



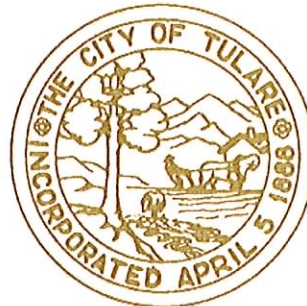
CALIFORNIA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2007



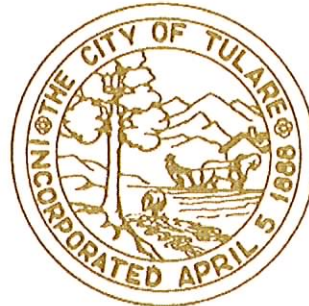
CALIFORNIA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

**CITY OF TULARE,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2007

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2007**

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ADMINISTRATIVE SERVICES DIVISION

Introductory Section



The primary objective of the Police Department is to protect the lives and property of the citizens of Tulare and those who frequent the community in transit or engage in business or professional activities. The department is responsible for enforcing all local ordinance and state laws, apprehending violators and assisting in their prosecution. To accomplish this, the department has been divided into three functioning divisions, Administrative Services, Patrol & Investigations. The primary responsibility of the Administrative Services Division is the transcribing, storing and retrieving of police data, maintaining public safety communications, support services for the Patrol and Investigative Divisions and providing general police service for the walk-in public.



December 18, 2007

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

This transmittal letter introduces the Comprehensive Annual Financial Report of the City of Tulare (City) for the fiscal year ended June 30, 2007. The report is presented in three major sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a list of principal city officials, an organizational chart of the city government, and copy of the City's award for excellence in financial reporting (for the fiscal year ended June 30, 2006). The Financial Section includes the unqualified opinion of the City's independent auditors, basic financial statements with the underlying combining statements and schedules for individual funds, and explanatory notes to the financial statements. The Statistical Section includes selected financial and demographic information depicting the City's historical trends and other significant facts.

This report has been prepared under the direction of the Finance Department in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data presented is accurate in all material respects, is presented fairly to set forth the financial position and results of operations of the various City funds, and is complete in providing all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs.

In addition to the financial audit, the City is required to have an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. The single audit, including the schedule of federal expenditures, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants is not included with this report but is issued as a separate document.

CITY OF TULARE

The City of Tulare was incorporated on April 5, 1888 as a general law city. On May 1, 1923, the city was granted a Freeholders Charter by the State of California. Tulare is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of the state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural production nationwide), Tulare has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets.

The City operates under a Council/Manager form of government and provides a full range of services to its citizens. Services provided include police and fire; parks and community services (including, a cross-town trail, a senior center, a teen center, and a cycle park); public works administration and engineering; water, solid waste, sewer and wastewater treatment public utilities; street maintenance, sweeping, and construction (including storm drainage and graffiti abatement); planning, zoning, and building inspection; a public transit system; a municipal airport; a library; 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.

ECONOMIC CONDITION AND OUTLOOK

During the last fiscal year, sales tax revenues, a major source of funds for the City's General Fund reached an annual level of \$11,859,889. The top five economic segments producing sales taxes were, in descending order, Department Stores, Building Materials - Wholesale, Auto Sales - New, Service Stations, and Miscellaneous Retail.

The City's population during the year reached 55,935. This is 13.04% of the total County population. There were 642 single family home building permits issued in 2006-2007. Jobs were provided by principal business employers including Land O'Lakes, Incorporated (formerly Dairyman's Cooperative Creamery Association); Nestle Ice Cream Company; Wal-Mart Store, Southern California Edison Company; and Golden Valley Dairy Products. The City's unemployment rate is 7.30% less than the County rate of 8.60%.

City government remains in sound financial condition. The General Fund (the 001 fund portion only) ended the year with an unreserved/undesignated fund balance of \$15,676,717. Over the past eleven years, the property tax shift to education (the Educational Revenue Augmentation Fund, or ERAF) has taken approximately \$13,475,892 of property taxes away from the City. The City's Revenue Cost System (RCS) continues to generate needed revenues for the General Fund. The RCS provides a mechanism for the City to collect fees from customers who request a special service. Special services are defined by ordinance and a percentage of cost recovery is established for each cost center. Actual costs are calculated and new fees are established based upon the provisions of the enabling ordinance. The RCS program reduces the burden on tax revenues to pay for special, requested services and allows taxes to be used for services provided to all the City's citizens.

The management of the City continues to be optimistic about the economic future of the community. Efforts are continuing to develop the industrial portion of the economic base and to expand the retail and tourism segment. Of continuing concern to the City is its ability to hold down operating costs while maintaining acceptable levels of service. Another concern is the continuing threat to local government by the State of California which continues to transfer property taxes to education and is considering taking other City revenues as a means of solving its own budget problems.

MAJOR INITIATIVES

Future Capital Improvement Projects: During fiscal year 2006-2007, some expenditures were incurred and planning work was started or continued on several large capital improvement projects. A significant amount of work has been done to repair the streets with additional amount been budgeted in the future. Some of the future projects planned by the City include a skate park, redesigned corporation yard, a ponding basin in the downtown and outlet mall area and a new library.

Community Services: The design phase for the new 15 acres of Del Lago Park Phase II and Skate Park at Topham Park .

Redevelopment Agency: Activities during fiscal year 2006-2007 encompassed use of locally-generated Redevelopment Regular and Low/Moderate-income Set-aside funds, State Cal-Home, Workforce Investment Grant and Department of Toxic Substance Control Grant funds, and Federal Community Development Block Grant and HOME Program funds to address physical, economic and social blight in the adopted Redevelopment Project Areas. Activities included First-time Homebuyers Assistance Program providing loans to qualified families seeking their first home, Homeowner Rehabilitation Program providing loans to qualified low-income families needing assist for home rehabilitation to address life, health and safety issues, Economic Development Activities to promote private investment and job creation in the Project Areas and land recycling consisting of taking distressed properties and converting them into private partnership investment opportunities.

Property acquisition also included opportunities to partner with local affordable housing development entities including Habitat for Humanity of Tulare County, Self-Help Enterprises and the Housing Authority of Tulare County. These activities and partnerships provided an increase in the affordable housing stock for low- and moderate-income families. During the year the Agency purchased a four-acre parcel from the Tulare Irrigation District for development of a 40-50 unit affordable housing development as part of a joint public/private venture.

Police Department: Since fiscal year 1996-97, the Police Department has found itself the recipient of several grants which have allowed it to hire additional staff and purchase computer software and equipment, safety equipment, public relations materials, and other supplies. During fiscal year 2006-2007, these grants totaled \$156,746 and included the Local Law Enforcement Block Grant, COPS - State, Office of Traffic Safety, California Law Enforcement Equipment, and DMV - Auto Theft Deterrence.

Wastewater Plant Expansion and Improvements: Work was started in 1999-2000 on the expansion and improvement of the industrial portion of the City's wastewater treatment plant and system. Work increased in fiscal year 2006-2007, and will continue for the next three years due the Regional Water Board permit requirements.

FINANCIAL INFORMATION

Budgetary Controls: The City of Tulare Charter requires the City Manager to submit an estimated revenue and proposed expenditure budget for the ensuing year to the City Council on or before the second regular meeting in May of each year. 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. Oversight functions are provided by the City Manager and the Finance Director/Treasurer through administrative policies and periodic review.

Internal Controls: The management of the City is responsible for establishing and maintaining an internal control system to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that accurate accounting data is collected to allow for the preparation of financial statements in conformance with generally accepted accounting principles. The City's internal controls provide reasonable, but not absolute assurance that these objectives are met and that the cost of controls does not exceed the benefits derived. Internal controls are continually reviewed by management to ensure compliance with City policies and modified to allow for any changes in the organizational structure. We believe the City's internal control system meets the established objectives of safe-guarding assets and providing assurance that financial transactions are properly recorded and reported.

Discretely Presented Component Unit: The Tulare Redevelopment Agency was established pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City's Council members appoint the Agency's directors, designate management, and have full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are presented as a governmental fund type. Additional information about the Redevelopment Agency can be found in Note 1 of the Notes to the Financial Statements.

General Governmental Functions: General Governmental functions include the General Fund, Special Revenue funds, Debt Service funds, Capital Project funds, Expendable Trust Fund, and the component unit.

Enterprise Operations: The City's enterprise operations consist of, aviation, transit, water, solid waste, and sewer funds. The last three funds fall under the management and control of the Board of Public Utilities Commissioners.

The Aviation Fund had a negative net working capital balance of \$154,927 at June 30, 2007. The General Fund made no operating transfers/contributions to the Aviation Fund during the fiscal year.

The Transit Fund had a negative net working capital balance of \$413,816 at June 30, 2007. The General Fund made no operating transfers/contributions to the Transit Fund during the fiscal year.

The Water Fund's operating revenues totaled \$4,964,679 for fiscal year 2006-2007. The fund ended the year with a net working capital balance of \$12,376,499.

The Solid Waste Fund's operating revenues totaled \$5,671,261 for fiscal year 2006-2007. The fund ended the year with a negative working capital balance of \$1,293,791. There was a rate increase on July 1, 2006 to increase customers' charges by .50¢ a month.

The Sewer Fund's operating revenues totaled \$12,007,298 for fiscal year 2006-2007. The Sewer Fund's net working capital balance at June 30, 2007 was \$78,114,068. There was a rate change on September 1, 2006 which increased single family residential customers' charges by \$2.33 per month.

Cash Management: The City of Tulare's investment program is governed by the California Government Code Section 53600, et. seq., and the City Investment Policy which is adopted annually by the City Council. The Investment Policy, in part, establishes an Investment Review Committee which consists of a citizen member appointed by the City Council (currently, a City Council member), a member of the Board of Public Utility Commissioners, a member of the Redevelopment Agency Board of Directors, the Redevelopment Agency Director, and the Finance Director/Treasurer. This committee is required to meet at least quarterly to review investments, formulate investment strategy, and insure adherence to the current investment policy.

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

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

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

OTHER INFORMATION

Independent Audit: City policy requires an annual audit of the City's financial records by an independent Certified Public Accountant. The accounting firm Brown Armstrong performed the audit and its opinion has been included in the financial section of this report. The auditor issued an unqualified opinion on the City's financial statements, which means that the auditor's examination disclosed no conditions which would cause them to believe that the statements are not fairly stated in all material respects.

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 of Tulare for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006, marking the tenth consecutive year Tulare has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award of Outstanding Financial Reporting to the City of Tulare for the annual financial report for the fiscal year ended June 30, 2005. The CSMFO has recently changed the guidelines of their California Award Program and will only be reviewing the financial statements from cities that do not apply for the national GFOA award program. Thus the City of Tulare only participated in the national program for year ended June 30, 2006.

Divider Pages: The divider pages for the Introductory, Financial, and Statistical Sections feature various activities of the City of Tulare Police Department. The Police Department, led by Chief Roger Hill was honored as the City's department of the year for calendar year 2006 because of its extraordinary efforts for the benefit of the community.

Acknowledgments: The preparation of this document could not have been accomplished without the highly professional and dedicated services of the Finance Department staff. I should like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I should 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, for their significant and competent assistance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Darlene J. Thompson". The signature is written in a cursive style with a long, sweeping tail on the letter "a".

Darlene J. Thompson, CPA
Finance Director

CITY OF TULARE
California
Principal City Officials
June 30, 2007

City Council

Craig Vejvoda	Mayor
Philip Vandegrift	Vice Mayor
Carlton Jones	Council Member
David Macedo	Council Member
Richard Ortega	Council Member

Board of Public Utilities Commissioners

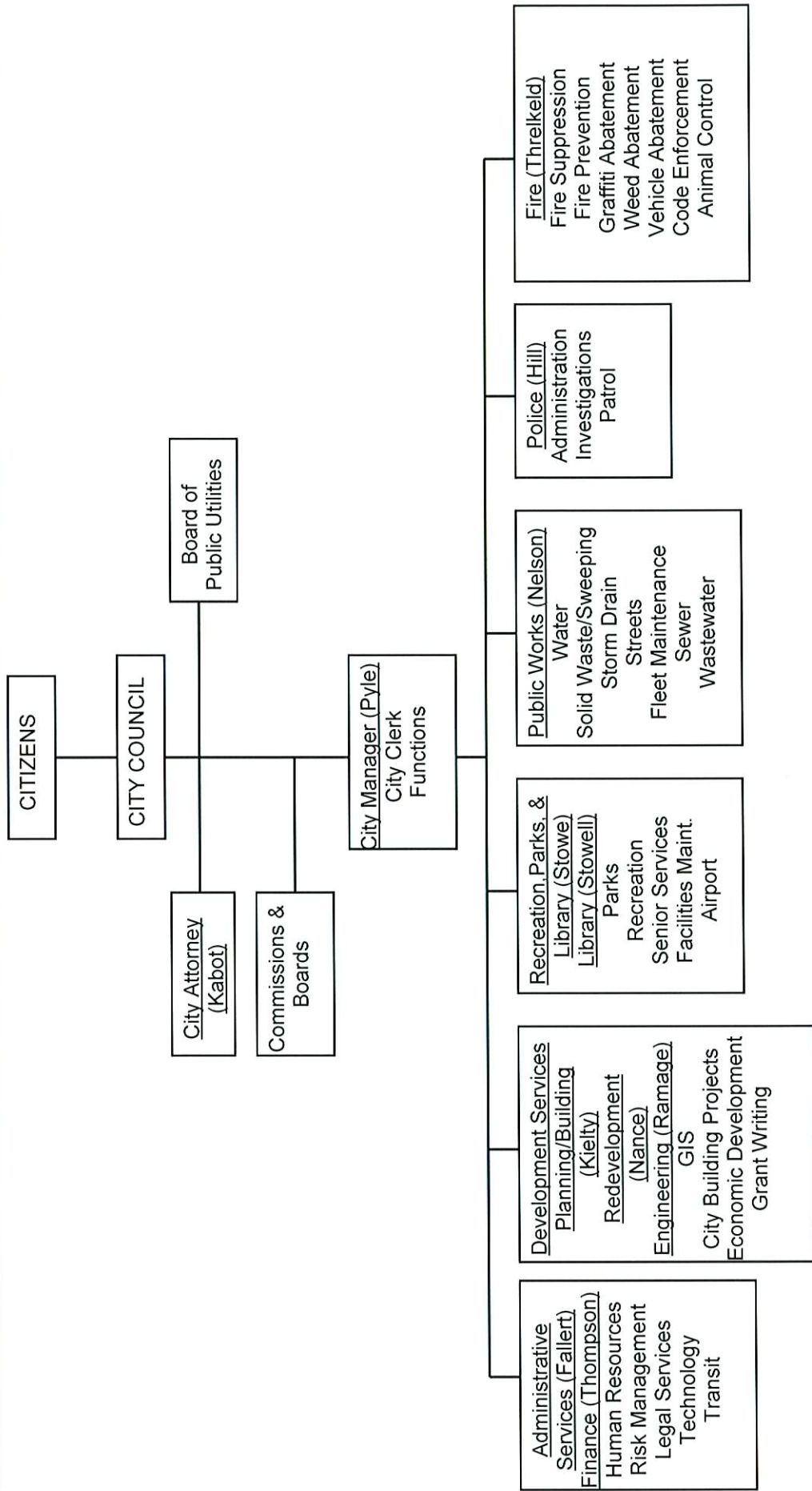
Wayne Hinman	President
Ron Quinn	Vice President
Scot Hillman	Commissioner
Darlene Jensen	Commissioner
Gary Johnson	Commissioner

Administrative Officials and Department Heads

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



Organizational Chart



Note: Underline denotes position is member of top management.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulare
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



A handwritten signature in black ink, appearing to read "Ronald H. Hauer".

President

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

Executive Director

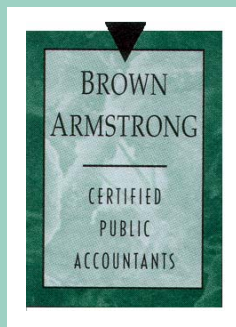
PATROL DIVISION

Financial Section



The Department's Patrol Division includes all uniformed personnel who are responsible for the prevention of crime and accident prevention.





BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
Certified Public Accountants

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Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA

INDEPENDENT AUDITORS' REPORT

The Honorable City Council of
the City of Tulare, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the fiduciary funds of the City of Tulare, California (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tulare's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
December 14, 2007

Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tulare exceeded its liabilities at the close of the most recent fiscal year by \$258,479,260 (net assets). Of this amount, \$84,553,280 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$20,096,997 over the prior fiscal year. The majority of this increase is attributable to an increase in cash, investments with fiscal agent, and depreciable and nondepreciable capital assets.
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balances of \$42,879,412, an increase of \$7,701,459 in comparison with the prior year. Approximately 46% of this total amount, \$19,765,574 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$15,676,717, or 43% of total general fund expenditures excluding re-appropriations of past-approved expenses.
- The City of Tulare total debt showed a net increase of \$86,599,861 (1.22%) during the current fiscal year. The increase in debt was a result of a sewer revenue issuance for \$78,900,000 to upgrade and the expansion of the wastewater treatment plant and a capital lease for \$9,800,000 for various energy retrofit capital expenditures (converting all water users to a meter).

THE FINANCIAL STATEMENTS

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

The City has fully complied with the GASB 34 infrastructure reporting requirements. The current financial statements include all current and historical infrastructure assets for governmental activities constructed or acquired through the 2006-07 fiscal year.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

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

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City activities as follows:

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tulare, assets exceeded liabilities by \$258,479,260 at the close of the most recent fiscal year.

By far the largest portion of the City of Tulare's net asset (50.68%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City of Tulare uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tulare's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current assets (\$124,183,972), approximately 95.25% (\$118,282,867) consists of cash and investments. These funds are invested in accordance with State law and the City's investment policy, and include funds legally and/or contractually restricted as to its use.

**City of Tulare
Statement of Net Assets
As of June 30, 2006 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Assets:						
Current and Other Assets	\$ 77,045,510	\$ 89,150,411	\$20,321,871	\$93,725,086	\$ 97,367,381	\$182,875,497
Capital Assets (Net of Depreciation)	44,604,453	122,032,102	101,007,804	119,346,413	145,612,257	241,378,515
Total Assets	121,649,963	211,182,513	121,329,675	213,071,499	242,979,638	424,254,012
Liabilities:						
Current and Other Liabilities	4,753,692	4,045,936	4,391,831	5,817,053	9,145,523	9,862,989
Long-Term Liabilities	12,219,237	12,549,690	57,545,797	143,362,073	69,765,034	155,911,763
Total Liabilities	16,972,929	16,595,626	61,937,628	149,179,126	78,910,557	165,774,752
Net Assets:						
Invested in Capital Assets, Net of Related Debt	33,166,653	110,129,292	41,856,616	52,468,556	75,023,269	162,597,848
Restricted	-	-	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	71,510,372	84,457,595	6,207,299	95,685	77,717,671	84,553,280
Total Net Assets	\$104,677,025	\$194,586,887	\$59,392,047	\$63,892,373	\$164,069,072	\$258,479,260

An additional portion of the City of Tulare's net assets (\$11,328,132) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$84,553,280) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$20,096,997 compared to the prior fiscal year. The vast majority of this increase (93%) is the result of additional investment in capital assets. The remainder of the growth in net assets reflects increases in tax revenues and charges for services.

Statement of Activities

As discussed earlier, the Statement of Net Assets provides a measure of the financial health of an entity at a specific date in time (usually year end). The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2007 than it was at June 30, 2006.

City of Tulare
Statement of Activities
Fiscal Year Ended June 30, 2006 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 7,857,294	\$ 7,954,737	\$23,967,661	\$25,226,080	\$ 31,824,955	\$ 33,180,817
Operating Grants and Contributions	52,689	203,221	-	-	52,689	203,221
Capital Grants and Contributions	-	124,714	2,922,213	1,887,471	2,922,213	2,012,185
General Revenues:						
Taxes	20,554,735	27,365,888	-	-	20,554,735	27,365,888
Investment Earnings	4,610,583	5,644,508	786,450	1,706,908	5,397,033	7,351,416
Other Revenue	4,890,107	8,771,127	-	-	4,890,107	8,771,127
TOTAL REVENUES	37,965,408	50,064,195	27,676,324	28,820,459	65,641,732	78,884,654
EXPENSES:						
Governmental Activities:						
General Government	1,933,465	4,405,718	-	-	1,933,465	4,405,718
Intergovernmental	3,895	3,895	-	-	3,895	3,895
Public Safety	13,372,193	15,345,247	-	-	13,372,193	15,345,247
Public Works	2,100,496	2,499,561	-	-	2,100,496	2,499,561
Community Development	3,442,573	5,469,002	-	-	3,442,573	5,469,002
Community Services	3,025,032	3,534,104	-	-	3,025,032	3,534,104
Library and Cultural	1,541,423	3,513,601	-	-	1,541,423	3,513,601
Debt Service	508,483	99,986	-	-	508,483	99,986
Business-Type Activities						
Aviation	-	-	158,865	164,682	158,865	164,682
Transit	-	-	2,229,068	2,291,825	2,229,068	2,291,825
Water	-	-	3,760,697	4,446,988	3,760,697	4,446,988
Solid Waste and Street Sweeping	-	-	5,696,194	6,276,096	5,696,194	6,276,096
Sewer and Wastewater	-	-	9,953,994	10,850,918	9,953,994	10,850,918
TOTAL EXPENSES	25,927,560	34,871,114	21,798,818	24,030,509	47,726,378	58,901,623
Increase in Net Assets Before Transfers	12,037,848	15,193,081	5,877,506	4,789,950	17,915,354	19,983,031
Transfers	396,586	403,590	(5,994)	(289,624)	390,592	113,966
Increase in Net Assets	12,434,434	15,596,671	5,871,512	4,500,326	18,305,946	20,096,997
Net Assets, Beginning of Year, As Restated	92,242,591	178,990,216	53,520,535	59,392,047	145,763,126	238,382,263
Net Assets, End of Year	\$104,677,025	\$194,586,887	\$59,392,047	\$63,892,373	\$164,069,072	\$258,479,260

Revenue from all activities in fiscal year 2007 increased by 20%. The vast majority of this increase (51%) is in taxes. Investment earning increased by \$1,954,383 compared to the prior fiscal year due to a slight upturn in economic market conditions and the new bond issuance.

Expenses of the City totaled \$58,901,623, an increase of \$11,175,245, which represents a 23% increase from the prior year. The largest individual categories of expense are public safety, representing 26%, and sewer/wastewater, representing 18% of total expense. General Government showed the largest increase

for government activities in expenses over the prior year, with an increase of \$2,472,253. This increase in cost resulted from various energy retrofit capital expenditures and the retirement of over 20 employees. The sewer/wastewater fund showed the largest increase in expenses over the prior year for the business-type activities, with an increase of \$896,924. This increase in costs resulted from a half year of interest for the Sewer Bond 2006 Series.

As depicted in Statement of Net Assets, net assets increased during the year. In those funds included within the Governmental Activities category, net assets increased by \$15,596,671, an increase of 9%. Net assets increased in those funds included within the Business-Type Activities category by \$4,500,326, or an increase of 8%.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At June 30, 2007, the City's governmental funds reported total ending fund balance of \$42,879,412, an increase of \$7,701,460 from the beginning of the year. Approximately 46% of this total amount, \$19,765,574, is available for spending at the government's discretion (unreserved fund balance). The remainder of fund balance is "reserved" to indicate that it is not available for new spending because it has already been committed 1) for repayment from other funds (\$22,001,145) and 2) to pay debt service (\$1,112,693).

The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, unreserved fund balance of the General Fund (consisting of general fund and various capital project funds) was \$15,676,717, while total fund balance reached \$37,677,862. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Total fund balance for the General Fund represents approximately 43% of general fund expenditures.

The fund balance of the City of Tulare General Fund increased by \$6,862,817 during the current fiscal year. Key factors in general fund activity are as follows:

- \$6,811,153 in increases in taxes compared to the prior year. This represents a 33% increase over the prior fiscal year. This increase is a result of an initiative to increase the general sales tax by ½%, new retail businesses, and an increase of valuation on existing properties combined with new residents and commercial activity.
- Development impact fees increased by \$1,479,627 compared to the prior year. This represents a 67% increase over the prior year. This increase is a result of new housing development and commercial building being developed in the city.

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

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

The Water fund has total net assets of \$26,462,160 at the end of the fiscal year, an increase of \$2,206,798 over the prior year. Total net assets include \$13,787,492 invested in capital assets, which are not available to cover current expenses. \$6,504,275 of total net assets is restricted for capital improvements (including plant and equipment replacement). The remaining net assets of \$6,170,393 are unrestricted and available to cover current operating and small capital needs of the fund.

The Solid Waste fund has total negative net assets of \$(1,373,653) at the end of the fiscal year, an increase of \$755,377 over the prior year. Total net assets include \$9,185 invested in capital assets, which are not available to cover current expenses.

The Sewer/Wastewater fund has total net assets of \$34,375,465 at the end of the fiscal year, an increase of \$3,230,677 over the prior year. Total net assets include \$21,372,685 invested in capital assets, which are not available to cover current expenses. \$4,141,650 of total net assets is restricted for capital improvements. Of the remaining net assets of \$5,630,453, \$6,028,723 has been designated as plant and equipment replacement reserve.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Tulare’s investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$241,378,515 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The total increase in the City’s investment in capital assets for the current fiscal year was \$30,039,246.

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2006-07 fiscal years.

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

- The City has fully implemented the inclusion of all infrastructure assets, as outlined in GASB 34. The restatement of prior year’s infrastructure resulted in recording an additional \$70,059,998 in additional fixed assets. Additional details regarding the restatement are provided in the Notes to the Financial Statements.
- A variety of street construction projects, rehabilitation and maintenance for \$2,727,029.
- The expansion, various upgrades and a new cogeneration on the wastewater treatment facilities for \$9,864,946.
- The purchase of land for a new ponding basin for \$263,850.

**City of Tulare
Capital Assets
As of June 30, 2006 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land and Construction In Progress	\$ 8,160,545	\$ 8,960,927	\$ 26,305,646	\$ 27,038,990	\$ 34,466,191	\$ 35,999,917
Depreciable Buildings, Property, Equipment and Infrastructure, Net of Depreciation	36,443,908	113,071,175	74,702,158	92,307,423	111,146,066	205,378,598
Total Capital Assets	<u>\$44,604,453</u>	<u>\$122,032,102</u>	<u>\$101,007,804</u>	<u>\$119,346,413</u>	<u>\$145,612,257</u>	<u>\$241,378,515</u>

Long-Term Debt – At the end of the fiscal year, the City of Tulare had a total debt outstanding of \$157,188,849. (Please refer to Note 6 – Long Term Debt)

**City of Tulare
Outstanding Debt
As of June 30, 2006 and 2007**

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Lease Revenue Bonds	\$10,555,000	\$ 9,905,000	\$ -	\$ -	\$10,555,000	\$ 9,905,000
Lease Payable	475,162	1,687,521	486,188	8,834,773	961,350	10,522,294
Notes Payable	407,638	310,289	-	-	407,638	310,289
Revenue Bonds Payable	-	-	58,665,000	136,451,266	58,665,000	136,451,266
Total Outstanding Debt	<u>\$11,437,800</u>	<u>\$11,902,810</u>	<u>\$59,151,188</u>	<u>\$145,286,039</u>	<u>\$70,588,988</u>	<u>\$157,188,849</u>

With respect to the Governmental Activities, the outstanding \$9,905,000 in lease revenue bonds consisted of two bonds issuance. One was issued in 1997 for \$6,740,000 to fund the remodeling of City Hall, construction of Prosperity Sports Park and other projects. The \$6,020,000 bond was issued in 2002 for street repairs and to remodel or purchase land for the library.

Of the \$145,286,039 outstanding debt in the Business-Type Activities, \$136,451,266 relates to the Sewer/Wastewater fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated "Aaa" by Moody's Investors Services and "AAA" by Standard & Pools. A new Sewer Revenue Bond 2006 bond was issued in December 2006 for \$78,900,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflects an increase in appropriation of \$9,684,340 and can be briefly summarized as follow:

- \$1,366,530 in increase allocated to the Planning department for special studies and EIR
- \$4,251,776 in increase for capital outlay to complete various projects from prior year
- \$1,089,200 in increase for General Government for various energy retrofit capital expenditures
- \$2,317,770 in increase allocated to Non Departmental for debt service to Component Unit for acquisition of property

The final amended budget figures were higher than actual expenditures in the General Fund by \$10,138,583 and can be briefly summarized as follow:

- \$3,246,372 difference between actual to final budget in capital outlay was due various parks project not completed
- \$4,708,260 difference between actual to final budget in debt service principal due reclassification of loan to component unit to balance sheet account.

There were no reportable areas or departmental categories where expenditures exceeded appropriations.

This increase was budgeted from available fund balance and additional revenue of \$3,355,160. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The final amended budget figures were higher than actual expenditures in the General Fund by \$10,138,583. There were no reportable areas or departmental categories where expenditures exceeded appropriations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2007–08 were:

- Property tax revenues will increase approximately 8% due to a rise in assessed valuation and general growth.
- Sales tax revenues will increase approximately 9% as a result of anticipated growth in the retail base.
- Transient Occupancy Tax revenue will increase by 7% as a result in 2 new hotels.

New items specifically addressed in the budget were:

Public Safety – As the population increases, additional personnel are needed in the police and fire departments. As a result of this need, seven additional police positions and four additional fire and code enforcement positions have been included in the 2007-08 budget. Funding to be provided from the ½% general sales tax.

Community Development – In the 2007-08 budget, the planning department will complete the City's General Plan which encompass the next 20 years, various special studies and EIR.

Public Works – There's a continuing need to expand and upgrade the wastewater treatment plant for the seven dairy industries in Tulare combined with new state requirements. The 2007-08 budget also includes the expansion of the industrial treatment plant to meet the demands from the seven dairy industries. Reconstruction of J Street, Bardsley Avenue and West Street have been budgeted for \$3,430,000 through Gas Tax Fund, Prop 1B, Measure I sales tax and General Fund. A new ponding basin on I Street has been budgeted for \$1,000,000 through General Fund.

REQUESTS FOR INFORMATION

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

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF TULARE
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Redevelopment Agency
Assets				
Cash and Investments	\$ 24,988,460	\$ 6,464,785	\$ 31,453,245	\$ 2,198,560
Cash and Investments with Fiscal Agent	664,413	74,670,518	75,334,931	246,376
Restricted Cash and Investments	-	11,494,691	11,494,691	-
Receivables:				
Accounts	885,407	2,511,716	3,397,123	42,634
Interest	204,119	-	204,119	30,693
Taxes	1,318,696	-	1,318,696	-
Intergovernmental	325,791	326,588	652,379	299,437
Inventories	298,006	-	298,006	-
Note Receivable	30,782	-	30,782	558,664
Interfund Balances:				
Due from Other Funds	1,997,289	(1,997,289)	-	-
Advances to Other Funds	797,402	(797,402)	-	-
Advances to Component Units	57,268,535	-	57,268,535	(57,268,535)
Deferred Charges	-	1,051,479	1,051,479	-
Deferred Loans Receivable	-	-	-	6,874,175
Land Held for Resale	-	-	-	3,638,587
Nondepreciable Capital Assets	8,960,927	27,038,990	35,999,917	-
Depreciable Capital Assets, Net	113,071,175	92,307,423	205,378,598	-
Bond Issuance Costs, Net of Amortization	371,511	-	371,511	102,733
Total Assets	\$ 211,182,513	\$ 213,071,499	\$ 424,254,012	\$ (43,276,676)
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 1,636,752	\$ 3,206,232	\$ 4,842,984	\$ 447,541
Accrued Interest Payable	307,112	-	307,112	74,527
Deposits Payable	967,810	373,721	1,341,531	-
Unearned Revenue	123,685	-	123,685	450,082
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences Payable	119,668	22,608	142,276	1,492
Leases Payable	180,909	396,170	577,079	-
Notes Payable	-	-	-	175,000
Tax Allocation Bonds Payable	-	-	-	185,000
Revenue Bonds Payable	710,000	1,818,322	2,528,322	-
Total Due Within One Year	1,010,577	2,237,100	3,247,677	361,492
Due After One Year:				
Compensated Absences Payable	1,537,789	290,526	1,828,315	19,166
Leases Payable	1,506,612	8,438,603	9,945,215	-
Notes Payable	310,289	-	310,289	1,875,000
Tax Allocation Bonds Payable	-	-	-	1,725,000
Revenue Bonds Payable	9,195,000	134,632,944	143,827,944	-
Total Due After One Year	12,549,690	143,362,073	155,911,763	3,619,166
Total Liabilities	16,595,626	149,179,126	165,774,752	4,952,808
Net Assets				
Invested in Capital Assets, Net of Related Debt	110,129,292	52,468,556	162,597,848	-
Restricted for Capital Improvements	-	11,328,132	11,328,132	246,376
Unrestricted	84,457,595	95,685	84,553,280	(48,475,860)
Total Net Assets	\$ 194,586,887	\$ 63,892,373	\$ 258,479,260	\$ (48,229,484)

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 4,405,718	\$ 525,607	\$ -	\$ -	\$ 525,607
Intergovernmental	3,895	1,649,615	-	-	1,649,615
Public Safety	15,345,247	2,022,999	48,155	-	2,071,154
Public Works	2,499,561	298,200	-	-	298,200
Community Development	5,469,002	2,617,517	-	124,714	2,742,231
Community Services	3,534,104	421,623	155,066	-	576,689
Library and Cultural	3,513,601	419,176	-	-	419,176
Interest on Long-Term Debt	99,986	-	-	-	-
Total Governmental Activities	34,871,114	7,954,737	203,221	124,714	8,282,672
Business-Type Activities:					
Aviation	164,682	99,294	-	76,714	176,008
Transit	2,291,825	1,864,717	-	234,010	2,098,727
Water	4,446,988	5,214,527	-	807,071	6,021,598
Solid Waste	6,276,096	5,743,916	-	-	5,743,916
Sewer	10,850,918	12,303,626	-	769,676	13,073,302
Total Business-Type Activities	24,030,509	25,226,080	-	1,887,471	27,113,551
Total Primary Government	\$ 58,901,623	\$ 33,180,817	\$ 203,221	\$ 2,012,185	\$ 35,396,223
Component Units:					
Redevelopment Agency	\$ 14,930,803	\$ -	\$ -	\$ 734,098	\$ 734,098

(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, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Agency
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
Primary Government:				
Governmental Activities				
General Government	\$ (3,880,111)	\$ -	\$ (3,880,111)	\$ -
Intergovernmental	1,645,720	-	1,645,720	-
Public Safety	(13,274,093)	-	(13,274,093)	-
Public Works	(2,201,361)	-	(2,201,361)	-
Community Development	(2,726,771)	-	(2,726,771)	-
Community Services	(2,957,415)	-	(2,957,415)	-
Library and Cultural	(3,094,425)	-	(3,094,425)	-
Interest on Long-Term Debt	(99,986)	-	(99,986)	-
Total Governmental Activities	(26,588,442)	-	(26,588,442)	-
Business-Type Activities:				
Aviation	-	11,326	11,326	-
Transit	-	(193,098)	(193,098)	-
Water	-	1,574,610	1,574,610	-
Solid Waste	-	(532,180)	(532,180)	-
Sewer	-	2,222,384	2,222,384	-
Total Business-Type Activities	-	3,083,042	3,083,042	-
Total Primary Government	\$ (26,588,442)	\$ 3,083,042	\$ (23,505,400)	\$ -
Component Units:				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (14,196,705)
General Revenues:				
Sales Tax	\$ 11,859,889	\$ -	\$ 11,859,889	\$ -
Property Tax	3,577,111	-	3,577,111	5,156,142
Utility Tax	5,370,352	-	5,370,352	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,042,805	-	4,042,805	-
Motel/Hotel and Franchise Tax	2,515,731	-	2,515,731	-
Grants and Contributions Not Restricted to Specific Programs	349,443	-	349,443	-
Investment Earnings - Unrestricted	5,644,508	1,706,908	7,351,416	-
Use of Money and Property	-	-	-	4,831,417
Miscellaneous	8,458,768	-	8,458,768	611,472
Gain of Sale of Capital Assets	76,882	-	76,882	-
Transfers	289,624	(289,624)	-	-
Total General Revenues and Transfers	42,185,113	1,417,284	43,602,397	10,599,031
Change in Net Assets	15,596,671	4,500,326	20,096,997	(3,597,674)
Net Assets - Beginning of Year, As Restated	178,990,216	59,392,047	238,382,263	(44,631,810)
Net Assets - End of Year	<u>\$ 194,586,887</u>	<u>\$ 63,892,373</u>	<u>\$ 258,479,260</u>	<u>\$ (48,229,484)</u>

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

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**BASIC FINANCIAL
STATEMENTS**

FUND FINANCIAL STATEMENTS

**CITY OF TULARE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Investments	\$ 13,500,408	\$ 5,123,837	\$ 18,624,245
Cash and Investments with Fiscal Agent	-	460,691	460,691
Receivables			
Accounts	717,035	96	717,131
Interest	145,761	58,358	204,119
Taxes	1,223,988	94,708	1,318,696
Intergovernmental	324,320	32,253	356,573
Due from Other Funds	2,307,847	-	2,307,847
Advances to Other Funds	841,229	-	841,229
Advances to Component Units	57,268,535	-	57,268,535
Total Assets	\$ 76,329,123	\$ 5,769,943	\$ 82,099,066
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 990,551	\$ 157,465	\$ 1,148,016
Deposits Payable	967,810	-	967,810
Due to Other Funds	-	310,558	310,558
Deferred Revenue	36,692,900	100,370	36,793,270
Total Liabilities	38,651,261	568,393	39,219,654
Fund Balances			
Reserved, Reported in:			
General Fund	22,001,145	-	22,001,145
Debt Service Funds	-	1,112,693	1,112,693
Unreserved, Reported in:			
General Fund	15,676,717	-	15,676,717
Special Revenue Funds	-	4,313,146	4,313,146
Capital Projects Funds	-	(224,289)	(224,289)
Total Fund Balances	37,677,862	5,201,550	42,879,412
Total Liabilities and Fund Balances	\$ 76,329,123	\$ 5,769,943	\$ 82,099,066

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2007**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 42,879,412
 Amounts reported for Governmental Activities in the Statement of Net Assets are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	114,509,943
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	371,511
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	14,550,362
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.	(307,112)
In governmental funds, future payments for notes receivable are treated as Unearned revenue. In governmental-wide statements, future payments of notes receivable are recorded as offset of notes receivable.	36,669,585
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	(9,905,000)
Advances from Other Funds	(1,037,724)
Notes Payable	(310,289)
Capital Leases Payable	(1,214,936)
Compensated Absences Payable	(1,618,865)
	(4,186,814)
Net Assets of Governmental Activities	\$ 194,586,887

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, 2007**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 27,365,888	\$ -	\$ 27,365,888
Intergovernmental	1,307,501	1,430,850	2,738,351
Licenses and Permits	1,652,910	-	1,652,910
Fines and Forfeitures	30,398	161,896	192,294
Charges for Services	4,148,235	-	4,148,235
Interest and Rentals	1,419,768	266,552	1,686,320
Grants	358,415	318,963	677,378
Meals	-	67,150	67,150
Assessments	56,858	255,290	312,148
Gain on Sale	-	2	2
Other	7,571,289	21,949	7,593,238
Total Revenues	43,911,262	2,522,652	46,433,914
Expenditures			
Current			
General Government	4,238,567	-	4,238,567
Intergovernmental	-	3,896	3,896
Public Safety	14,187,377	131,689	14,319,066
Public Works	2,251,300	-	2,251,300
Community Development	3,691,748	235,344	3,927,092
Community Services	2,697,398	687,375	3,384,773
Library and Cultural	697,709	65,648	763,357
Capital Outlay	8,183,417	48,285	8,231,702
Debt Service			
Principal	514,169	650,000	1,164,169
Interest and Fiscal Charges	141,292	417,153	558,445
Total Expenditures	36,602,977	2,239,390	38,842,367
Excess (Deficiency) of Revenues Over Expenditures	7,308,285	283,262	7,591,547
Other Financing Sources (Uses)			
Transfers In	4,952,218	1,347,115	6,299,333
Transfers Out	(5,397,686)	(791,735)	(6,189,421)
Total Other Financing Sources (Uses)	(445,468)	555,380	109,912
Net Change in Total Fund Balances	6,862,817	838,642	7,701,459
Fund Balances - Beginning	30,815,045	4,362,908	35,177,953
Fund Balances - Ending	<u>\$ 37,677,862</u>	<u>\$ 5,201,550</u>	<u>\$ 42,879,412</u>

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ 7,701,459
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,077,714
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-wide Statement of Activities.	
This amount represents long-term debt repayments	1,640,521
This amount represents amortization of bond issuance costs	(39,406)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.	
This amount represents costs of compensated absences	(379,460)
Debt Proceeds: In Governmental funds, proceeds for advances from internal service funds are recognized as intergovernmental Revenue. In the government-wide statements, proceeds from debt are reported as increase to liabilities.	
This amount represents additional advance payable	(1,089,201)
Interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, the interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.	(17,893)
In governmental funds, interest earned on advances to component units are treated as unearned revenue. In governmental-wide statements, interest earned from advances to component units are recognized as investment earnings.	3,604,889
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	2,098,048
Change in Net Assets of Governmental Activities	\$ 15,596,671

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Assets							
Current Assets							
Cash and Investments	\$ 3,398	\$ 4,352,473	\$ -	\$ 2,106,890	\$ 2,024	\$ 6,464,785	\$ 6,364,215
Cash and Investments with Fiscal Agent	-	2,291,059	-	72,379,459	-	74,670,518	203,722
Restricted Cash and Investments	-	5,465,968	-	6,028,723	-	11,494,691	-
Accounts Receivable	81,459	622,604	353,685	1,452,175	1,793	2,511,716	168,276
Intergovernmental Receivable	272,919	-	53,669	-	-	326,588	-
Inventories	-	-	-	-	-	-	298,006
Due from Other Funds	-	-	-	-	-	-	292,317
Advances to Other Funds	-	43,827	-	-	-	43,827	1,037,724
Deferred Charges	-	239,225	-	812,254	-	1,051,479	-
Total Current Assets	357,776	13,015,156	407,354	82,779,501	3,817	96,563,604	8,364,260
Noncurrent Assets							
Capital Assets							
Nondepreciable:							
Land	193,261	82,063	-	1,544,349	77,128	1,896,801	75,000
Construction in Progress	-	295,602	-	24,844,563	2,024	25,142,189	-
Depreciable:							
Buildings	4,005,699	6,900	-	396,132	161,451	4,570,182	210,636
Improvements Other Than Buildings	-	33,140,712	8,992	80,542,116	2,843,071	116,534,891	618,882
Machinery and Equipment	3,273,677	423,734	87,833	3,559,492	47,830	7,392,566	13,422,067
Accumulated Depreciation	(2,914,794)	(11,836,218)	(87,640)	(19,391,473)	(1,960,091)	(36,190,216)	(6,804,426)
Total Noncurrent Assets	4,557,843	22,112,793	9,185	91,495,179	1,171,413	119,346,413	7,522,159
Total Assets	\$4,915,619	\$35,127,949	\$416,539	\$174,274,680	\$1,175,230	\$215,910,017	\$15,886,419

(Continued)

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

CITY OF TULARE
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current Liabilities							
Accounts Payable and Accrued Liabilities	\$ 284,288	\$ 110,159	\$ 214,833	\$ 2,590,982	\$ 5,970	\$ 3,206,232	\$ 488,736
Deposits Payable	-	140,949	-	232,772	-	373,721	-
Due to Other Funds	396,403	-	1,479,383	-	121,503	1,997,289	292,317
Current Portion of Debt	90,901	387,549	6,929	1,841,679	31,271	2,358,329	115,858
Total Current Liabilities	771,592	638,657	1,701,145	4,665,433	158,744	7,935,571	896,911
Noncurrent Liabilities							
Advances from Other Funds	720,000	-	-	-	-	720,000	30,200
Compensated Absences Payable	11,582	82,927	89,047	106,440	530	290,526	35,806
Leases Payable	-	7,944,205	-	494,398	-	8,438,603	373,140
Revenue Bonds Payable	-	-	-	134,632,944	-	134,632,944	-
Total Noncurrent Liabilities	731,582	8,027,132	89,047	135,233,782	530	144,082,073	439,146
Total Liabilities	1,503,174	8,665,789	1,790,192	139,899,215	159,274	152,017,644	1,336,057
Net Assets							
Invested in Capital Assets, Net of Related Debt	4,557,843	13,787,492	9,185	32,942,623	1,171,413	52,468,556	7,049,574
Restricted	313,441	6,504,275	-	4,141,650	368,766	11,328,132	75,000
Unrestricted	(1,458,839)	6,170,393	(1,382,838)	(2,708,808)	(524,223)	95,685	7,425,788
Total Net Assets	\$3,412,445	\$26,462,160	\$(1,373,653)	\$34,375,465	\$1,015,956	\$63,892,373	\$14,550,362

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

CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for Services	\$ 1,818,594	\$ 4,964,679	\$ 5,671,261	\$ 12,007,298	\$ 97,890	\$ 24,559,722	\$ 8,448,736
Connection Fees	-	113,691	-	87,311	-	201,002	-
Employee Contributions	-	-	-	-	-	-	926,427
Other	46,123	136,157	72,655	209,017	1,404	465,356	-
Total Operating Revenues	1,864,717	5,214,527	5,743,916	12,303,626	99,294	25,226,080	9,375,163
Operating Expenses							
General Administration	-	-	-	-	-	-	17,560
Personal Services	79,484	995,034	1,682,621	1,433,250	16,954	4,207,343	802,526
Contractual Services	-	-	-	-	-	-	176,289
Maintenance and Supplies	1,759,782	2,812,088	4,590,927	5,330,141	61,224	14,554,162	-
Equipment Usage and Operation	-	-	-	-	-	-	2,057,424
Insurance	-	-	-	-	-	-	4,622,516
Depreciation	452,559	639,866	2,548	1,595,819	82,275	2,773,067	1,009,075
Total Operating Expenses	2,291,825	4,446,988	6,276,096	8,359,210	160,453	21,534,572	8,685,390
Operating Income (Loss)	(427,108)	767,539	(532,180)	3,944,416	(61,159)	3,691,508	689,773
Nonoperating Revenues							
Interest Income	-	632,188	-	1,074,720	-	1,706,908	353,299
Interest Expense	-	-	-	(2,491,708)	(4,229)	(2,495,937)	-
Grants	234,010	-	-	-	76,714	310,724	-
Gain on Sale of Assets	-	-	-	-	-	-	76,880
Other Income	-	-	-	-	-	-	798,383
Total Nonoperating Revenues	234,010	632,188	-	(1,416,988)	72,485	(478,305)	1,228,562
Income (Loss) Before Contributions and Transfers	(193,098)	1,399,727	(532,180)	2,527,428	11,326	3,213,203	1,918,335
Capital Contributions	-	807,071	-	769,676	-	1,576,747	-
Transfers In	-	-	9,733	31,603	-	41,336	643,567
Transfers Out	-	-	(232,930)	(98,030)	-	(330,960)	(463,855)
Change in Net Assets	(193,098)	2,206,798	(755,377)	3,230,677	11,326	4,500,326	2,098,047
Net Assets, Beginning	3,605,543	24,255,362	(618,276)	31,144,788	1,004,630	59,392,047	12,452,315
Net Assets, Ending	\$ 3,412,445	\$ 26,462,160	\$ (1,373,653)	\$ 34,375,465	\$ 1,015,956	\$ 63,892,373	\$ 14,550,362

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

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**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Transit	Water	Solid	Sewer	Aviation	Enterprise	Internal
			Waste				Funds
							Funds
Cash Flows from Operating Activities:							
Cash Received from Customers/Current Services	\$ 3,946,296	\$ 5,518,221	\$ 5,894,496	\$ 12,234,561	\$ 99,551	\$ 27,693,125	\$ 10,350,489
Cash Paid for Salaries and Benefits	(76,511)	(982,754)	(1,670,990)	(1,437,747)	(21,586)	(4,189,588)	(1,413,569)
Cash Paid for Services and Supplies	(1,973,179)	(3,343,851)	(4,597,838)	(3,689,377)	(55,873)	(13,660,118)	(6,611,431)
Net Cash Provided by (Used for) Operating Activities	1,896,606	1,191,616	(374,332)	7,107,437	22,092	9,843,419	2,325,489
Cash Flows from Non-Capital Financing Activities:							
Grants	234,010	-	-	-	76,714	310,724	-
Advances From Other funds	810,000	-	-	-	14,508	824,508	-
Due to Other Funds	(2,534,425)	-	597,529	-	(105,038)	(2,041,934)	-
Transfers From Other Funds	-	-	9,733	31,603	-	41,336	643,567
Transfers To Other Funds	-	-	(232,930)	(98,030)	-	(330,960)	(463,855)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,490,415)	-	374,332	(66,427)	(13,816)	(1,196,326)	179,712
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Assets	-	-	-	-	-	-	76,880
Capital Contribution	-	807,071	-	769,676	-	1,576,747	-
Principal and Interest Paid on Notes Payable	-	7,839,113	-	-	(4,229)	7,834,884	-
Principal and Interest Paid on Revenue Bonds	-	-	-	(3,095,970)	-	(3,095,970)	-
Proceeds from Issuance of Revenue Bonds	-	-	-	78,900,000	-	78,900,000	-
(Acquisition) of Capital Assets	(792,169)	(7,264,170)	-	(13,053,316)	(2,023)	(21,111,678)	(1,876,857)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(792,169)	1,382,014	-	63,520,390	(6,252)	64,103,983	(1,799,977)
Cash Flows from Investing Activities:							
Interest Income	-	632,188	-	1,074,720	-	1,706,908	353,299
Net Increase (Decrease) in Cash and Cash Equivalents	(385,978)	3,205,818	-	71,636,120	2,024	74,457,984	1,058,523
Cash and Cash Equivalents, July 1	389,376	8,903,682	-	8,878,952	-	18,172,010	5,509,414
Cash and Cash Equivalents, June 30	\$ 3,398	\$ 12,109,500	\$ -	\$ 80,515,072	\$ 2,024	\$ 92,629,994	\$ 6,567,937

(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, 2007

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
							Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (427,108)	\$ 767,539	\$ (532,180)	\$ 3,944,416	\$ (61,159)	\$ 3,691,508	\$ 689,773
Other Income	-	-	-	-	-	-	798,383
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	452,559	639,866	2,548	1,595,819	82,275	2,773,067	1,009,075
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	(58,887)	303,694	150,579	(69,064)	257	326,579	(71,714)
(Increase) Decrease in Inventory	-	-	-	-	-	-	(77,935)
(Increase) Decrease in Intergovernmental Receivable	2,140,466	-	-	-	-	2,140,466	-
(Increase) Decrease in Advance to Other Fund	-	12,743	-	-	-	12,743	468,365
(Increase) Decrease in Due from Other Fund	-	-	-	-	-	-	(219,708)
(Increase) Decrease in Deferred Charges	-	(239,225)	-	31,631	-	(207,594)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(213,397)	(305,281)	(6,909)	1,585,730	5,351	1,065,494	115,768
Increase (Decrease) in Deposits Payable	-	-	-	23,402	-	23,402	-
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	219,708
Increase (Decrease) in Advance from Other Funds	-	-	-	-	-	-	(12,743)
Increase (Decrease) in Insurance Claims Payable	-	-	-	-	-	-	(597,114)
Increase (Decrease) in Compensated Absences Payable	2,973	12,280	11,630	(4,497)	(4,632)	17,754	3,631
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,896,606</u>	<u>\$ 1,191,616</u>	<u>\$ (374,332)</u>	<u>\$ 7,107,437</u>	<u>\$ 22,092</u>	<u>\$ 9,843,419</u>	<u>\$ 2,325,489</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:							
Cash and Investments	\$ 3,398	\$ 4,352,473	\$ -	\$ 2,106,890	\$ 2,024	\$ 6,464,785	\$ 6,364,305
Restricted Cash and Investments	-	5,465,968	-	6,028,723	-	11,494,691	-
Cash and Investments with Fiscal Agents	-	2,291,059	-	72,379,459	-	74,670,518	203,632
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 3,398</u>	<u>\$ 12,109,500</u>	<u>\$ -</u>	<u>\$ 80,515,072</u>	<u>\$ 2,024</u>	<u>\$ 92,629,994</u>	<u>\$ 6,567,937</u>

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 9,354	\$ 9,215,338
Due from Other Governments	-	1,600,417
Accounts Receivable	94	177,890
	9,448	10,993,645
Total Assets	9,448	10,993,645
Liabilities		
Accounts Payable and Accrued Liabilities	-	680,924
Deposits Payable	-	10,312,721
	-	10,312,721
Total Liabilities	-	10,993,645
Net Assets	\$ 9,448	\$ -

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Private Purpose Trust Fund
Additions	
Interest and Rentals	\$ 408
Changes in Net Assets	408
Net Assets, July 1	9,040
Net Assets, June 30	\$ 9,448

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2007, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

Discretely Presented Component Unit:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Reporting Entity (Continued)

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major enterprise funds:

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

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.

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.

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

The City reports the following additional fund types:

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

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

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

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

Private Purpose Trust Fund – Private Purpose Trust Fund is used to account for revenue and expenditures of the Zumwalt Trust.

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

C. Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

For its government-wide activities and enterprise funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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

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

Cash and Investments

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

Investments

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

Further cash and investment disclosures are presented in Note 2.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions

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

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

Receivables

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Government-Wide Statements (Continued)

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

Infrastructure	20 to 50 years
Buildings	20 to 50 years
Improvements other than buildings	20 to 50 years
Machinery and equipment	5 to 20 years

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

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

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations (Continued)

In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. Governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities

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

Net Assets/Fund Equity

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

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

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

Reserved fund balances for June 30, 2007 are as follows:

	General Fund	Non-Major Governmental Funds
	<hr/>	<hr/>
Advance to Other Funds	\$ 22,001,145	\$ -
Debt Service	-	1,112,693
	<hr/>	<hr/>
Total	<u>\$ 22,001,145</u>	<u>\$ 1,112,693</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

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

The property tax calendar for the City and the Discretely Presented Component Unit is as follows:

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

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2007. All unencumbered appropriations lapse at year end.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Budgets for the General, Special Revenue, and Debt Service Funds are presented on a basis consistent with accounting principles generally accepted in the United States of America. Budgets for Capital Projects Funds are not presented because they are budgeted on a project basis rather than on an annual basis. No budgets are adopted for the Proprietary and Fiduciary Fund types.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2007 the City Council approved \$8,509,940 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Equity

The Solid Waste Enterprise Fund had a deficit fund balance of \$1,373,653. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. Library expansion capital project fund had a deficit fund balance of \$305,566. The deficit is expected to be eliminated in future years through revenues or transfers from other funds.

F. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,077,714 difference are as follows:

Capital Outlay	\$ 8,072,713
Depreciation Expense	<u>(5,994,999)</u>
Difference	<u><u>\$ 2,077,714</u></u>

G. Reclassification and Eliminations

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

Certain reclassifications have been made to the prior year financial statements to be in conformity with fiscal year 2007 presentation.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Primary Government	
Cash and Investments	\$ 31,453,245
Cash and Investments with Fiscal Agent	75,334,931
Restricted Cash and Investments	11,494,691
Component Unit:	
Cash and Investments	2,198,560
Cash and Investments with Fiscal Agent	246,376
Fiduciary Funds:	
Cash and Investments	<u>9,224,692</u>
 Total Cash and Investments	 <u><u>\$ 129,952,495</u></u>

Deposits and investments as of June 30, 2007 consist of the following:

Deposits:	
Cash on Hand	\$ 7,295
Cash with Financial Institutions	(703,157)
Investments	49,038,327
Cash and Investment with Fiscal Agents	<u>81,610,030</u>
 Total Cash and Investments	 <u><u>\$ 129,952,495</u></u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Funds (LAIF)	N/A	\$20 million	N/A
Banker's Acceptances	270 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A
Repurchase Agreements	90 days	N/A	N/A
Medium Term Notes/Corporate Bonds	5 years	30%	N/A
Mutual Funds	N/A	15%	N/A
Commercial Paper	N/A	25%	N/A
Zero Coupon Bonds	N/A	N/A	N/A
Passbook Savings Account Demand Deposits	N/A	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value will be to changes in market interest rates. All the City's investments, as shown below, are not adversely affected by changes in interest rates.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 34,508,327	2.4
Certificates of Deposit	100,000	1.0
Local Agency Investment Fund (LAIF)	14,430,000	N/A
Held by Bond Trustee:		
Money Market Funds	666,743	0.2
Investment Contracts	80,739,565	1.5
Held by Insurance Administrator		
Pooled Investments	<u>203,722</u>	N/A
Total	<u>\$ 130,648,357</u>	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year End	
				AAA	Unrated
Federal Agency Securities	\$ 34,508,327	N/A	\$ -	\$ 34,508,327	\$ -
Certificates of Deposit	100,000	N/A	-	-	100,000
Local Agency Investment Fund (LAIF)	14,430,000	Collateralized	-	-	14,430,000
Held by Bond Trustee:					
Money Market Funds	666,743	A	666,743	-	-
Investment Contracts	80,739,565	N/A	80,739,565	-	-
Held by Insurance Administrator					
Pooled Investments	203,722	N/A	-	-	203,722
Total	\$ 130,648,357		\$ 81,406,308	\$ 34,508,327	\$ 14,733,722

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
FNMA	Federal Agency Securities	\$ 3,500,000
Federal Home Loan	Federal Agency Securities	26,498,844
Federal Farm Credit Banks	Federal Agency Securities	5,000,000

Custodial Credit Risk

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: At June 30, 2007, \$517,763 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2007, \$130,548,357 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investments in State Investment Pool

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

Note receivable for the component unit consists of:

Secured notes receivable from the Salvation Army, Tulare residence, Inc., a third party, dated March 18, 2005, bearing no interest, due on March 18, 2055, for developing and managing sixty units of affordable senior housing project.	\$ 221,407
Secured note receivable from Habitat for Humanity of Tulare County, a third party, dated May 10, 2006, bearing no interest and due upon sale of one defined for-sale single-family housing unit, which should be sold to qualified low income households.	38,000
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.	<u>299,257</u>
Total	<u>\$ 558,664</u>

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2007 were as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 3,373,206	\$ -	\$ -	\$ 3,373,206
Construction in Progress	4,787,339	2,636,085	(1,835,703)	5,587,721
Subtotal	8,160,545	2,636,085	(1,835,703)	8,960,927
Depreciable Capital Assets:				
Infrastructure	151,217,542 **	5,662,003	-	156,879,545
Structures and Improvements	20,642,293	1,650,317	-	22,292,610
Equipment	16,680,465	2,076,458	(1,152,967)	17,603,956
Subtotal	188,540,300 **	9,388,778	(1,152,967)	196,776,111
Accumulated Depreciation:				
Infrastructure	(62,420,735) **	(4,592,729)	-	(67,013,464)
Structures and Improvements	(5,719,086)	(1,096,136)	-	(6,815,222)
Equipment	(9,643,380)	(1,315,209)	1,082,339	(9,876,250)
Subtotal	(77,783,201) **	(7,004,074)	1,082,339	(83,704,936)
Net Capital Assets	<u>\$ 118,917,644 **</u>	<u>\$ 5,020,789</u>	<u>\$ (1,906,331)</u>	<u>\$ 122,032,102</u>
<u>Business Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 1,896,801	\$ -	\$ -	\$ 1,896,801
Construction in Progress	24,408,845	11,176,405	(10,443,061)	25,142,189
Subtotal	26,305,646	11,176,405	(10,443,061)	27,038,990
Depreciable Capital Assets:				
Buildings	2,054,151	2,516,031	-	4,570,182
Improvements Other Than Buildings	99,065,881	17,469,010	-	116,534,891
Equipment	7,107,898	393,348	(108,680)	7,392,566
Subtotal	108,227,930	20,378,389	(108,680)	128,497,639
Accumulated Depreciation:				
Buildings	(574,482)	(66,659)	-	(641,141)
Improvements Other Than Buildings	(26,928,435)	(2,239,092)	-	(29,167,527)
Equipment	(6,022,855)	(467,313)	108,620	(6,381,548)
Subtotal	(33,525,772)	(2,773,064)	108,620	(36,190,216)
Net Capital Assets	<u>\$ 101,007,804</u>	<u>\$ 28,781,730</u>	<u>\$ (10,443,121)</u>	<u>\$ 119,346,413</u>

** Balances have been restated due to retroactive reporting of infrastructure assets.

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ending June 30, 2007 was charged to the following activities:

Governmental Activities:	
General Government	\$ 520,195
Public Safety	1,118,019
Public Works	270,484
Community Development	1,936,308
Community Services	162,693
Library and Cultural	<u>2,996,375</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,004,074</u>
Business Activities:	
Aviation	\$ 82,275
Transit	452,559
Water	639,866
Solid Waste	2,548
Sewer	<u>1,595,816</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 2,773,064</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2007 for the major funds, nonmajor funds and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 990,551
Nonmajor Governmental Funds	157,465
Internal Service Funds	<u>488,736</u>
Total Governmental Activities	<u>\$ 1,636,752</u>
Business-Type Activities:	
Transit	\$ 284,288
Water	110,159
Solid Waste	214,833
Sewer	2,590,982
Aviation	<u>5,970</u>
Total Business-Type Activities	<u>\$ 3,206,232</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2007:

Type of Debt	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 10,555,000	\$ -	\$ 650,000	\$ 9,905,000	\$ 710,000
Leases Payable	475,162	1,345,009	132,650	1,687,521	180,909
Note Payable	407,638	-	97,349	310,289	-
Compensated Absences Payable	1,653,369	383,091	379,003	1,657,457	119,668
Total Governmental Activities	\$ 13,091,169	\$ 1,728,100	\$ 1,259,002	\$ 13,560,267	\$ 1,010,577
Business-Type Activities:					
Revenue Bonds Payable	\$ 58,665,000	\$79,541,266	\$ 1,755,000	\$136,451,266	\$ 1,818,322
Leases Payable	486,188	8,478,405	129,820	8,834,773	396,170
Compensated Absences Payable	295,380	24,689	6,935	313,134	22,608
Total Business-Type Activities	\$ 59,446,568	\$88,044,360	\$ 1,891,755	\$145,599,173	\$ 2,237,100
Primary Government:					
Revenue Bonds Payable	\$ 69,220,000	\$79,541,266	\$ 2,405,000	\$146,356,266	\$ 2,528,322
Leases Payable	961,350	9,823,414	262,470	10,522,294	577,079
Note Payable	407,638	-	97,349	310,289	-
Compensated Absences Payable	1,948,749	407,780	385,938	1,970,591	142,276
Total Primary Government:	\$ 72,537,737	\$89,772,460	\$ 3,150,757	\$159,159,440	\$ 3,247,677
Discretely Presented Component Unit:					
Tax Allocation Bonds	\$ 2,090,000	\$ -	\$ 180,000	\$ 1,910,000	\$ 185,000
Notes Payable	2,225,000	-	175,000	2,050,000	175,000
Compensated Absences Payable	77,447	24,518	81,307	20,658	1,492
Total Discretely Presented Component Unit:	\$ 4,392,447	\$ 24,518	\$ 436,307	\$ 3,980,658	\$ 361,492

The compensated absences for governmental activities will be paid by the General Fund. The compensated absences for business-type activities will be paid by the respective proprietary funds. The compensated absences for discretely presented component unit will be paid by the respective Tulare Redevelopment Agency Funds.

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities -

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

On September 16, 1997, the Authority issued \$6,740,000 in Lease Revenue Bonds. Serial bonds totaling \$3,280,00 are payable in amounts ranging from \$75,000 to \$255,000 per year on October 1, each year, commencing October 1, 1998 through October 1, 2017 and bear an interest rate of 5.125%. Term bonds totaling \$1,505,000 are due October 1, 2022 at an interest rate of 5.30%. Term bonds totaling \$1,955,000 are due October 1, 2027 at an interest rate of 5.35%.

\$ 5,660,000

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

\$ 4,245,000

Note Payable

On December 20, 2000, the City entered into an agreement to purchase 15.18 acres of land for the purpose of development of a storm water detention basin/community park facility. The purchase price for the land was \$435,000 and the interest rate is 6.50% per annum during the note's 15-year term. Payment of the note is based on Development Impact Fees collected during the term of the note as follows:

(1) On January 1, 2002, 12% of all Parks and Recreation Development Impact Fees collected from the Del Lago project from the inception of the Project to the Date of Payment and 2.40% of all other Parks and Recreation Development Impact Fees collected between January 1, 2001 and the date of the first payment. Thereafter, annual payments in the same percentages of Parks and Recreation Development Fees collected the preceding year until such time as the purchase price for 8.23 acres together with interest is paid in full;

(2) On January 1, 2002, 25% of all storm drain Development Impact Fees between January 1, 2001 and January 1, 2002 from development occurring in the Del Lago project area (exclusive of the 69.40 acres of commercial zoned property in the project). Thereafter, annual payments in the same percentage of storm drain Development Impact Fees from the designated project areas until such time as the purchase price for 6.95 acres together with interest is paid in full.

At the end of the 15 year term of the note, a balloon payment shall be due which shall include any and all unpaid principal and interest on this note.

\$ 310,289

NOTE 6 – LONG-TERM DEBT (Continued)

Compensated Absences:

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

\$ 1,657,457

Lease Payable:

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

\$ 186,168

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

\$ 125,735

Obligation of \$139,679 on a capital lease for a fire ladder truck: Interest at 4.79% per annum and five annual payments of \$32,075 with a \$6,689 discount on the initial payment.

\$ 30,609

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.

\$ 1,345,009

The annual requirements to amortize the lease payable outstanding, including interest of \$614,574 are as follows:

Year Ending June 30,	Street Grinder	Energy Retrofit Project	Fire Ladder Truck	Citi Capital Muni	Totals
2008	\$ 66,755	\$ 54,425	\$ 32,075	\$ 41,278	\$ 194,533
2009	66,755	54,425	-	83,384	204,564
2010	66,755	27,212	-	82,486	176,453
2011	-	-	-	69,682	69,682
2012	-	-	-	103,281	103,281
2013-2017	-	-	-	591,841	591,841
2018-2022	-	-	-	887,761	887,761
2023-2027	-	-	-	73,980	73,980
	<u>200,265</u>	<u>136,062</u>	<u>32,075</u>	<u>1,933,693</u>	<u>2,302,095</u>
Less Interest	<u>14,097</u>	<u>10,327</u>	<u>1,466</u>	<u>588,684</u>	<u>614,574</u>
Total	<u>\$ 186,168</u>	<u>\$ 125,735</u>	<u>\$ 30,609</u>	<u>\$ 1,345,009</u>	<u>\$ 1,687,521</u>

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities -

Lease Payable:

In December 1999, the City entered into a lease agreement to obtain an obligation of \$1,181,047 on a capital lease for various energy retrofit capital expenditures. The ten-year lease bears an interest rate at 5.38% and has semi-annual payments of \$77,127 due on May 17 and November 17 of each year. At June 30, 2007, the outstanding balance was \$356,368.

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, 2007, the outstanding balance was \$8,478,405.

The annual requirements to amortize the lease payable outstanding, including interest of \$3,739,963 are as follows:

<u>Year Ending June 30,</u>	<u>Energy Retrofit Project</u>	<u>Citi Capital Muni</u>	<u>Totals</u>
2008	\$ 154,254	\$ 260,200	\$ 414,454
2009	154,254	525,613	679,867
2010	77,127	519,953	597,080
2011	-	439,241	439,241
2012	-	651,038	651,038
2013-2017	-	3,730,688	3,730,688
2018-2022	-	5,596,032	5,596,032
2023-2027	-	466,336	466,336
	<u>385,635</u>	<u>12,189,101</u>	<u>12,574,736</u>
Less Interest	<u>29,267</u>	<u>3,710,696</u>	<u>3,739,963</u>
Total	<u>\$ 356,368</u>	<u>\$ 8,478,405</u>	<u>\$ 8,834,773</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%. Another term bonds totaling \$6,520,000 are due November 15, 2033 at an interest rate of 4.875%. At June 30, 2007, the outstanding balance was \$38,645,000. (Also see Note 6 for current year refunding.)

On September 1, 2001, the City issued \$20,000,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15, each year, commencing November 15, 2002 through November 15, 2031 and bear interest rates from 4.375% to 4.750%. At June 30, 2007, the outstanding balance was \$18,265,000.

2006 Sewer Revenue Bonds:

On December 7, 2006, the City issued \$78,900,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15, each year, commencing 2008 through 2042 and bear interest rates from 3.33% to 4.39%. At June 30, 2007, the outstanding balance, including the related bond premium, was \$79,541,266.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with GASB Code Sec. C60. At June 30, 2007, the compensated absences payable totaled \$313,134 for business-type activities.

NOTE 6 – LONG-TERM DEBT (Continued)

Discretely Presented Component Unit -

Compensated Absences:

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

\$ 20,658

Tax Allocation Bonds:

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

\$ 1,910,000

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

\$ 400,000

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

\$ 1,650,000

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

\$ 57,268,535

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize long-term debt, other than lease payable, primary government advance, and compensated absences, including interest of \$132,811,727 are as follows:

Year Ending June 30,	Primary Government							Component Unit		
	Governmental Activities			Business-Type Activities				Tax Allocation Bonds	2002 Help Loan	2006 Help Loan
	2002		Notes Payable	2001 Sewer	2003 Sewer	2006 Sewer	2006 Sewer			
	Lease Revenue Bonds	Lease Revenue Bonds		Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds - Premium			
2008	\$ 441,103	\$ 677,695	\$ -	\$ 1,236,053	\$ 3,006,313	\$ 3,633,225	\$ 18,322	\$ 283,856	\$ 187,000	\$ 49,500
2009	438,031	720,485	-	1,233,188	2,993,713	3,633,225	18,322	284,311	181,750	49,500
2010	439,575	765,235	-	1,229,400	2,985,138	3,927,225	18,322	283,996	51,500	49,500
2011	440,606	806,140	-	1,229,825	2,981,575	3,934,825	18,322	282,889	-	49,500
2012	441,125	854,240	-	1,229,350	2,977,675	3,941,625	18,322	285,984	-	49,500
2013-2017	2,187,518	909,040	310,289	6,136,550	14,907,832	19,888,725	91,610	723,660	-	1,798,500
2018-2022	2,202,077	-	-	6,192,444	13,338,987	21,889,925	91,610	237,131	-	-
2023-2027	2,213,878	-	-	6,279,657	7,245,530	27,485,775	91,610	132,644	-	-
2028-2032	446,147	-	-	6,399,781	7,313,668	27,607,375	91,610	-	-	-
2033-2037	-	-	-	-	2,948,694	28,023,938	91,610	-	-	-
2038-2042	-	-	-	-	-	27,691,875	91,606	-	-	-
	9,250,060	4,732,835	310,289	31,166,248	60,699,125	171,657,738	641,266	2,514,471	420,250	2,046,000
Less Interest	3,590,060	487,835	-	12,901,248	22,054,125	92,757,738	-	604,471	20,250	396,000
Total	<u>\$5,660,000</u>	<u>\$4,245,000</u>	<u>\$ 310,289</u>	<u>\$18,265,000</u>	<u>\$38,645,000</u>	<u>\$78,900,000</u>	<u>\$ 641,266</u>	<u>\$1,910,000</u>	<u>\$ 400,000</u>	<u>\$ 1,650,000</u>

NOTE 7 – PENSION PLAN

Plan Description:

The City's defined benefit pension plans, the Miscellaneous and the Safety Plans of the City of Tulare, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous and the Safety Plans of the City of Tulare are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State Statutes within the Public Employees' Retirement Law. The City of Tulare selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street -Sacramento, CA 95814.

Funding Policy:

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

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits Under article 21252.02	8% Modified (July 1, 2001 - December 31, 2001, Bi-weekly contributions = 8% X Earnings - \$109.84) 9% (January 1, 2002 - June 30, 2007)

NOTE 7 – PENSION PLAN (Continued)

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, 2007 was 14.971% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 23.664% for the period July 1, 2006 through June 30, 2007. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For the fiscal year ended June 30, 2007, the City's annual pension cost of \$4,455,959 for PERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2007 was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 3.75% to 11.59% for safety members), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial values of the Miscellaneous and the Safety Plans of the City of Tulare's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a two-to five year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City of Tulare's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 was 20 years for miscellaneous and 9 years for safety.

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 2,589	100%	-
6/30/06	\$ 3,282	100%	-
6/30/07	\$ 4,456	100%	-

NOTE 8 – RISK MANAGEMENT

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

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

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

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

NOTE 8 – RISK MANAGEMENT (Continued)

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

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

NOTE 9 – INTERFUND TRANSACTIONS

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

Interfund due from/to other funds at June 30, 2007 were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	General Operations	\$ 2,307,847	\$ -
Enterprise Funds	General Operations	-	1,997,289
Nonmajor Governmental Funds	General Operations	-	310,558
Internal Service Funds	General Operations	292,317	292,317
		<u>\$ 2,600,164</u>	<u>\$ 2,600,164</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2006-07 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
General Fund			
Nonmajor Governmental Funds	For Lease Revenue Bond Payment	\$ -	\$ 1,091,749
Nonmajor Governmental Funds	For Traffic Safety Activity	99,470	-
Nonmajor Governmental Funds	General Fund Contribution	-	194,098
Nonmajor Governmental Funds	To Reimbursement General Fund	170,602	-
Nonmajor Governmental Funds	To Fund Construction in Progress Activity	4,326,511	3,872,848
Nonmajor Governmental Funds	To Pay Unemployment Claims	-	9,431
Internal Service Funds	To Reimbursement General Fund	355,635	-
Nonmajor Governmental Funds	To Purchase Vehicles	-	229,560
	Total General Fund	<u>4,952,218</u>	<u>5,397,686</u>
Enterprise Funds:			
Solid Waste Fund	To Purchase Vehicles	-	232,930
Internal Service Funds	To Reimbursement Solid Waste Fund	9,733	-
Internal Service Funds	To Reimbursement Sewer & Wastewater Fund	31,603	-
Sewer & Wastewater	To Purchase Vehicles	-	98,030
	Total Enterprise Funds	<u>41,336</u>	<u>330,960</u>
Nonmajor Governmental Funds	General Fund Contribution	194,098	-
Nonmajor Governmental Funds	Payment of Lease Revenue Bond	1,091,749	-
Nonmajor Governmental Funds	Traffic Safety Activities	-	141,072
Nonmajor Governmental Funds	To Fund Construction in Progress Activity	10,000	592,663
Internal Service Funds	To Reimbursement Senior Services Fund	51,268	-
Nonmajor Governmental Funds	To Purchase Vehicles	-	58,000
	Total Nonmajor Governmental Funds	<u>1,347,115</u>	<u>791,735</u>
Internal Service Funds	To Purchase Vehicles	618,520	-
Internal Service Funds	To Reimburse Other Funds by Fleet Maintenance	15,616	463,855
Internal Service Funds	To Pay Unemployment Claims	9,431	-
	Total Internal Service Funds	<u>643,567</u>	<u>463,855</u>
Totals		<u>\$ 6,984,236</u>	<u>\$ 6,984,236</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund advances to/from at June 30, 2007 were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
General Fund	To Perform Street Repairs	\$ 50,814	\$ -
	For General Operations - Transit	-	31,229
	For General Operations - Transit	-	810,000
	For Storm Drain Land Purchase	986,910	-
Water Fund	To Construct LNG Fuel Facility	-	43,827
Aviation Enterprise Funds	For General Operations	31,229	-
Transit Enterprise Fund	For General Operations	810,000	-
Internal Service Funds	To Perform Street Repairs	-	50,814
Internal Service Funds	To Construct LNG Fuel Facility	43,827	-
Internal Service Funds	For Storm Drain Land Purchase	-	986,910
		<u>\$ 1,922,780</u>	<u>\$ 1,922,780</u>

A loan from the Fleet Maintenance Fund to the General Fund in June 2000 to allow for additional street repairs and maintenance: \$136,000 original loan in 10 annual payments of \$19,366 including interest at 7.00%. \$ 50,814

A loan from the Fleet Maintenance Fund to the General Fund in November 2005 for the purchase of the Horizon Outlet storm drain land: \$1,440,500 original loan in 10 annual payments of \$144,050 plus interest of 7.00%. \$ 986,910

On July 1, 1998, the City's General Fund advanced \$210,000 to the Aviation Fund for operations. The ten-year note bears an interest rate of 7% and has annual payments of \$29,901 due on June 30, of each year. \$ 31,229

A loan from the Water Fund to the Fleet Maintenance Fund in October 2000 for the construction of a new LNG Fuel Island Facility: \$119,330 original loan; 10 annual installment payments of \$16,703 including interest at 7.00%. \$ 43,827

A loan from the City's General Fund to the Transit Enterprise Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate. \$ 810,000

NOTE 10 – POST-EMPLOYMENT 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 premium being charged at the time of their retirement and the City pays the excess of the cost over the amount of the premium. The employees' premium rate is frozen for them; they will never have to pay a larger amount regardless of changes in the City's cost to provide the insurance. In June, 1984, in the City's annual memoranda of understanding with employee bargaining units, this agreement was amended for those hired after June 23, 1984: Employees hired after June 23, 1984 must be 55 years old and work 10 years to qualify for the benefits. In addition, for those employees who are hired after June 23, 1984, any increases in premiums after retirement must be borne by the retirees (their rates are not frozen); the City still pays the excess of the cost over the amount of the employees cost of the premium. The City's obligation under the agreements continues until the death of the employee unless the employee chooses to discontinue the insurance.

NOTE 10 – POST-EMPLOYMENT BENEFITS (Continued)

The cost of the retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis in advance. For the fiscal year ended June 30, 2007, those costs approximated \$192,829. 74 retired employees were affected by the provisions of these benefits at the end of the 2006-07 fiscal year.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2007, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>Non-Major Funds</u>	
Special Revenue Funds:	
COPS - State Grant Fund	
Public Safety	\$ 60,453

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year 2006-2007, the City made the following prior period adjustment to restate the indicated governmental activities' beginning net assets to include infrastructure and the related accumulated depreciation for retroactive reporting of infrastructure assets in accordance with requirements under Government Accounting Standards Board Statement No. 34:

<u>Activity</u>	<u>Net Assets</u>		
	<u>July 1, 2006 as previously reported</u>	<u>Adjustment</u>	<u>July 1, 2007 as restated</u>
Governmental Activities	<u>\$ 104,677,025</u>	<u>\$ 74,313,191</u>	<u>\$ 178,990,216</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 23,043,360	\$23,986,630	\$27,365,888	\$ 3,379,258
Tax Increment				
Intergovernmental	1,314,690	2,625,410	1,307,501	(1,317,909)
Licenses and Permits	1,115,730	1,115,730	1,652,910	537,180
Fines and Forfeitures	12,000	12,000	30,398	18,398
Charges for Services	4,358,580	4,382,300	4,148,235	(234,065)
Interest and Rentals	415,230	498,230	1,419,768	921,538
Grants	1,233,920	1,267,400	358,415	(908,985)
Assessments	61,700	61,700	56,858	(4,842)
Other	4,229,660	5,190,630	7,442,289	2,251,659
Total Revenue	35,784,870	39,140,030	43,782,262	4,642,232
Expenditures				
Current				
General Government	3,452,190	4,651,010	4,238,567	412,443
Public Safety	14,589,610	14,662,800	14,187,377	475,423
Public Works	2,169,130	2,263,300	2,251,300	12,000
Community Development	3,832,530	5,143,770	3,691,748	1,452,022
Community Services	2,735,800	2,805,730	2,697,398	108,332
Library and Cultural	754,320	767,440	697,709	69,731
Capital Outlay	7,013,010	11,221,010	8,183,417	3,037,593
Debt Service				
Principal	2,367,030	5,082,900	514,169	4,568,731
Interest and Fiscal Charges	143,600	143,600	141,292	2,308
Total Expenditures	37,057,220	46,741,560	36,602,977	10,138,583
Excess (Deficiency) of Revenues Over Expenditures	(1,272,350)	(7,601,530)	7,179,285	14,780,815
Other Financing Sources (Uses)				
Transfers In	4,822,650	8,763,840	5,081,218	(3,682,622)
Transfers Out	(4,626,880)	(8,786,290)	(5,397,686)	3,388,604
Total Other Financing Sources (Uses)	195,770	(22,450)	(316,468)	(294,018)
Net Change in Fund Balances	(1,076,580)	(7,623,980)	6,862,817	14,486,797
Fund Balances, July 1	30,815,045	30,815,045	30,815,045	-
Fund Balances, June 30	\$ 29,738,465	\$23,191,065	\$37,677,862	\$14,486,797

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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 75,650	\$ 75,650	\$ 63,041	\$ 12,609
City Manager	375,510	505,160	422,424	82,736
Finance	870,260	878,800	788,584	90,216
Personnel	345,570	345,570	329,704	15,866
Non-departmental	1,382,750	2,414,210	2,205,561	208,649
Animal Control	402,450	431,620	429,253	2,367
Total General Government	<u>3,452,190</u>	<u>4,651,010</u>	<u>4,238,567</u>	<u>412,443</u>
Public Safety				
Police	8,677,760	8,697,580	8,556,259	141,321
Fire	5,911,850	5,965,220	5,631,118	334,102
Total Public Safety	<u>14,589,610</u>	<u>14,662,800</u>	<u>14,187,377</u>	<u>475,423</u>
Public Works				
Streets	1,905,030	1,914,000	1,927,838	(13,838)
Storm Drains	264,100	349,300	323,462	25,838
Total Public Works	<u>2,169,130</u>	<u>2,263,300</u>	<u>2,251,300</u>	<u>12,000</u>
Community Development				
Planning	501,000	1,877,160	703,668	1,173,492
Building services	1,007,120	1,007,120	906,595	100,525
Engineering administration	1,516,670	1,454,600	1,355,486	99,114
Building inspection	696,040	693,190	623,109	70,081
Parking and business improvement	61,700	61,700	56,611	5,089
Dangerous building abatement	50,000	50,000	46,279	3,721
Total Community Development	<u>3,832,530</u>	<u>5,143,770</u>	<u>3,691,748</u>	<u>1,452,022</u>
Community Services				
Parks	1,694,110	1,736,990	1,669,772	67,218
Community Services	1,014,760	1,041,810	999,339	42,471
Cycle Park	26,930	26,930	28,287	(1,357)
Total Community Services	<u>2,735,800</u>	<u>2,805,730</u>	<u>2,697,398</u>	<u>108,332</u>
Library and Cultural	<u>754,320</u>	<u>767,440</u>	<u>697,709</u>	<u>69,731</u>
Capital Outlay	<u>7,013,010</u>	<u>11,221,010</u>	<u>8,183,417</u>	<u>3,037,593</u>
Debt Service				
Principal	2,367,030	5,082,900	514,169	4,568,731
Interest	143,600	143,600	141,292	2,308
Total Debt Service	<u>2,510,630</u>	<u>5,226,500</u>	<u>655,461</u>	<u>4,571,039</u>
Transfers Out	<u>4,626,880</u>	<u>8,786,290</u>	<u>5,397,686</u>	<u>3,388,604</u>
Total General Fund Expenditures	<u>\$ 41,684,100</u>	<u>\$55,527,850</u>	<u>\$42,000,663</u>	<u>\$13,527,187</u>

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

Actuarial Valuation Date	(A) Entry Age Actuarial Accrued Liability	(B) Actuarial Asset Value	(C) Unfunded Liability (Excess Assets) (A)-(B)	(D) Funded Ratio (B)/(A)	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)
<u>Retirement Program</u>						
6/30/04						
Misc.	\$ 40,858	\$ 38,848	\$ 2,010	95.1%	\$ 9,740	20.6%
Safety	<u>1,252,475</u>	<u>1,026,501</u>	<u>225,974</u>	82.0%	<u>154,904</u>	145.9%
Total	<u>\$1,293,333</u>	<u>\$1,065,349</u>	<u>\$ 227,984</u>	82.4%	<u>\$ 164,644</u>	138.5%
6/30/05						
Misc.	\$ 46,886	\$ 41,615	\$ 5,271	88.8%	\$ 10,141	52.0%
Safety	<u>1,325,511</u>	<u>1,105,298</u>	<u>220,212</u>	83.4%	<u>161,446</u>	136.4%
Total	<u>\$1,372,397</u>	<u>\$1,146,913</u>	<u>\$ 225,483</u>	83.6%	<u>\$ 171,587</u>	131.4%
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>1,515,166</u>	<u>1,271,224</u>	<u>243,942</u>	83.9%	<u>156,674</u>	155.7%
Total	<u>\$1,566,382</u>	<u>\$1,316,732</u>	<u>\$ 249,650</u>	84.1%	<u>\$ 168,163</u>	148.5%

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Investments	\$ 4,295,196	\$ 80,468	\$ 748,173	\$ 5,123,837
Cash and Investments with Fiscal Agent	-	-	460,691	460,691
Receivables				
Accounts	-	96	-	96
Interest	50,527	809	7,022	58,358
Taxes	94,708	-	-	94,708
Intergovernmental	32,253	-	-	32,253
Total Assets	\$ 4,472,684	\$ 81,373	\$ 1,215,886	\$ 5,769,943
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 53,972	\$ 300	\$ 103,193	\$ 157,465
Due to Other Funds	5,196	305,362	-	310,558
Deferred Revenue	100,370	-	-	100,370
Total Liabilities	159,538	305,662	103,193	568,393
Fund Balances				
Reserved for Debt Service	-	-	1,112,693	1,112,693
Unreserved				
Undesignated	4,313,146	(224,289)	-	4,088,857
Total Fund Balances	4,313,146	(224,289)	1,112,693	5,201,550
Total Liabilities and Fund Balances	\$ 4,472,684	\$ 81,373	\$ 1,215,886	\$ 5,769,943

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Intergovernmental	\$ 1,430,850	\$ -	\$ -	\$ 1,430,850
Fines and Forfeitures	161,896	-	-	161,896
Interest and Rentals	205,935	20,575	40,042	266,552
Grants	318,963	-	-	318,963
Meals	67,150	-	-	67,150
Assessments	255,290	-	-	255,290
Gain on Sale	2	-	-	2
Other	21,949	-	-	21,949
Total Revenues	2,462,035	20,575	40,042	2,522,652
Expenditures				
Current				
Intergovernmental	-	-	3,896	3,896
Public Safety	131,689	-	-	131,689
Community Development	-	235,344	-	235,344
Community Services	687,375	-	-	687,375
Library and Cultural	65,648	-	-	65,648
Capital Outlay	48,285	-	-	48,285
Debt Service				
Principal	-	-	650,000	650,000
Interest	-	-	417,153	417,153
Total Expenditures	932,997	235,344	1,071,049	2,239,390
Excess (Deficiency) of Revenues Over Expenditures	1,529,038	(214,769)	(1,031,007)	283,262
Other Financing Sources (Uses)				
Transfers In	245,366	10,000	1,091,749	1,347,115
Transfers Out	(791,735)	-	-	(791,735)
Total Other Financing Sources (Uses)	(546,369)	10,000	1,091,749	555,380
Net Change in Total Fund Balances	982,669	(204,769)	60,742	838,642
Fund Balances - Beginning	3,330,477	(19,520)	1,051,951	4,362,908
Fund Balances - Ending	<u>\$ 4,313,146</u>	<u>\$ (224,289)</u>	<u>\$ 1,112,693</u>	<u>\$ 5,201,550</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

The Congestion Mitigation and Air Quality (CMAQ) Fund accounts for receipt of federal funds and the expenditures for street projects that qualify under the CMAQ guidelines.

The 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 OTS Grant Fund accounts for federal revenues for the comprehensive traffic safety program.

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

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

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

The Fire Act Grant or Assistance to Firefighters Grant Program Fund accounts for receipt of federal funds and the expenditures to protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

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

The Tobacco Initiative/Proposition 10 Fund accounts for the City's share of state funds received to provide health and educational services for pre-kindergarten age children.

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007**

	Senior Services	Gas Tax	Traffic Safety	CMAQ Street Grant	COPS - State Grant	Local Law Enforcement Block Grant
Assets						
Cash and Investments	\$ 200	\$ 4,000,317	\$ -	\$ -	\$ 116,128	\$ -
Receivables						
Interest	-	46,174	1,000	-	1,167	-
Taxes	-	94,708	-	-	-	-
Intergovernmental	13,835	-	9,679	-	-	4,825
Total Assets	\$ 14,035	\$ 4,141,199	\$ 10,679	\$ -	\$ 117,295	\$ 4,825
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 12,304	\$ -	\$ -	\$ -	\$ 16,925	\$ 673
Due to Other Funds	952	-	-	-	-	4,152
Deferred Revenue	-	-	-	-	100,370	-
Total Liabilities	13,256	-	-	-	117,295	4,825
Fund Balances						
Unreserved Undesignated	779	4,141,199	10,679	-	-	-
Total Liabilities and Fund Balances	\$ 14,035	\$ 4,141,199	\$ 10,679	\$ -	\$ 117,295	\$ 4,825

	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets					
Cash and Investments	\$ 79,455	\$ -	\$ 16,002	\$ 7,301	\$ 73,230
Receivables					
Interest	799	417	161	73	736
Taxes	-	-	-	-	-
Intergovernmental	3,914	-	-	-	-
Total Assets	<u>\$ 84,168</u>	<u>\$ 417</u>	<u>\$ 16,163</u>	<u>\$ 7,374</u>	<u>\$ 73,966</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 20,749	\$ 325	\$ -	\$ -	\$ 433
Due to Other Funds	-	92	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>20,749</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>433</u>
Fund Balances					
Unreserved Undesignated	63,419	-	16,163	7,374	73,533
Total Liabilities and Fund Balances	<u>\$ 84,168</u>	<u>\$ 417</u>	<u>\$ 16,163</u>	<u>\$ 7,374</u>	<u>\$ 73,966</u>

(Continued)

**CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007**

	Library Adult Literacy Grant	Total
Assets		
Cash and Investments	\$ 2,563	\$ 4,295,196
Receivables		
Interest	-	50,527
Taxes	-	94,708
Intergovernmental	-	32,253
	<u>2,563</u>	<u>4,472,684</u>
Total Assets	<u>\$ 2,563</u>	<u>\$ 4,472,684</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and		
Accrued Liabilities	\$ 2,563	\$ 53,972
Due to Other Funds	-	5,196
Deferred Revenue	-	100,370
	<u>2,563</u>	<u>159,538</u>
Total Liabilities	<u>2,563</u>	<u>159,538</u>
Fund Balances		
Unreserved		
Undesignated	-	4,313,146
	<u>-</u>	<u>4,313,146</u>
Total Liabilities and Fund Balances	<u>\$ 2,563</u>	<u>\$ 4,472,684</u>

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CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Senior Services	Gas Tax	Traffic Safety	CMAQ Street Grant	Cops- State Grant	Local Law Enforcement Block Grant
Revenues						
Intergovernmental	\$ 147,407	\$ 1,283,443	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	106,993	-	-	-
Interest and Rentals	-	190,583	2,171	-	5,556	710
Grants	12,974	-	-	58,000	100,107	48,155
Meals	67,150	-	-	-	-	-
Assessments	-	-	-	-	-	-
Gain on Sale	-	-	-	-	-	2
Other	20,324	-	-	-	-	-
Total Revenues	247,855	1,474,026	109,164	58,000	105,663	48,867
Expenditures						
Current						
Public Safety	-	-	-	-	78,663	27,582
Community Services	461,439	-	-	-	-	-
Library and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	27,000	21,285
Total Expenditures	461,439	-	-	-	105,663	48,867
Excess (Deficiency) of Revenues Over Expenditures	(213,584)	1,474,026	109,164	58,000	-	-
Other Financing Sources (Uses)						
Transfers In	214,364	-	-	-	-	-
Transfers Out	-	(592,663)	(99,470)	(58,000)	-	-
Total Other Financing Sources (Uses)	214,364	(592,663)	(99,470)	(58,000)	-	-
Net Change in Fund Balances	780	881,363	9,694	-	-	-
Fund Balances - Beginning	(1)	3,259,836	985	-	-	-
Fund Balances - Ending	\$ 779	\$ 4,141,199	\$ 10,679	\$ -	\$ -	\$ -

	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	54,903	-	-	-
Interest and Rentals	1,795	1,325	699	315	2,753
Grants	-	8,084	-	400	57,625
Meals	-	-	-	-	-
Assessments	255,290	-	-	-	-
Gain on Sale	-	-	-	-	-
Other	625	-	-	-	-
Total Revenues	257,710	64,312	699	715	60,378
Expenditures					
Current					
Public Safety	-	-	-	3,396	22,048
Community Services	203,227	22,709	-	-	-
Library and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	203,227	22,709	-	3,396	22,048
Excess (Deficiency) of Revenues Over Expenditures	54,483	41,603	699	(2,681)	38,330
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	-	(41,602)	-	-	-
Total Other Financing Sources (Uses)	-	(41,602)	-	-	-
Net Change in Fund Balances	54,483	1	699	(2,681)	38,330
Fund Balances - Beginning	8,936	(1)	15,464	10,055	35,203
Fund Balances - Ending	\$ 63,419	\$ -	\$ 16,163	\$ 7,374	\$ 73,533

(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, 2007**

	Library Adult Literacy Grant	Total
	<u> </u>	<u> </u>
Revenues		
Intergovernmental	\$ -	\$1,430,850
Fines and Forfeitures	-	161,896
Interest and Rentals	28	205,935
Grants	33,618	318,963
Meals	-	67,150
Assessments	-	255,290
Gain on Sale	-	2
Other	1,000	21,949
	<u> </u>	<u> </u>
Total Revenues	34,646	2,462,035
	<u> </u>	<u> </u>
Expenditures		
Current		
Public Safety	-	131,689
Community Services	-	787,375
Library and Cultural	65,648	65,648
Capital Outlay	-	48,285
	<u> </u>	<u> </u>
Total Expenditures	65,648	1,032,997
	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,002)</u>	<u>1,429,038</u>
Other Financing Sources (Uses)		
Transfers In	31,002	245,366
Transfers Out	-	(791,735)
	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	31,002	(546,369)
	<u> </u>	<u> </u>
Net Change in Fund Balances	-	882,669
Fund Balances - Beginning	-	3,330,477
	<u> </u>	<u> </u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$4,213,146</u>

**CITY OF TULARE
 SENIOR SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 147,460	\$ 147,407	\$ (53)
Grants	11,330	12,974	1,644
Meals	70,230	67,150	(3,080)
Other	38,220	20,324	(17,896)
Total Revenues	<u>267,240</u>	<u>247,855</u>	<u>(19,385)</u>
Expenditures			
Current			
Community Services	469,870	461,439	8,431
Capital Outlay	3,050	-	3,050
Total Expenditures	<u>472,920</u>	<u>461,439</u>	<u>11,481</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(205,680)</u>	<u>(213,584)</u>	<u>(7,904)</u>
Other Financing Sources (Uses) Transfers In	<u>205,680</u>	<u>214,364</u>	<u>8,684</u>
Net Change in Fund Balances	-	780	780
Fund Balances, July 1	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (1)</u>	<u>\$ 779</u>	<u>\$ 780</u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,020,000	\$ 1,283,443	\$ 263,443
Interest and Rentals	10,000	190,583	180,583
Other	280,000	-	(280,000)
	<u>1,310,000</u>	<u>1,474,026</u>	<u>164,026</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	(1,436,670)	(592,663)	844,007
	<u>(1,436,670)</u>	<u>(592,663)</u>	<u>844,007</u>
Net Change in Fund Balances	(126,670)	881,363	1,008,033
Fund Balances, July 1	3,259,836	3,259,836	-
	<u>3,259,836</u>	<u>3,259,836</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,133,166</u>	<u>\$ 4,141,199</u>	<u>\$ 1,008,033</u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 90,000	\$ 106,993	\$ 16,993
Interest and Rentals	-	2,171	2,171
	<u>90,000</u>	<u>109,164</u>	<u>19,164</u>
Total Revenues			
	<u>90,000</u>	<u>109,164</u>	<u>19,164</u>
Other Financing Sources (Uses)			
Transfers Out	(90,150)	(99,470)	(9,320)
	<u>(90,150)</u>	<u>(99,470)</u>	<u>(9,320)</u>
Net Change in Fund Balances	(150)	9,694	9,844
Fund Balances, July 1	985	985	-
	<u>985</u>	<u>985</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 835</u>	<u>\$ 10,679</u>	<u>\$ 9,844</u>

**CITY OF TULARE
CMAQ STREET GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 117,000	\$ 58,000	\$ (59,000)
Total Revenues	<u>117,000</u>	<u>58,000</u>	<u>(59,000)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(117,000)</u>	<u>(58,000)</u>	<u>59,000</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 5,556	\$ 5,556
Grants	199,260	100,107	(99,153)
Total Revenues	<u>199,260</u>	<u>105,663</u>	<u>(93,597)</u>
Expenditures			
Current			
Public Safety	18,210	78,663	(60,453)
Capital Outlay	181,050	27,000	154,050
Total Expenditures	<u>199,260</u>	<u>105,663</u>	<u>93,597</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 710	\$ 710
Grants	79,160	48,155	(31,005)
Gain on Sale	-	2	2
	<u>79,160</u>	<u>48,867</u>	<u>(30,293)</u>
Total Revenues	<u>79,160</u>	<u>48,867</u>	<u>(30,293)</u>
Expenditures			
Current			
Public Safety	32,060	27,582	4,478
Capital Outlay	47,100	21,285	25,815
	<u>79,160</u>	<u>48,867</u>	<u>30,293</u>
Total Expenditures	<u>79,160</u>	<u>48,867</u>	<u>30,293</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
LANDSCAPE AND LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 1,795	\$ 1,795
Assessments	267,050	255,290	(11,760)
Other	-	625	625
	<u>267,050</u>	<u>257,710</u>	<u>(9,340)</u>
Total Revenues			
	<u>267,050</u>	<u>257,710</u>	<u>(9,340)</u>
Expenditures			
Community Services	<u>308,490</u>	<u>203,227</u>	<u>105,263</u>
Net Change in Fund Balances	(41,440)	54,483	95,923
Fund Balances, July 1	<u>8,936</u>	<u>8,936</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (32,504)</u>	<u>\$ 63,419</u>	<u>\$ 95,923</u>

**CITY OF TULARE
OTS GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 50,000	\$ 54,903	\$ 4,903
Interest and Rentals	-	1,325	1,325
Grants	31,170	8,084	(23,086)
	<u>81,170</u>	<u>64,312</u>	<u>(16,858)</u>
Total Revenues	<u>81,170</u>	<u>64,312</u>	<u>(16,858)</u>
Expenditures			
Current			
Community Services	72,570	22,709	49,861
	<u>72,570</u>	<u>22,709</u>	<u>49,861</u>
Excess (Deficiency) of Revenue Over Expenditures	8,600	41,603	33,003
Other Financing Sources (Uses)			
Transfers Out	-	(41,602)	(41,602)
	<u>-</u>	<u>(41,602)</u>	<u>(41,602)</u>
Net Change in Fund Balances	8,600	1	(8,599)
Fund Balances, July 1	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 8,599</u>	<u>\$ -</u>	<u>\$ (8,599)</u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 699	\$ 699
Total Revenues	-	699	699
Expenditures			
Current			
Community Services	5,230	-	5,230
Total Expenditures	5,230	-	5,230
Net Change in Fund Balances	(5,230)	699	5,929
Fund Balances, July 1	15,464	15,464	-
Fund Balances, June 30	\$ 10,234	\$ 16,163	\$ 5,929

**CITY OF TULARE
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 200	\$ 315	\$ 115
Grants	-	400	400
	<u>200</u>	<u>715</u>	<u>515</u>
Total Revenues	<u>200</u>	<u>715</u>	<u>515</u>
Expenditures			
Current			
Public Safety	9,630	3,396	6,234
	<u>9,630</u>	<u>3,396</u>	<u>6,234</u>
Net Change in Fund Balances	(9,430)	(2,681)	6,749
Fund Balances, July 1	<u>10,055</u>	<u>10,055</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 625</u>	<u>\$ 7,374</u>	<u>\$ 6,749</u>

**CITY OF TULARE
VEHICLE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 500	\$ 2,753	\$ 2,253
Grants	29,000	57,625	28,625
	<hr/>	<hr/>	<hr/>
Total Revenues	29,500	60,378	30,878
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
Public Safety	33,000	22,048	10,952
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(3,500)	38,330	41,830
Fund Balances, July 1	35,203	35,203	-
	<hr/>	<hr/>	<hr/>
Fund Balances, June 30	\$ 31,703	\$ 73,533	\$ 41,830
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF TULARE
LIBRARY ADULT LITERACY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 28	\$ 28
Grants	31,570	33,618	2,048
Other	1,000	1,000	-
	<u>32,570</u>	<u>34,646</u>	<u>2,076</u>
Total Revenues			
	<u>32,570</u>	<u>34,646</u>	<u>2,076</u>
Expenditures			
Current			
Library and Cultural	66,310	65,648	662
	<u>66,310</u>	<u>65,648</u>	<u>662</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(33,740)</u>	<u>(31,002)</u>	<u>2,738</u>
Other Financing Sources (Uses)			
Transfers In	33,740	31,002	(2,738)
	<u>33,740</u>	<u>31,002</u>	<u>(2,738)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEBT SERVICE FUND

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.

The Financing Authority Fund accounts for the annual debt service on the 1997 Lease Revenue Bonds. Lease revenues are derived from lease payments made by the City's General Fund.

**CITY OF TULARE
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2007**

	Financing Authority
Assets	
Cash and Investments	\$ 748,173
Cash and Investments with Fiscal Agent	460,691
Receivables	
Interest	7,022
	Total Assets
	\$ 1,215,886
	Total Assets
Liabilities and Fund Balances	
Accounts Payable and Accrued Liabilities	\$ 103,193
	Fund Balances
Reserved for Debt Service	1,112,693
	Total Fund Balances
	1,112,693
	Total Liabilities and Fund Balances
	\$ 1,215,886
	Total Liabilities and Fund Balances

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Financing Authority
Revenues	
Interest and Rentals	\$ 40,042
Expenditures	
Current	
Intergovernmental	3,896
Debt Service	
Principal	650,000
Interest and Fiscal Charges	417,153
Total Expenditures	1,071,049
Excess (Deficiency) of Revenues Over Expenditures	(1,031,007)
Other Financing Sources	
Transfers In	1,091,749
Net Change in Fund Balance	60,742
Fund Balance - Beginning	1,051,951
Fund Balance - Ending	\$ 1,112,693

**CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Financing Authority		
	Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 15,000	\$ 40,042	\$ 25,042
Expenditures			
Current			
Intergovernmental	5,500	3,896	1,604
Debt Service			
Principal	650,000	650,000	-
Interest and Fiscal Charges	417,170	417,153	17
Total Expenditures	1,072,670	1,071,049	1,621
Excess (Deficiency) of Expenditures Over Revenues	(1,057,670)	(1,031,007)	26,663
Other Financing Sources			
Transfers In	1,094,200	1,091,749	(2,451)
Net Change in Fund Balances	36,530	60,742	24,212
Fund Balances - Beginning	1,051,951	1,051,951	-
Fund Balances - Ending	\$ 1,088,481	\$ 1,112,693	\$ 24,212

CAPITAL PROJECTS FUNDS

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007**

	Library Expansion	Fire Station #2	Fire Station #3	Total
Assets				
Cash and Investments	\$ -	\$ 74,030	\$ 6,438	\$ 80,468
Other Receivables	96	-	-	96
Interest Receivables	-	744	65	809
Total Assets	\$ 96	\$ 74,774	\$ 6,503	\$ 81,373
Liabilities and Fund Balances				
Accounts Payable and Accrued Liabilities	\$ 300	\$ -	\$ -	\$ 300
Due to Other Funds	305,362	-	-	305,362
Total Liabilities	305,662	-	-	305,662
Fund Balances				
Unreserved - Undesignated	(305,566)	74,774	6,503	(224,289)
Total Liabilities and Fund Balances	\$ 96	\$ 74,774	\$ 6,503	\$ 81,373

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Library Expansion	Fire Station #2	Fire Station #3	Total
Revenues				
Interest and Rentals	\$ 17,060	\$ 3,233	\$ 282	\$ 20,575
Expenditures				
Current				
Community Development	235,344	-	-	235,344
Excess (Deficiency) of Revenues Over Expenditures	(218,284)	3,233	282	(214,769)
Other Financing Sources				
Transfers In	10,000	-	-	10,000
Net Change in Fund Balances	(208,284)	3,233	282	(204,769)
Fund Balances - Beginning	(97,282)	71,541	6,221	(19,520)
Fund Balances - Ending	<u>\$ (305,566)</u>	<u>\$ 74,774</u>	<u>\$ 6,503</u>	<u>\$ (224,289)</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2007**

Assets	Fleet Maintenance	Employee Welfare	Workers' Compensation
Current Assets			
Cash and Investments	\$ 2,707,881	\$ 2,467,606	\$ 964,925
Cash and Investments with Fiscal Agent	-	9,917	193,805
Accounts Receivable	25,961	38,908	9,568
Inventories	-	-	-
Advances to Other Fund	1,037,724	-	-
Due from Other Funds	-	-	-
Total Current Assets	3,771,566	2,516,431	1,168,298
Noncurrent Assets			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	210,636	-	-
Improvements Other than Buildings	618,882	-	-
Machinery and Equipment	13,408,648	-	-
Accumulated Depreciation	(6,791,007)	-	-
Total Noncurrent Assets	7,522,159	-	-
Total Assets	\$ 11,293,725	\$ 2,516,431	\$ 1,168,298
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 37,225	\$ 395,657	\$ 1,237
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	13,627	-	-
Compensated Absences Payable -- Current	1,871	31	31
Capital Leases Payable -- Current	99,445	-	-
Total Current Liabilities	152,168	395,688	1,268
Noncurrent Liabilities			
Advances from Other Funds	30,200	-	-
Capital Leases Payable	373,140	-	-
Compensated Absences Payable	24,053	396	394
Total Noncurrent Liabilities	427,393	396	394
Total Liabilities	579,561	396,084	1,662
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,049,574	-	-
Unrestricted	3,664,590	2,120,347	1,166,636
Total Net Assets	\$ 10,714,164	\$ 2,120,347	\$ 1,166,636

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 223,803	\$ -	\$ -	\$ 6,364,215
-	-	-	203,722
5,220	-	88,619	168,276
-	-	298,006	298,006
-	-	-	1,037,724
292,317	-	-	292,317
<u>521,340</u>	<u>-</u>	<u>386,625</u>	<u>8,364,260</u>
-	-	-	75,000
-	-	-	210,636
-	-	-	618,882
-	-	13,419	13,422,067
-	-	(13,419)	(6,804,426)
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,522,159</u>
<u>\$ 521,340</u>	<u>\$ -</u>	<u>\$ 386,625</u>	<u>\$ 15,886,419</u>
\$ 5,195	\$ -	\$ 49,422	\$ 488,736
-	-	292,317	292,317
-	-	-	13,627
31	-	822	2,786
-	-	-	99,445
<u>5,226</u>	<u>-</u>	<u>342,561</u>	<u>896,911</u>
-	-	-	30,200
-	-	-	373,140
396	-	10,567	35,806
<u>396</u>	<u>-</u>	<u>10,567</u>	<u>439,146</u>
<u>5,622</u>	<u>-</u>	<u>353,128</u>	<u>1,336,057</u>
-	-	-	7,049,574
515,718	-	33,497	7,500,788
<u>\$ 515,718</u>	<u>\$ -</u>	<u>\$ 33,497</u>	<u>\$ 14,550,362</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Revenue			
Departmental Charges	\$ 2,884,596	\$ 2,642,530	\$ 1,274,930
Employee Contributions	-	926,427	-
Total Operating Revenues	<u>2,884,596</u>	<u>3,568,957</u>	<u>1,274,930</u>
Operating Expenses			
General Administration	310	4,624	1,465
Personal Services	524,378	103,373	55,327
Contractual Services	175,323	-	966
Equipment Usage and Operation	812,838	-	-
Insurance	106,494	3,218,111	262,333
Depreciation	1,009,075	-	-
Total Operating Expenses	<u>2,628,418</u>	<u>3,326,108</u>	<u>320,091</u>
Operating Income (Loss)	<u>256,178</u>	<u>242,849</u>	<u>954,839</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense)	202,659	96,282	32,979
Other Income	26,221	308,858	364,367
Gain on Sale of Assets	76,880	-	-
Total Nonoperating Revenues	<u>305,760</u>	<u>405,140</u>	<u>397,346</u>
Income (Loss) Before			
Transfers	561,938	647,989	1,352,185
Transfers In	618,520	-	-
Transfers Out	(463,855)	-	-
Change in Net Assets	716,603	647,989	1,352,185
Net Assets (Deficit), Beginning	<u>9,997,561</u>	<u>1,472,358</u>	<u>(185,549)</u>
Net Assets (Deficit), Ending	<u>\$ 10,714,164</u>	<u>\$ 2,120,347</u>	<u>\$ 1,166,636</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 472,849	\$ -	\$ 1,173,831	\$ 8,448,736
-	-	-	926,427
<u>472,849</u>	<u>-</u>	<u>1,173,831</u>	<u>9,375,163</u>
2,094	-	9,067	17,560
54,913	-	64,535	802,526
-	-	-	176,289
-	-	1,244,586	2,057,424
1,026,147	9,431	-	4,622,516
-	-	-	1,009,075
<u>1,083,154</u>	<u>9,431</u>	<u>1,318,188</u>	<u>8,685,390</u>
<u>(610,305)</u>	<u>(9,431)</u>	<u>(144,357)</u>	<u>689,773</u>
21,379	-	-	353,299
-	-	98,937	798,383
-	-	-	76,880
<u>21,379</u>	<u>-</u>	<u>98,937</u>	<u>1,228,562</u>
(588,926)	(9,431)	(45,420)	1,918,335
-	9,431	15,616	643,567
-	-	-	(463,855)
<u>(588,926)</u>	<u>-</u>	<u>(29,804)</u>	<u>2,098,047</u>
<u>1,104,644</u>	<u>-</u>	<u>63,301</u>	<u>12,452,315</u>
<u>\$ 515,718</u>	<u>\$ -</u>	<u>\$ 33,497</u>	<u>\$ 14,550,362</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 3,378,650	\$ 3,901,221	\$ 1,633,466
Cash paid for salaries and benefits	(517,752)	(108,333)	(654,244)
Cash paid for services and supplies	<u>(1,131,489)</u>	<u>(3,062,191)</u>	<u>(262,790)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,729,409</u>	<u>730,697</u>	<u>716,432</u>
Cash Flows from Non- Capital Financing Activities:			
Transfers from other funds	618,520	-	-
Transfers to other funds	<u>(463,855)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>154,665</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	76,880	-	-
Acquisition of fixed assets	<u>(1,876,857)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,799,977)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Income	<u>202,659</u>	<u>96,282</u>	<u>32,979</u>
Net Cash Provided by Investing Activities	<u>202,659</u>	<u>96,282</u>	<u>32,979</u>
Net Increase (Decrease) in Cash and Cash Equivalents	286,756	826,979	749,411
Cash and Cash Equivalents, July 1	<u>2,421,125</u>	<u>1,650,544</u>	<u>409,319</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,707,881</u>	<u>\$ 2,477,523</u>	<u>\$ 1,158,730</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 252,983	\$ -	\$ 1,184,169	\$ 10,350,489
(57,345)	-	(75,895)	(1,413,569)
<u>(1,021,640)</u>	<u>(9,431)</u>	<u>(1,123,890)</u>	<u>(6,611,431)</u>
<u>(826,002)</u>	<u>(9,431)</u>	<u>(15,616)</u>	<u>2,325,489</u>
-	9,431	15,616	643,567
<u>-</u>	<u>-</u>	<u>-</u>	<u>(463,855)</u>
-	9,431	15,616	179,712
<u>-</u>	<u>-</u>	<u>-</u>	<u>76,880</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,876,857)</u>
-	-	-	(1,799,977)
<u>21,379</u>	<u>-</u>	<u>-</u>	<u>353,299</u>
<u>21,379</u>	<u>-</u>	<u>-</u>	<u>353,299</u>
(804,623)	-	-	1,058,523
<u>1,028,426</u>	<u>-</u>	<u>-</u>	<u>5,509,414</u>
<u>\$ 223,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,567,937</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Income (Loss)	\$ 256,178	\$ 242,849	\$ 954,839
Other Income	26,221	308,858	364,367
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,009,075	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(532)	23,406	(5,831)
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in advances to other funds	468,365	-	-
(Increase) Decrease in due from other funds	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	(24,091)	155,921	509
Increase in due to other funds	-	-	-
Increase in advance from other funds	(12,743)	-	-
Increase (Decrease) in insurance claims payable	-	-	(597,114)
Increase (Decrease) in compensated absences payable	6,936	(337)	(338)
Net Cash Provided by (Used for) Operating Activities	<u>1,729,409</u>	<u>730,697</u>	<u>716,432</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and investments	2,707,881	2,467,606	964,925
Cash and investments with fiscal agents	-	9,917	193,805
Cash and Cash Equivalents per statement of cash flows	<u><u>\$ 2,707,881</u></u>	<u><u>\$ 2,477,523</u></u>	<u><u>\$ 1,158,730</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ (610,305)	\$ (9,431)	\$ (144,357)	\$ 689,773
-	-	98,937	798,383
-	-	-	1,009,075
(158)	-	(88,599)	(71,714)
-	-	(77,935)	(77,935)
-	-	-	468,365
(219,708)	-	-	(219,708)
4,506	-	(21,077)	115,768
-	-	219,708	219,708
-	-	-	(12,743)
-	-	-	(597,114)
(337)	-	(2,293)	3,631
<u>(826,002)</u>	<u>(9,431)</u>	<u>(15,616)</u>	<u>2,325,489</u>
223,893	-	-	6,364,305
(90)	-	-	203,632
<u>\$ 223,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,567,937</u>

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FIDUCIARY FUNDS

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

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

**CITY OF TULARE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

AGENCY FUND	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
AGENCY FUND				
Assets				
Cash and Investments	\$ 1,319,689	\$ 6,195,119	\$ 5,982,374	\$ 1,532,434
Accounts Receivable	680	37,495	707	37,468
Due from Other Governments	806,722	1,600,417	806,722	1,600,417
Total Assets	\$ 2,127,091	\$ 7,833,031	\$ 6,789,803	\$ 3,170,319
Liabilities				
Accounts Payable	\$ 83,022	\$ 4,986,986	\$ 4,419,864	\$ 650,144
Deposits Payable	2,044,070	13,699,366	13,223,261	2,520,175
Total Liabilities	\$ 2,127,092	\$ 18,686,352	\$ 17,643,125	\$ 3,170,319
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 4,979,929	\$ 7,630,573	\$ 4,927,598	\$ 7,682,904
Accounts Receivable	89,459	158,809	107,846	140,422
Total Assets	\$ 5,069,388	\$ 7,789,382	\$ 5,035,444	\$ 7,823,326
Liabilities				
Accounts Payable	\$ 27,333	\$ 171,238	\$ 167,791	\$ 30,780
Deposits Payable	5,042,054	10,018,293	7,267,801	7,792,546
Total Liabilities	\$ 5,069,387	\$ 10,189,531	\$ 7,435,592	\$ 7,823,326
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 6,299,618	\$ 13,825,692	\$ 10,909,972	\$ 9,215,338
Accounts Receivable	90,139	196,304	108,553	177,890
Due from Other Governments	806,722	1,600,417	806,722	1,600,417
Total Assets	\$ 7,196,479	\$ 15,622,413	\$ 11,825,247	\$ 10,993,645
Liabilities				
Accounts Payable	\$ 110,355	\$ 5,158,224	\$ 4,587,655	\$ 680,924
Deposits Payable	7,086,124	23,717,659	20,491,062	10,312,721
Total Liabilities	\$ 7,196,479	\$ 28,875,883	\$ 25,078,717	\$ 10,993,645

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007**

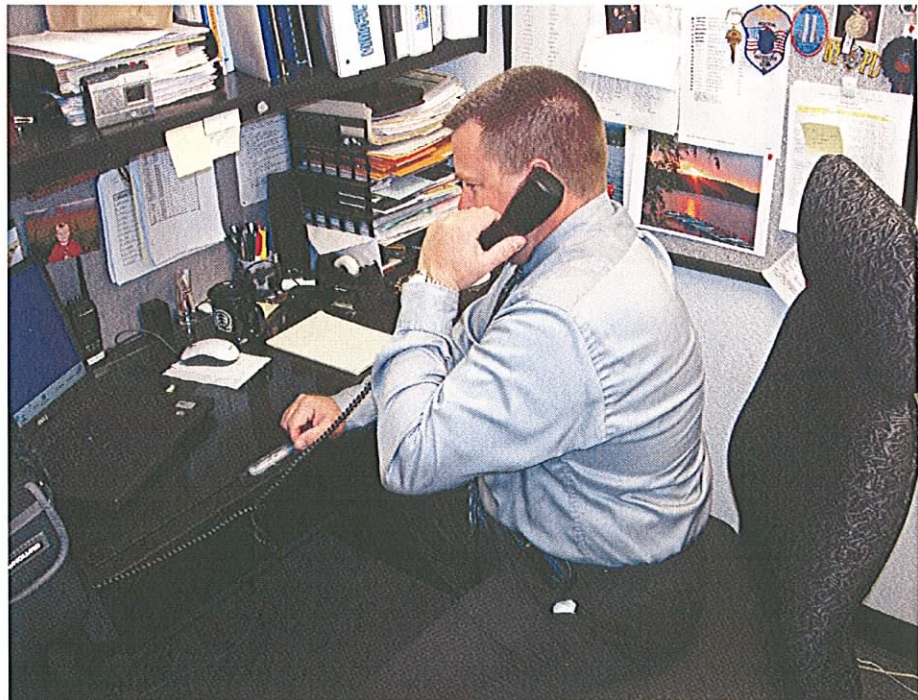
	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 2,141,800	\$ 4,132,602	\$ 1,990,802
Expenditures			
Measure I - Police	1,300,440	1,073,236	227,204
Measure I - Fire	504,870	515,846	(10,976)
Measure I - Streets	450,000	968,856	(518,856)
Total Expenditures	2,255,310	2,557,938	(302,628)
Excess (Deficiency) of Expenditures Over Revenues	\$ (113,510)	\$ 1,574,664	\$ 1,688,174

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INVESTIGATIVE DIVISION

Statistical Section

The Investigative Division is responsible for investigative work on part one crimes including all felonies, i.e. homicides, rape, armed robbery, burglary, etc..



STATISTICAL SECTION

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Governmental Activities:</u>				
Invested in capital assets, net of related debt	\$ 23,156,238	\$ 26,833,821	\$ 33,166,653	\$ 110,129,292
Restricted	-	-	-	-
Unrestricted	58,442,530	65,408,770	71,510,372	84,457,595
Total governmental activities net assets	\$ 81,598,768	\$ 92,242,591	\$104,677,025	\$194,586,887
<u>Business-type Activities:</u>				
Invested in capital assets, net of related debt	\$ 17,556,348	\$ 25,759,631	\$ 41,856,616	\$ 52,468,556
Restricted	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	207,503	16,432,772	6,207,299	95,685
Total business-type activities net assets	\$ 29,091,983	\$ 53,520,535	\$ 59,392,047	\$ 63,892,373
<u>Primary Government:</u>				
Invested in capital assets, net of related debt	\$ 40,712,586	\$ 52,593,452	\$ 75,023,269	\$162,597,848
Restricted	11,328,132	11,328,132	11,328,132	11,328,132
Unrestricted	58,650,033	81,841,542	77,717,671	84,553,280
Total primary government net assets	\$ 110,690,751	\$ 145,763,126	\$164,069,072	\$258,479,260

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

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Expenses:</u>				
Governmental Activities:				
General Government	\$ 2,531,464	\$ 2,544,937	\$ 1,933,465	\$ 4,405,718
Intergovernmental	3,895	3,896	3,895	3,895
Public Safety	9,880,586	11,663,036	13,372,193	15,345,247
Public Works	1,700,067	1,924,049	2,100,496	2,499,561
Community Development	2,141,787	2,545,200	3,442,573	5,469,002
Community Services	2,628,050	2,889,063	3,025,032	3,534,104
Library and Cultural	729,689	1,376,479	1,541,423	3,513,601
Interest on Long-Term Debt	473,145	451,701	508,483	99,986
Total Governmental Activities Expenses	<u>20,088,683</u>	<u>23,398,361</u>	<u>25,927,560</u>	<u>34,871,114</u>
Business-Type Activities:				
Aviation	143,876	189,335	158,865	164,682
Transit	1,985,561	2,325,655	2,229,068	2,291,825
Water	3,202,719	3,255,991	3,760,697	4,446,988
Solid Waste	4,877,029	5,426,552	5,696,194	6,276,096
Sewer	9,555,978	8,005,084	9,953,994	10,850,918
Total Business-Type Activities Expenses	<u>19,765,163</u>	<u>19,202,617</u>	<u>21,798,818</u>	<u>24,030,509</u>
Total Primary Government Expenses	<u>39,853,846</u>	<u>42,600,978</u>	<u>47,726,378</u>	<u>58,901,623</u>
<u>Program Revenues:</u>				
Governmental Activities:				
Charges for Services:				
General Government	387,935	399,798	355,884	525,607
Intergovernmental	1,110,950	1,238,362	1,355,515	1,649,615
Public Safety	1,571,951	2,004,347	2,587,645	2,022,999
Public Works	262,855	302,259	386,629	298,200
Community Development	502,226	1,487,515	2,331,095	2,617,517
Community Services	417,398	453,858	556,804	421,623
Library and Cultural	37,783	216,238	283,722	419,176
Interest on Long-Term Debt	-	-	-	-
Operating Grants and Contributions	434,962	333,406	52,689	203,221
Capital Grants and Contributions	2,380	1,243	-	124,714
Total Governmental Activities Program Revenues	<u>4,728,440</u>	<u>6,437,026</u>	<u>7,909,983</u>	<u>8,282,672</u>
Business-Type Activities:				
Charges for Services:				
Aviation	58,340	61,467	63,857	99,294
Transit	1,235,506	1,576,025	1,621,973	1,864,717
Water	4,079,814	4,426,660	5,083,108	5,214,527
Solid Waste	4,490,528	4,752,226	5,471,596	5,743,916
Sewer	7,617,101	10,139,732	11,727,127	12,303,626
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,638,883	1,221,308	2,922,213	1,887,471
Total Business-Type Activities Program Revenues	<u>19,120,172</u>	<u>22,177,418</u>	<u>26,889,874</u>	<u>27,113,551</u>
Total Primary Government Program Revenues	<u>23,848,612</u>	<u>28,614,444</u>	<u>34,799,857</u>	<u>35,396,223</u>

(Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
Net Revenues (Expenses):				
Governmental Activities	(15,360,243)	(16,961,335)	(18,017,577)	(26,588,442)
Business-Type Activities	(644,991)	2,974,801	5,091,056	3,083,042
Total Net Revenues (Expenses)	<u>(16,005,234)</u>	<u>(13,986,534)</u>	<u>(12,926,521)</u>	<u>(23,505,400)</u>
<u>General Revenues and other Changes in</u>				
Governmental Activities:				
Taxes:				
Sales Tax	5,725,592	6,209,806	7,220,399	11,859,889
Property Tax	2,355,252	2,170,347	2,553,998	3,577,111
Utility Tax	4,156,796	4,405,682	4,891,749	5,370,352
Motel/Hotel and Franchise Tax	1,876,881	2,059,010	2,327,371	2,515,731
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	2,116,429	3,638,093	3,561,218	4,042,805
Investment Income	3,739,334	4,280,463	4,610,583	5,644,508
Other General Revenues	3,235,016	4,784,368	3,949,848	8,458,768
Grants and Contributions Not Restricted to Specific Programs	-	-	883,803	349,443
Gain on Sale of Capital Assets	-	-	56,456	76,882
Transfers	77,468	57,389	396,586	289,624
Total Governmental Activities	<u>23,282,768</u>	<u>27,605,158</u>	<u>30,452,011</u>	<u>42,185,113</u>
Business-Type Activities:				
Investment Income	642,787	968,326	786,450	1,706,908
Transfers	(77,468)	(57,389)	(5,994)	(289,624)
Total Business-Type Activities	<u>565,319</u>	<u>910,937</u>	<u>780,456</u>	<u>1,417,284</u>
Total Primary Government	<u>23,848,087</u>	<u>28,516,095</u>	<u>31,232,467</u>	<u>43,602,397</u>
Changes in Net Assets				
Governmental Activities	7,922,525	10,643,823	12,434,434	15,596,671
Business-Type Activities	(79,672)	3,885,738	5,871,512	4,500,326
Total Primary Government	<u>\$ 7,842,853</u>	<u>\$14,529,561</u>	<u>\$ 18,305,946</u>	<u>\$ 20,096,997</u>

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

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 17,558,776	\$ 17,684,766	\$ 18,275,950	\$ 22,001,145
Unreserved	8,049,768	10,802,682	12,539,095	15,676,717
Total General Fund	<u>\$ 25,608,544</u>	<u>\$ 28,487,448</u>	<u>\$ 30,815,045</u>	<u>\$ 37,677,862</u>
All Other Governmental Funds:				
Reserved, Reported in:				
Debt Service Funds	\$ 1,014,485	\$ 1,043,538	\$ 1,051,951	\$ 1,112,693
Unreserved, Reported in:				
Special Revenue Funds	179,177	1,814,801	3,330,476	4,313,146
Capital Projects Funds	1,586,815	141,760	(19,520)	(224,289)
Total All Other Governmental Funds	<u>\$ 2,780,477</u>	<u>\$ 3,000,099</u>	<u>\$ 4,362,907</u>	<u>\$ 5,201,550</u>

The City of Tulare has elected to show only four years of data for this schedule.

Source:

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

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 16,230,950	\$ 18,482,938	\$ 20,554,735	\$ 27,365,888
Intergovernmental	1,110,321	1,308,261	2,795,298	2,738,351
Licenses and Permits	466,566	958,444	1,505,099	1,652,910
Fines and Forfeitures	129,994	172,139	126,287	192,294
Charges for Services	3,180,777	3,604,812	4,678,772	4,148,235
Interest and Rentals	829,613	855,938	890,924	1,686,320
Grants	1,042,574	2,015,872	924,397	677,378
Meals	75,032	68,119	70,776	67,150
Assessments	109,687	129,232	192,338	312,148
Other	1,423,001	2,580,549	3,644,967	7,464,240
Total Revenues	24,598,515	30,176,304	35,383,593	46,304,914
Expenditures:				
Current:				
General Government	2,160,093	2,251,173	2,550,663	4,238,567
Intergovernmental	3,895	3,896	3,895	3,896
Public Safety	9,856,627	11,482,782	13,154,240	14,319,066
Public Works	1,688,288	1,849,499	2,012,500	2,251,300
Community Development	3,320,630	3,836,553	3,231,634	3,927,092
Community Services	2,620,962	2,838,583	2,975,889	3,384,773
Library and Cultural	649,204	662,982	694,063	763,357
Capital Outlay	5,001,038	2,687,696	6,099,406	8,231,702
Debt Service:				
Principal	589,802	642,795	662,245	1,164,169
Interest and Fiscal Charges	502,247	482,525	530,781	558,445
Total Expenditures	26,392,786	26,738,484	31,915,316	38,842,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,794,271)	3,437,820	3,468,277	7,462,547
Other Financing Sources (Uses):				
Transfers In	4,595,118	2,207,877	4,160,480	6,428,333
Transfers Out	(4,608,303)	(2,547,171)	(3,938,352)	(6,189,421)
Issuance of Bonds	-	-	-	-
Total Other Financing Sources (Uses)	(13,185)	(339,294)	222,128	238,912
Net Change in Fund Balances	\$ (1,807,456)	\$ 3,098,526	\$ 3,690,405	\$ 7,701,459
Debt Service as a Percentage of Non-Capital Expenditures	5.11%	4.68%	4.62%	5.63%

The City of Tulare has elected to show only four years of data for this schedule.

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

Fiscal Year Ended June 30	City		Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Unsecured		
1998	\$ 1,257,599,228	\$55,908,224	\$ 1,313,507,452	0.14%
1999	1,297,830,450	60,739,285	1,358,569,735	0.14%
2000	1,318,110,351	61,653,584	1,379,763,935	0.15%
2001	1,385,519,972	63,812,222	1,449,332,194	0.13%
2002	1,431,235,607	63,927,877	1,495,163,484	0.25%
2003	1,484,343,994	65,990,013	1,550,334,007	0.29%
2004	1,562,323,196	67,852,847	1,630,176,043	0.30%
2005	1,666,885,107	68,073,906	1,734,959,013	0.35%
2006	1,891,681,055	73,181,208	1,964,862,263	0.30%
2007	2,281,534,333	79,440,106	2,360,974,439	0.30%

(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 NINE YEARS AGO**

	<u>2007</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	\$ 0.139	0.141
Total Average City Direct Rate	0.139	0.141
Overlapping Rates:		
County of Tulare	0.157	0.167
Buena Vista Elementary School District	0.166	0.154
Liberty Elementary School District	0.121	0.123
Oak Valley Union Elementary School District	0.126	0.122
Palo Verde Union Elementary School District	0.168	0.166
Tulare City Elementary School District	0.155	0.150
Tulare Joint Union High School District	0.050	0.048
College of Sequoias	0.023	0.022
County Schools Service Fund	0.023	0.022
Kaweah Delta Water District	0.003	0.002
Tulare Cemetery District	0.003	0.002
Tulare County Flood Control District	0.189	0.228
Tulare Hospital District	0.026	0.025
Tulare Irrigation District	0.021	0.021
Tulare Memorial District	0.010	0.010
Tulare Mosquito District	0.018	0.018
Education Revenue Augmentation 1993/94	0.230	0.235
Total Average Direct Rate	<u>\$ 1.628</u>	<u>1.658</u>

NOTE:

In 1978, California voters passes Proposition 13 which sets the property tax rate @ 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
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2007		1998	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Land of Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	\$ 288,503,027	12.40%	\$ 123,016,113	9.37%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	53,409,250	2.30%	74,638,456	5.68%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	44,271,579	1.90%	47,146,396	3.59%
Saputo Cheese, USA, Inc. formerly Stella Cheese Company, Inc.)	42,867,823	1.80%	16,465,202	1.30%
U.S. Cold Storage of California	41,216,392	1.70%	13,810,879	1.05%
GMAC Model Home Finance Inc.	25,623,000	1.10%		
Daley Ltd Partners (formerly Daley Enterprises, Inc.)	11,951,488	0.50%	7,939,555	0.62%
Traverse City Outlet Center LLC (formerly Horizon Outlet Centers, Ltp.)	11,784,495	0.50%	16,681,744	1.27%
Kindt Corp.	10,538,117	0.40%		
Wal-Mart Real Estate Business Trust	9,445,724	0.40%	8,684,670	0.66%
Western Investment Real Estate	8,881,862	0.30%	8,817,430	0.67%
Blain Construction Company, Inc.	7,468,691	0.30%	8,709,243	0.66%
	<u>555,961,448</u>	<u>23.60%</u>	<u>325,909,688</u>	<u>24.87%</u>
	<u>\$ 823,419,869</u>	<u>34.80%</u>	<u>\$ 522,675,342</u>	<u>27.16%</u>

Source:
Tulare County Auditor-Controller Office

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
1998	(4) \$ 1,775,847	\$ 1,897,254	106.84%	(3)	\$ 1,897,254	106.84%
1999	(5) 1,843,336	1,895,576	102.83%	(3)	1,895,576	102.83%
2000	(6) 1,865,448	2,003,540	107.40%	(3)	2,003,540	107.40%
2001	(7) 1,921,043	2,092,518	108.93%	(3)	2,092,518	108.93%
2002	(8) 1,972,361	2,169,365	109.99%	(3)	2,169,365	109.99%
2003	(9) 2,038,196	2,208,405	108.35%	(3)	2,208,405	108.35%
2004	(10) 2,260,827	2,355,253	104.18%	(3)	2,355,253	104.18%
2005	(11) 2,642,430	2,170,347	82.13%	(3)	2,170,347	82.13%
2006	(12) 2,960,091	2,553,998	86.28%	(3)	2,553,998	86.28%
2007	(13) 5,412,848	3,577,110	66.09%	(3)	3,577,110	66.09%

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 \$802,252 for the property tax shift to education.
- (5) Reduced approximately \$829,200 for the property tax shift to education.
- (6) Reduced approximately \$841,465 for the property tax shift to education.
- (7) Reduced approximately \$880,955 for the property tax shift to education.
- (8) Reduced approximately \$905,868 for the property tax shift to education.
- (9) Reduced approximately \$939,592 for the property tax shift to education.
- (10) Reduced approximately \$984,502 for the property tax shift to education.
- (11) Reduced approximately \$1,458,821 for the property tax shift to education.
- (12) Reduced approximately \$1,568,945 for the property tax shift to education.
- (13) Reduced approximately \$1,385,911 for the property tax shift to education.

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

Governmental Activities							
Fiscal Year Ended June 30	Lease Revenue Bonds (1)	Leases Payable	Note Payable	Advances from Other Funds	General Obligation Bond	Compensated Absences Payable	Total Governmental Activities
1998	\$ 6,740,000	\$ 2,444	\$ -	\$ 200,900	\$ 60,000	\$ 1,122,042	\$ 8,125,386
1999	6,665,000	18,344	-	172,200	-	1,154,571	8,010,115
2000	6,560,000	413,780	-	279,500	-	1,218,148	8,471,428
2001	6,450,000	375,090	-	240,954	-	1,236,163	8,302,207
2002	6,335,000	366,846	-	-	-	1,368,075	8,069,921
2003	12,230,000	433,655	472,054	-	-	1,389,980	14,525,689
2004	11,720,000	370,458	458,159	-	-	1,458,942	14,007,559
2005	11,160,000	302,669	442,193	-	-	1,573,847	13,478,709
2006	10,555,000	475,162	407,638	-	-	1,653,369	13,091,169
2007	9,905,000	1,687,521	310,289	-	-	1,657,457	13,560,267

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

- (1) The City issued over \$29 million of new revenue bonds in 2003 and 2004. The City issued \$79 million of new revenue bonds in 2007.
- (2) Ratio calculated using population for the prior calendar year.

Business-Type Activities

Revenue Bonds Payable (1)	Leases Payable	Notes Payable	Advances from Other Funds	Compensated Absences Payable	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)
\$ 21,590,000	\$ -	\$ 40,737	\$ 142,407	\$ 188,645	\$ 21,961,789	\$30,087,175	736
21,075,000	-	27,158	434,610	207,315	21,744,083	29,754,198	719
19,985,000	1,041,283	662,986	390,699	214,173	22,294,141	30,765,569	736
19,395,000	941,728	7,700,000	258,918	222,965	28,518,611	36,820,818	827
39,395,000	941,728	7,700,000	-	246,261	48,282,989	56,352,910	1,244
38,465,000	836,746	7,700,000	-	271,793	47,273,539	61,799,228	1,336
62,045,000	726,039	-	-	303,625	63,074,664	77,082,223	1,614
60,375,000	609,296	-	-	273,246	61,257,542	74,736,251	1,511
58,665,000	486,188	-	-	295,380	59,446,568	72,537,737	1,409
136,451,266	8,834,773	-	-	313,134	145,599,173	159,159,440	2,845

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

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Bonds</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percent of Assessed Value (1)</u>	<u>Per Capita</u>
1998	\$ 60	\$ 3,255	\$ 3,315	0.25%	81.05
1999	-	3,130	3,130	0.23%	75.68
2000	-	3,000	3,000	0.22%	71.77
2001	-	2,865	2,865	0.20%	64.31
2002	-	2,725	2,725	0.16%	60.15
2003	-	2,575	2,575	0.14%	55.65
2004	-	2,420	2,420	0.12%	50.66
2005	-	2,260	2,260	0.11%	45.68
2006	-	2,090	2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14

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, 2007**

City Assessed Valuation	\$ 2,843,394,760
Redevelopment Agency Incremental Valuation	481,111,427
	<u>\$ 2,362,283,333</u>

	Percentage Applicable (1)	Outstanding Debt 6/30/06	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes			
Tulare Joint Union High School District	57.526%	\$ 44,720,812	\$ 25,726,094
Liberty Elementary School District	1.082%	1,140,000	12,335
		<u>45,860,812</u>	<u>25,738,429</u>
Overlapping Other Debt:			
Tulare County General Fund Obligation	11.348%	\$ 88,455,000	10,037,873
Tulare County Pension Obligations	11.348%	25,175,000	2,856,859
College of Sequoias Certificates of Participation	12.291%	7,254,682	891,673
Tulare Joint Union High School District	57.526%	1,165,252	670,323
Tulare City School District Certificates of	89.404%	3,940,067	3,522,578
City of Tulare General Fund Obligation	100.000%	9,905,000	9,905,000
		<u>135,895,001</u>	<u>27,884,306</u>
Total overlapping other debt		<u>\$ 135,895,001</u>	27,884,306
Total overlapping debt		<u>\$ 135,895,001</u>	27,884,306
City direct debt			<u>13,560,267</u>
Total direct and overlapping debt			<u>\$ 41,444,573</u>

Notes:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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			
	1998	1999	2000	2001
Assessed Valuation	\$1,355,570,175	\$1,402,827,347	\$1,423,787,201	\$1,492,736,960
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	338,892,544	350,706,837	355,946,800	373,184,240
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	50,833,882	52,606,026	53,392,020	55,977,636
Total Net Debt Applicable to Limit: General Obligation Bonds	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 50,773,882</u>	<u>\$ 52,606,026</u>	<u>\$ 53,392,020</u>	<u>\$ 55,977,636</u>
 Total Debt Applicable to the Limit as a percentage of Debt Limit	 0.12%	 0.00%	 0.00%	 0.00%

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

Source:

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

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$1,538,227,789	\$1,592,761,298	\$1,671,724,504	\$1,755,719,923	\$1,884,513,873	\$2,360,974,439
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
384,556,947	398,190,325	417,931,126	438,929,981	471,128,468	590,243,610
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
57,683,542	59,728,549	62,689,669	65,839,497	70,669,270	88,536,541
-	-	-	-	-	-
<u>\$ 57,683,542</u>	<u>\$ 59,728,549</u>	<u>\$ 62,689,669</u>	<u>\$ 65,839,497</u>	<u>\$ 70,669,270</u>	<u>\$ 88,536,541</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year Ended June 30	Sewer Revenue Bonds					Coverage
	Sewer Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
1998	\$ 4,448	\$ 1,644	\$ 2,804	\$ 370	\$ 651	2.75
1999	5,069	1,786	3,283	515	1,186	1.93
2000	5,940	1,890	4,050	535	1,162	2.39
2001	6,434	2,312	4,122	281	1,404	2.45
2002	6,946	3,818	3,128	849	1,567	1.29
2003	8,688	4,536	4,152	1,170	1,746	1.42
2004	8,152	4,861	3,291	702	1,709	1.36
2005	10,887	5,643	5,244	3,388	888	1.23
2006	12,240	5,810	6,430	1,710	2,659	1.47
2007	13,378	8,359	5,019	1,755	2,492	1.18

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

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ -	\$ -	\$ -	-
1,557	125	161	5.44
1,566	130	156	5.48
1,741	135	163	5.84
2,056	140	151	7.07
3,220	150	138	11.18
3,692	155	131	12.91
3,735	160	123	13.20
4,395	170	116	15.37
5,156	180	108	17.90

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Assessed Valuation (in thousands) (2)</u>	<u>Per Capita Assessed Valuation</u>	<u>City Unemployment Rate (3)</u>	<u>County Unemployment Rate (3)</u>	<u>Total Personal Income (4)</u>
1998	40,903	1,313,507	32.11	11.70%	13.50%	(a)
1999	41,356	1,358,570	32.85	15.90%	13.00%	36,250
2000	41,800	1,379,764	33.01	13.10%	15.10%	(a)
2001	44,550	1,449,333	32.53	11.00%	14.30%	(a)
2002	45,300	1,495,163	33.01	11.30%	14.00%	(a)
2003	46,270	1,550,334	33.51	11.20%	13.10%	(a)
2004	47,770	1,630,176	34.13	10.80%	12.60%	(a)
2005	49,477	1,734,959	35.07	7.50%	9.00%	(a)
2006	51,477	1,925,138	37.40	6.60%	7.90%	(a)
2007	55,935	2,321,221	41.50	7.30%	8.60%	(a)

(a) Information unavailable

Sources:

- (1) State Department of Finance
- (2) Tulare County Auditor-Controller
- (3) State of California Employment Development Department (data shown is for the County)

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

<u>Employer</u>	<u>2007</u>		<u>1998</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Land O'Lakes (formerly Dairyman's Cooperative Creamery)	600	2.83%	650	(1)
Nestle Ice Cream Co. (Haagen Dazs)	300	1.42%	300	(1)
Wal-Mart	280	1.32%		(1)
Southern Ca Edison Company	200	0.94%	250	(1)
Gruman-Olsen Ind., Inc.			200	(1)
PSI Tronix			175	(1)
Golden Valley Dairy Products	215	1.01%		(1)
Cheese & Protein International	170	0.80%		(1)
Morris Levin & Son	170	0.80%		(1)
Kings County Truck Lines	150	0.71%	150	(1)
Saputo Cheese USA, Inc. (formerly Stella Cheese Plant)	150	0.71%	120	(1)
Kraft USA Tulare	130	0.61%	130	(1)
J.D. Heiskell Company	125	0.59%	100	(1)

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

(1) Information on “Total Employment” for 1998 unavailable.

Source:

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

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

Function	Full-time and Part-time Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	30	31	34	33	34	35	35	34	34	34
Public Safety	106	108	108	107	114	116	119	119	137	147
Public Works	61	60	62	61	63	65	68	68	71	73
Community Development	20	21	21	21	22	12	20	19	19	23
Community Services	55	54	54	55	55	55	55	55	33	36
Library and Cultural	7	7	7	8	10	10	10	9	9	10
Total	279	281	286	285	298	293	307	304	303	321

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

	Fiscal Year				
	1998	1999	2000	2001	2002
Police:					
Arrests	1,506	1,476	2,775	2,661	2,436
Parking Citations Issued	2,130	2,010	2,440	2,122	2,914
(1) Fire:					
Number of Emergency Calls	2,896	3,051	3,243	3,244	3,432
Inspections	549	932	746	719	586
Parks and Recreation:					
Number of Recreation Classes	85	81	93	92	82
Number of Facility Rentals	839	862	1,063	961	1,113
Water:					
New Connections	(2)	(2)	(2)	(2)	(2)
Average Daily Consumption (millions of gallons)	11	12	16	14	20
Sewer:					
New Connections	117	293	109	298	192

(1) Information reported on a calendar year basis.

(2) Information unavailable.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2003	2004	2005	2006	2007
2,532	2,488	2,265	2,792	3113
3,366	2,539	1,680	2,023	3149
3,758	3,765	3,871	(2)	(2)
891	1,078	1,194	(2)	(2)
87	93	95	101	113
931	911	1,102	1,036	1388
333	327	288	471	782
14	11	8	11	52.57
329	478	974	453	759

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

	Fiscal Year				
	1998	1999	2000	2001	2002
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	2	2	2	2
Public Works:					
Streets (miles)	154.07	154.07	155.74	155.83	155.83
Traffic Signals	31	34	36	36	36
Parks and Recreation:					
Parks	14	14	15	16	16
Park Acreage	130.15	130.15	152.15	174.15	174.15
Water:					
Water Mains (miles)	172.52	173.58	174.58	175.25	175.25
Average Daily Consumption (millions of gallons)	10.76	11.70	16.00	14.20	19.90
Sewer:					
Sanitary Sewers (miles)	155.01	159.40	167.50	168.09	168.09
Average Daily Wastewater Flow (millions of gallon)	6.89	7.50	7.85	8.08	9.02

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2003	2004	2005	2006	2007
1	1	1	1	1
2	3	3	3	3
161.69 36	170.00 37	158.70 39	170.00 40	184.60 42
16 193.85	15 189.15	15 189.15	15 189.15	16 206.15
178.29 14.08	181.52 11.07	183.20 8.48	184.20 10.86	192.90 52.58
171.19 10.01	173.85 10.32	175.30 10.81	176.90 11.22	184.60 11.30

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