.00%            | <br>0.00%            | <br>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.

**Sources:**

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

| Fiscal Year           |                       |                       |                       |                      |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| 2008                  | 2009                  | 2010                  | 2011                  | 2012                 | 2013                  |
| \$ 2,850,677,974      | \$ 3,070,169,494      | \$ 2,933,020,206      | \$ 2,974,503,563      | \$ 2,869,389,342     | \$ 2,787,331,447      |
| <u>25%</u>            | <u>25%</u>            | <u>25%</u>            | <u>25%</u>            | <u>25%</u>           | <u>25%</u>            |
| 712,669,495           | 767,542,373           | 733,255,052           | 743,625,891           | 637,874,529          | 696,832,862           |
| <u>15%</u>            | <u>15%</u>            | <u>15%</u>            | <u>15%</u>            | <u>15%</u>           | <u>15%</u>            |
| 106,900,424           | 115,131,356           | 109,988,258           | 111,543,884           | 95,681,179           | 104,524,929           |
| -                     | -                     | -                     | -                     | -                    | -                     |
| <u>\$ 106,900,424</u> | <u>\$ 115,131,356</u> | <u>\$ 109,988,258</u> | <u>\$ 111,543,884</u> | <u>\$ 95,681,179</u> | <u>\$ 104,524,929</u> |
| 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                 | 0.00%                | 0.00%                 |

**CITY OF TULARE  
PLEGDED-REVENUE COVERAGE  
LAST EIGHT FISCAL YEARS <sup>(1)</sup>  
(In Thousands)**

| Fiscal Year<br>Ended June 30 | Sewer Revenue Bonds    |                               |                 |                      |                         |                              |                                 |                         |                                       |
|------------------------------|------------------------|-------------------------------|-----------------|----------------------|-------------------------|------------------------------|---------------------------------|-------------------------|---------------------------------------|
|                              | Total Sewer<br>Revenue | Less<br>Operating<br>Expenses | Net<br>Revenues | 2001 Senior<br>Bonds | Senior Debt<br>Coverage | Remaining<br>Net<br>Revenues | Parity<br>(Subordinate)<br>Debt | Parity Debt<br>Coverage | Net Revenues<br>After Debt<br>Service |
| 2006                         | \$ 12,240              | \$ 5,810                      | \$ 6,430        | \$ 1,234             | 5.21                    | \$ 5,196                     | \$ 3,034                        | 1.71                    | \$ 2,162                              |
| 2007                         | 13,378                 | 6,763                         | 6,615           | 1,233                | 5.37                    | 5,382                        | 4,476                           | 1.20                    | 906                                   |
| 2008                         | 19,517                 | 8,582                         | 10,935          | 1,236                | 8.85                    | 9,699                        | 6,640                           | 1.46                    | 3,059                                 |
| 2009                         | 21,512                 | 9,140                         | 12,372          | 1,233                | 10.03                   | 11,139                       | 6,627                           | 1.68                    | 4,512                                 |
| 2010                         | 20,738                 | 10,786                        | 9,952           | 1,229                | 8.09                    | 8,723                        | 6,912                           | 1.26                    | 1,811                                 |
| 2011                         | 23,108                 | 8,778                         | 14,330          | 1,230                | 11.65                   | 13,100                       | 10,032                          | 1.31                    | 3,068                                 |
| 2012                         | 25,505                 | 7,957                         | 17,548          | 1,229                | 14.27                   | 16,319                       | 10,776                          | 1.51                    | 5,543                                 |
| 2013                         | 24,963                 | 9,087                         | 15,876          | 1,056                | 15.04                   | 14,821                       | 11,076                          | 1.34                    | 3,745                                 |

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

Operating expenses do not include interest or depreciation expenses.

Operating expenses shown on the table include some nonoperating expenses funded by the sewer enterprise's operating fund.

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

Prepared by Bartle Wells Associates based on audited financial information.

- (1) Only eight years of information was available under this new format.
- (2) The City is no longer receiving tax increment funds since the dissolution of the Redevelopment Agency.

Tax Allocation Bonds

| Tax<br>Increment | Debt Service |          | Coverage |
|------------------|--------------|----------|----------|
|                  | Principal    | Interest |          |
| \$ 4,395         | \$ 170       | \$ 116   | 15.37    |
| 5,156            | 180          | 108      | 17.90    |
| 5,529            | 185          | 99       | 19.47    |
| 5,968            | 195          | 88       | 21.09    |
| 6,077            | 205          | 79       | 21.40    |
| 6,505            | 1,325        | 888      | 2.94     |
| (2)              | (2)          | (2)      | (2)      |
| (2)              | (2)          | (2)      | (2)      |

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

| <u>Calendar Year</u> | <u>Population<br/>(1)</u> | <u>Personal<br/>Income<br/>(amounts<br/>expressed in<br/>thousands)<br/>(4)</u> | <u>Total Personal<br/>Income / Per<br/>Capita<br/>(4)</u> | <u>Assessed<br/>Valuation (in<br/>thousands)<br/>(2)</u> | <u>Per Capita<br/>Assessed<br/>Valuation</u> | <u>City<br/>Unemployment<br/>Rate<br/>(3)</u> | <u>County<br/>Unemployment<br/>Rate<br/>(3)</u> |
|----------------------|---------------------------|---|---|--|--|---|---|
| 2004                 | \$ 47,770                 | \$ 1,105,589  | \$ 23,144   | \$ 1,630,176   | 34.13  | 10.80%  | 12.60%  |
| 2005                 | 49,477                    | 1,170,329   | 23,654  | 1,734,959  | 35.07  | 7.50%   | 9.00%   |
| 2006                 | 51,477                    | 1,243,324   | 24,153  | 1,925,138  | 37.40  | 6.60%   | 7.90%   |
| 2007                 | 55,935                    | (a)   | (a)   | 2,321,221  | 41.50  | 7.30%   | 8.60%   |
| 2008                 | 57,375                    | (a)   | (a)   | 2,807,554  | 48.93  | 8.30%   | 9.80%   |
| 2009                 | 58,506                    | (a)   | (a)   | 3,070,169  | 52.48  | 12.50%  | 14.70%  |
| 2010                 | 59,535                    | (a)   | (a)   | 2,933,020  | 49.27  | 13.50%  | 15.70%  |
| 2011                 | 59,926                    | (a)   | (a)   | 2,974,504  | 49.64  | 13.40%  | 15.60%  |
| 2012                 | 60,627                    | 1,086,557   | 17,922  | 2,869,389  | 47.33  | 12.90%  | 15.10%  |
| 2013                 | 61,199                    | 1,114,556   | 18,212  | 2,787,331  | 45.55  | 10.90%  | 12.80%  |

(a) Information unavailable

**Sources:**

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



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

| <u>Employer</u>   | <u>2013</u>                |                                    | <u>2003</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) | 537                        | 2.46%                              | 600                        | 3.03%                              |
| Haagen Dazs   | 354                        | 1.62%                              | -                          | 0.00%                              |
| Wal-Mart  | 250                        | 1.15%                              | -                          | 0.00%                              |
| Southern Ca Edison Company                              | 125                        | 0.57%                              | 200                        | 1.01%                              |
| Saputo Cheese USA, Inc                                  | 854                        | 3.92%                              | 150                        | 0.76%                              |
| PSI Tronix  | -                          | n/a                                | -                          | 0.00%                              |
| US Cold Storage   | 200                        | 0.92%                              | -                          | n/a                                |
| Ruan, Inc   | 174                        | 0.80%                              | -                          | n/a                                |
| Cheese & Protein International                          | -                          | 0.00%                              | 173                        | 0.87%                              |
| Kings County Truck Lines                                | -                          | n/a                                | 150                        | 0.76%                              |
| Rocktenn  | 104                        | 0.48%                              | -                          | 0.00%                              |
| Kraft USA Tulare  | 250                        | 1.15%                              | 130                        | 0.66%                              |
| J.D. Heiskell Company                                   | 360                        | 1.46%                              | -                          | n/a                                |
| Morris Levin & Sons Hardware                            | 170                        | 0.78%                              | 170                        | 0.86%                              |

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

**Sources:**

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

This page intentionally left blank.

**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                 | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government       | 35         | 34         | 34         | 35         | 40         | 40         | 40         | 40         | 48         | 48         |
| Public Safety            | 119        | 119        | 137        | 147        | 161        | 166        | 166        | 166        | 158        | 158        |
| Public Works             | 68         | 68         | 71         | 73         | 79         | 79         | 79         | 86         | 86         | 86         |
| Community<br>Development | 20         | 19         | 19         | 23         | 24         | 24         | 24         | 24         | 16         | 16         |
| Community Services       | 55         | 55         | 33         | 34         | 39         | 39         | 36         | 36         | 22         | 22         |
| Library and Cultural     | 10         | 9          | 9          | 10         | 11         | 11         | 11         | 11         | 10         | 10         |
| <b>Total</b>             | <b>307</b> | <b>304</b> | <b>303</b> | <b>322</b> | <b>354</b> | <b>359</b> | <b>356</b> | <b>363</b> | <b>340</b> | <b>340</b> |

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

|  | Fiscal Year |       |       |       |       |
|--|-------------|-------|-------|-------|-------|
|  | 2004        | 2005  | 2006  | 2007  | 2008  |
| Police:  |             |       |       |       |       |
| Arrests  | 2,488       | 2,265 | 2,792 | 3,113 | 3,363 |
| Parking Citations Issued                           | 2,539       | 1,680 | 2,023 | 3,149 | 3,436 |
| (1) Fire:  |             |       |       |       |       |
| Number of Emergency Calls                          | 3,765       | 3,871 | 4,526 | 5,113 | 5,186 |
| Inspections  | 1,078       | 1,194 | 1,333 | 705   | 1,494 |
| Parks and Recreation:                              |             |       |       |       |       |
| Number of Recreation Classes                       | 93          | 95    | 101   | 113   | 140   |
| Number of Facility Rentals                         | 911         | 1,102 | 1,036 | 1,388 | 2,143 |
| Water:   |             |       |       |       |       |
| New Connections                                    | 327         | 288   | 471   | 782   | 268   |
| Average Daily Consumption<br>(millions of gallons) | 11          | 8     | 11    | 14    | 17    |
| Sewer:   |             |       |       |       |       |
| New Connections                                    | 478         | 974   | 453   | 759   | 358   |

(1) Information unavailable.

**Source:**

Various City of Tulare Departments as appropriate

| Fiscal Year |       |       |       |       |
|-------------|-------|-------|-------|-------|
| 2009        | 2010  | 2011  | 2012  | 2013  |
| 3,405       | 3,479 | 3,118 | 3,046 | 3,486 |
| (1)         | 623   | 308   | 400   | 387   |
| 5,152       | 5,393 | 5,813 | 6,216 | 6,108 |
| 1,159       | 1,317 | 2,200 | 821   | 1,184 |
| 137         | 107   | 110   | 107   | 107   |
| 2,137       | 1,983 | 1,989 | 1,852 | 1,542 |
| 250         | 85    | 157   | 101   | 2     |
| 17          | 16    | 16    | 16    | 17    |
| 263         | 101   | 161   | 128   | 14    |

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

|   | Fiscal Year |        |        |        |        |
|---|-------------|--------|--------|--------|--------|
|   | 2004        | 2005   | 2006   | 2007   | 2008   |
| Police:   |             |        |        |        |        |
| Stations  | 1           | 1      | 1      | 1      | 1      |
| Fire:   |             |        |        |        |        |
| Fire Stations   | 3           | 3      | 3      | 3      | 3      |
| Public Works:   |             |        |        |        |        |
| Streets (miles)                                       | 170.00      | 158.70 | 170.00 | 184.60 | 187.52 |
| Traffic Signals                                       | 37          | 39     | 40     | 41     | 41     |
| Parks and Recreation:                                 |             |        |        |        |        |
| Parks   | 15          | 15     | 15     | 16     | 17     |
| Park Acreage  | 189.15      | 189.15 | 189.15 | 206.15 | 207.81 |
| Water:  |             |        |        |        |        |
| Water Mains (miles)                                   | 181.52      | 183.20 | 184.20 | 192.90 | 208.51 |
| Average Daily Consumption<br>(millions of gallons)    | 11.07       | 8.48   | 10.86  | 13.58  | 16.72  |
| Sewer:  |             |        |        |        |        |
| Sanitary Sewers (miles)                               | 173.85      | 175.30 | 176.90 | 184.60 | 197.64 |
| Average Daily Wastewater Flow<br>(millions of gallon) | 10.32       | 10.81  | 11.22  | 11.30  | 11.36  |

**Source:**

Various City of Tulare Departments as appropriate

| Fiscal Year     |                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2009            | 2010            | 2011            | 2012            | 2013            |
| 1               | 1               | 1               | 1               | 1               |
| 3               | 3               | 3               | 3               | 3               |
| 192.67<br>41    | 194.32<br>41    | 194.32<br>41    | 195.02<br>41    | 195.23<br>44    |
| 17<br>207.81    | 17<br>207.81    | 18<br>303.15    | 18<br>341.00    | 18<br>363.00    |
| 214.32<br>16.48 | 215.26<br>15.80 | 215.98<br>16.04 | 219.26<br>16.44 | 220.82<br>17.50 |
| 203.78<br>11.18 | 231.82<br>11.06 | 232.46<br>11.64 | 235.94<br>12.44 | 242.40<br>11.79 |

This page intentionally left blank.