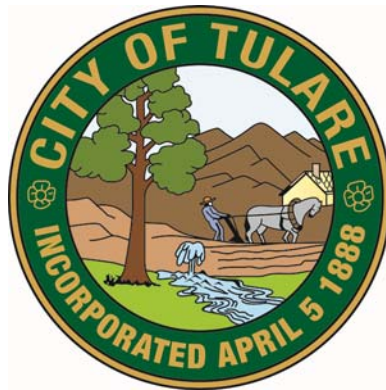


---

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

---

*Comprehensive Annual*



*Financial Report*

---

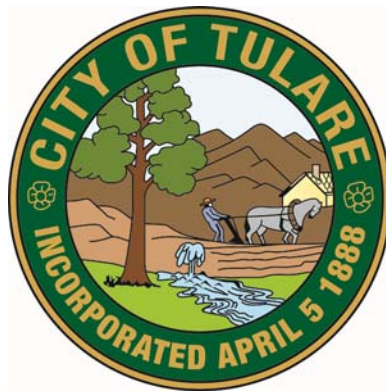
For the Fiscal Year Ended  
**JUNE 30, 2014**

---

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

---

*Comprehensive Annual*



*Financial Report*

---

For the Fiscal Year Ended June 30, 2014  
Prepared by the Finance Department Staff  
Darlene J. Thompson, CPA  
Finance Director/Treasurer

**CITY OF TULARE,  
CALIFORNIA  
JUNE 30, 2014**

**TABLE OF CONTENTS**

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

	<u>Page</u>
Required Supplemental Information for Pension Plan with CalPERS .....	72
Required Supplemental Information for Other Post-Employment Benefits Plan .....	73
 <u>OTHER SUPPLEMENTARY INFORMATION</u>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	77
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	84
Senior Services Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	87
Home Program Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	88
Housing Redevelopment CDBG Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	89
Gas Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	90
Traffic Safety Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	91
COPS – State Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	92
Local Law Enforcement Block Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	93
Landscape and Lighting Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	94
OTS Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	95
Auto Theft Deterrence Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	96
Police Forfeiture Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	97
Vehicle Abatement Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	98
Public Mitigation Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	99
2009 COPS Hiring Recovery Program Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	100
Rental Rehabilitation Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	101
Economic Incentive Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	102

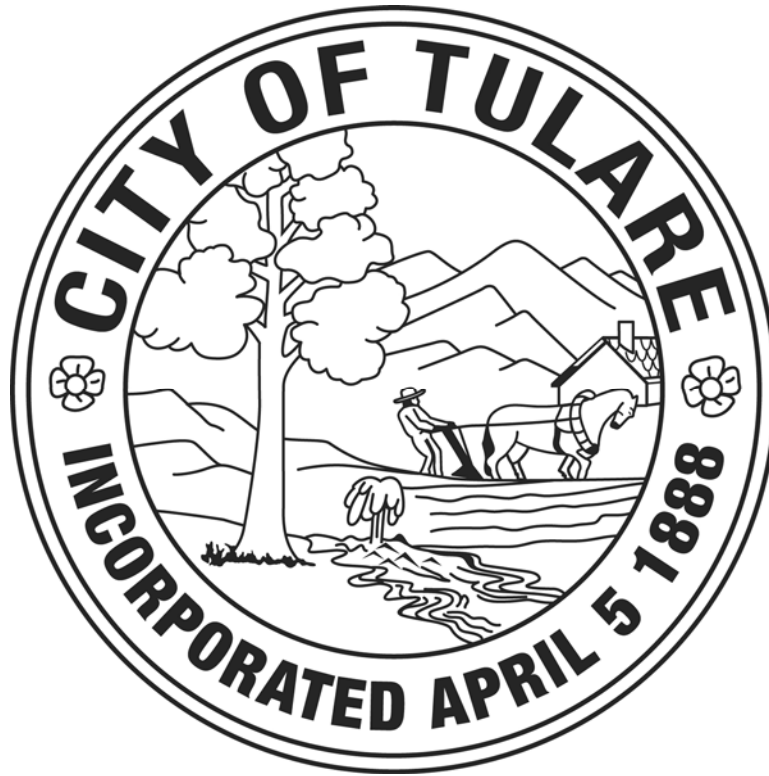
	<u>Page</u>
Catastrophe Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	103
Personnel Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	104
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	107
Combining Statement of Net Position – All Internal Service Funds .....	110
Combining Statement of Revenues, Expenses, and Changes in Net Position – All Internal Service Funds.....	112
Combining Statement of Cash Flows – All Internal Service Funds.....	114
Agency Funds – Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds.....	120
Schedule of Expenditures by Department – Budgetary Level of Control – Budget and Actual (GAAP Basis) – General Fund .....	121
Measure I Sales Tax Revenue and Related Expenditures – Budget and Actual.....	122
Long-Term Debt Recorded in Private Purpose Trust Fund .....	123

STATISTICAL SECTION (UNAUDITED)

Net Position by Component.....	128
Changes in Net Position .....	130
Fund Balances of Governmental Funds .....	134
Changes in Fund Balances of Governmental Funds .....	136
Assessed Value and Estimated Actual Value of Taxable Property.....	138
Direct and Overlapping Property Tax Rates.....	139
Historical Sales and Use Tax Rates.....	140
Principal Property Tax Payers.....	141
Property Tax Levies and Collections.....	143
Schedule of Taxable Sales by Category.....	144
Ratios of Outstanding Debt by Type .....	146
Ratio of General Bonded Debt Outstanding .....	148
Direct and Overlapping Debt .....	149
Legal Debt Margin Information .....	150
Pledged-Revenue Coverage .....	152
Demographic and Economic Statistics .....	154
Principal Employers .....	155
Full-Time and Part-Time City Employees by Function.....	157
Operating Indicators by Function .....	158
Capital Asset Statistics by Function .....	160

This page intentionally left blank.

# INTRODUCTORY SECTION



This page intentionally left blank.





December 31, 2014

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

State law requires local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2014. This report was prepared by the City of Tulare's (the City) Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

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

The City is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), the City has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 61,875 as of January 2014.

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

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

**Local Economy and Local Budget Issues** - The City is showing signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded from prior year amounts. The local economic environment continues to improve slowly and is driven by our strong agricultural industries in the area. Sales tax revenues continue to show positive improvement with more than 5% higher than those in the prior fiscal year. Property tax receipts increased by 9.84% in 2013-14.

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

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various cities in the county. The population of the area is approximately 459,446. The anticipated growth in population of the Metropolitan Area is approximately .70%, with the City estimated to increase by about 1.01%. There are approximately 205,800 jobs in Tulare County. The countywide unemployment rate is about 11.6%, not seasonally adjusted. The City has an unemployment rate of about 9.8% with 23,900 employed out of a workforce of 26,300.

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

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

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

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2013-14 City appropriation limit established as required by State statute was \$43,669,919.

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

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

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

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

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 16th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,

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

Darlene J. Thompson, CPA  
Finance Director

**CITY OF TULARE  
PRINCIPAL CITY OFFICIALS  
JUNE 30, 2014**

City Council

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

Board of Public Utilities Commissioners

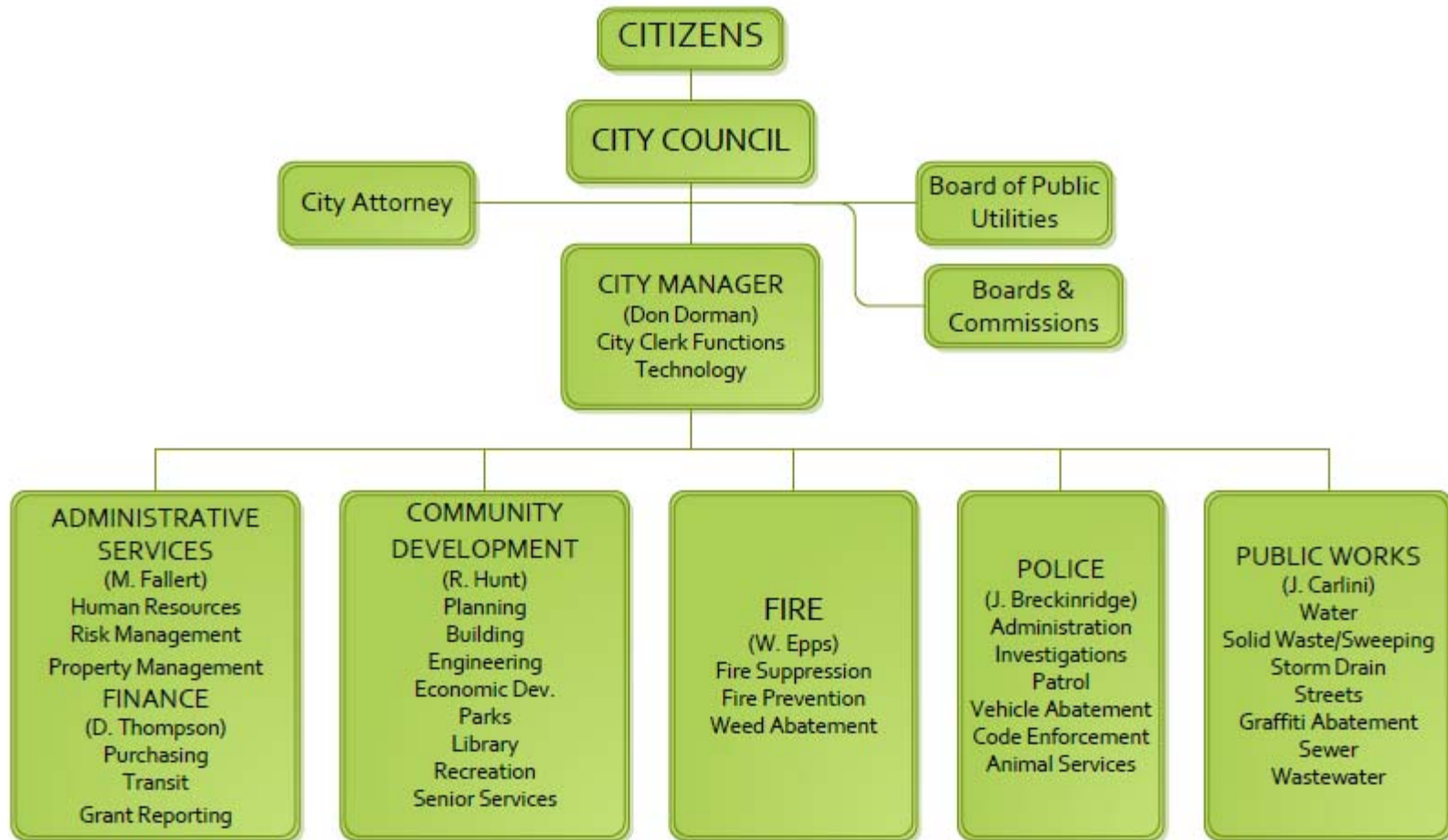
Lee Brehm	President
Philip Smith	Vice President
Richard Johnson	Commissioner
Ronald Quinn	Commissioner
Mark Watte	Commissioner

Administrative Officials and Department Heads

Don Dorman	City Manager
Jerry Breckinridge	Chief of Police
Joseph Carlini	Public Works Director
Willard Epps	Fire Chief
Margee Fallert	Deputy City Manager
Rob Hunt	Community Development Director
Darlene J. Thompson	Finance Director/Treasurer



## Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Tulare  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

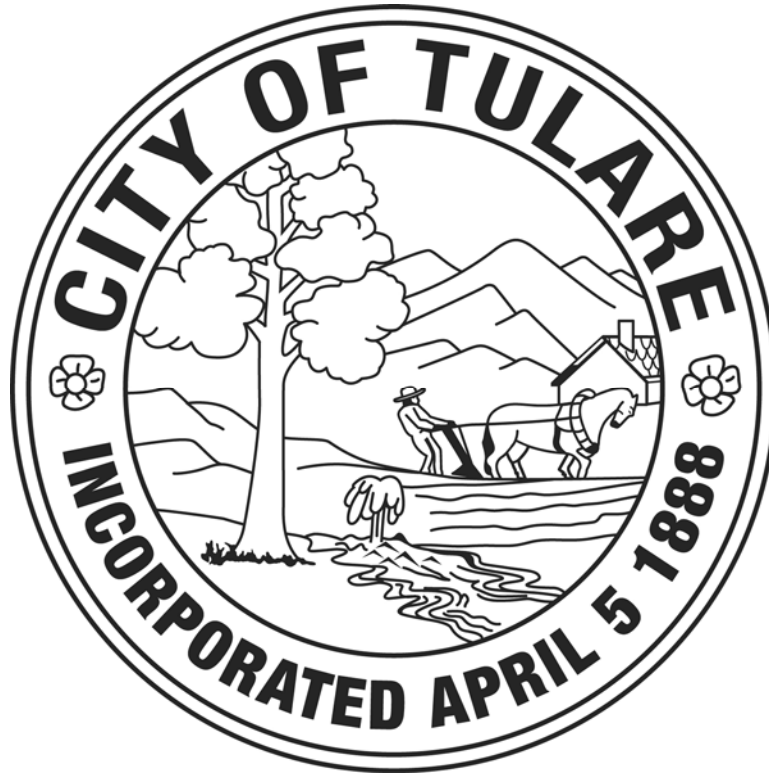
**June 30, 2013**

Executive Director/CEO

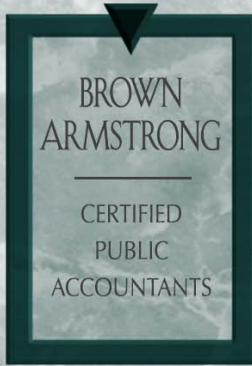
This page intentionally left blank.



# FINANCIAL SECTION



This page intentionally left blank.



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of  
the City of Tulare, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

#### MAIN OFFICE

#### 4200 TRUXTUN AVENUE

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

#### 7673 N. INGRAM AVENUE

SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

#### 221 E. WALNUT STREET

SUITE 260  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

#### 5250 CLAREMONT AVENUE

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15 and the Required Supplementary Information on pages 70 to 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

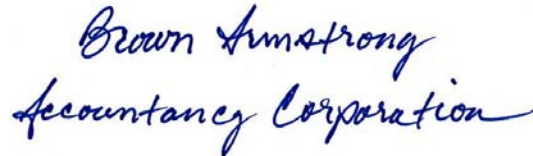
The combining and individual nonmajor fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
December 31, 2014

This page intentionally left blank.

---

## Management's Discussion and Analysis

---

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City of Tulare's financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Tulare (the City) exceeded its liabilities at the close of the most recent fiscal year by \$316,656,040 (net position). Of this amount, \$40,016,322 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$262,527,476 in net investment in capital assets. The total net position includes all major infrastructure networks.
- The government's total net position increased by \$14,184,263 over the prior fiscal year. The majority of this increase is attributable to depreciable capital assets (Crosstown Sewer Line and land for wastewater treatment plant).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$35,384,431, an increase of \$1,228,163 in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$12,623,740 is restricted by law or externally imposed requirements and \$22,726,773 is committed for specific purposes. Available fund balance for the General Fund increased \$1,634,962, which equates to 0% of total General Fund expenditures for the year.
- The City total outstanding debt showed a net decrease of \$5,415,048 (2.26%) during the current fiscal year. The decrease was mostly due to the current year debt reduction (annual principal payment) on lease and revenue bonds.

### THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

### Government-Wide Financial Statements

#### The Statement of Net Position and the Statement of Activities

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

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

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

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

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

## FUND FINANCIAL STATEMENTS

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

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



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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$316,656,040 at the close of the most recent fiscal year, which is a \$14,184,263, or 4.7%, increase in comparison with the prior year.

By far the largest portion of the City's net position (82.9%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current and other assets, \$92,294,215, approximately 68.3%, \$63,048,452, consists of cash and investments. These funds are invested in accordance with State law and the City's investment policy, and include funds legally and/or contractually restricted as to their use.

**City of Tulare**  
**Statement of Net Position**  
**As of June 30, 2013 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)	2014
<b>Assets:</b>						
Current and Other Assets	\$ 61,425,530	\$ 62,602,392	\$ 37,123,203	\$ 29,691,823	\$ 98,548,733	\$ 92,294,215
Capital Assets (Net of Depreciation)	198,052,923	207,981,860	269,857,502	271,234,111	467,910,425	479,215,971
<b>Total Assets</b>	<b>259,478,453</b>	<b>270,584,252</b>	<b>306,980,705</b>	<b>300,925,934</b>	<b>566,459,158</b>	<b>571,510,186</b>
<b>Liabilities:</b>						
Current and Other Liabilities	9,189,798	12,306,959	7,932,386	9,948,219	17,122,184	22,255,178
Long-Term Liabilities	36,524,508	32,683,795	210,340,689	199,915,473	246,865,197	232,599,268
<b>Total Liabilities</b>	<b>45,714,306</b>	<b>44,990,754</b>	<b>218,273,075</b>	<b>209,863,692</b>	<b>263,987,381</b>	<b>254,854,446</b>
<b>Net Position:</b>						
Net Investment in Capital						
Assets	165,585,033	177,172,689	83,470,628	85,354,787	249,055,661	262,527,476
Restricted	2,212,182	1,283,898	14,901,128	12,828,344	17,113,310	14,112,242
Unrestricted	45,966,932	47,137,211	(9,664,126)	(7,120,889)	36,302,806	40,016,322
<b>Total Net Position</b>	<b>\$ 213,764,147</b>	<b>\$ 225,593,798</b>	<b>\$ 88,707,630</b>	<b>\$ 91,062,242</b>	<b>\$ 302,471,777</b>	<b>\$ 316,656,040</b>

**Governmental Activities** – Total assets for governmental activities increased by \$11.8 million, with a current and other assets in governmental activities increase of \$0.6 million and a capital assets increase of \$11.3 million. Total liabilities decreased by \$0.7 million with current and other liabilities increasing by \$3.1 million and long-term liabilities decreasing by \$3.8 million.

Of the \$11.8 million increase in governmental activities total net position, unrestricted net position increased by \$1.2 million, restricted assets decreased by \$928 thousand, and net investment in capital assets increased by \$11.5 million. The increase in unrestricted net position is due to implementing a full costing allocation to all departments.

**Business-Type Activities** – Total assets for business-type activities decreased by \$6.1 million with a current and other assets decrease of \$7.43 million and an increase in capital assets of \$1.38 million. Total liabilities decreased by \$8.4 million with current and other liabilities increasing by \$2.0 million and long-term liabilities decreasing by \$10.4 million. Total net position for business-type activities increased by \$2.4 million. Business-type activities unrestricted net position decreased by \$2.5 million. The decrease in unrestricted net position is due to reallocating all of planning and engineering costs from the general fund to the Development Services and restating equipment replacement in solid waste.

**Change in Net Position of the City**

The following table presents the government-wide changes in net position for both 2013 and 2014. The City's total revenue and transfers of \$104.3 million exceeded expenses of \$90.16 million for an increase in net position of \$14.18 million.

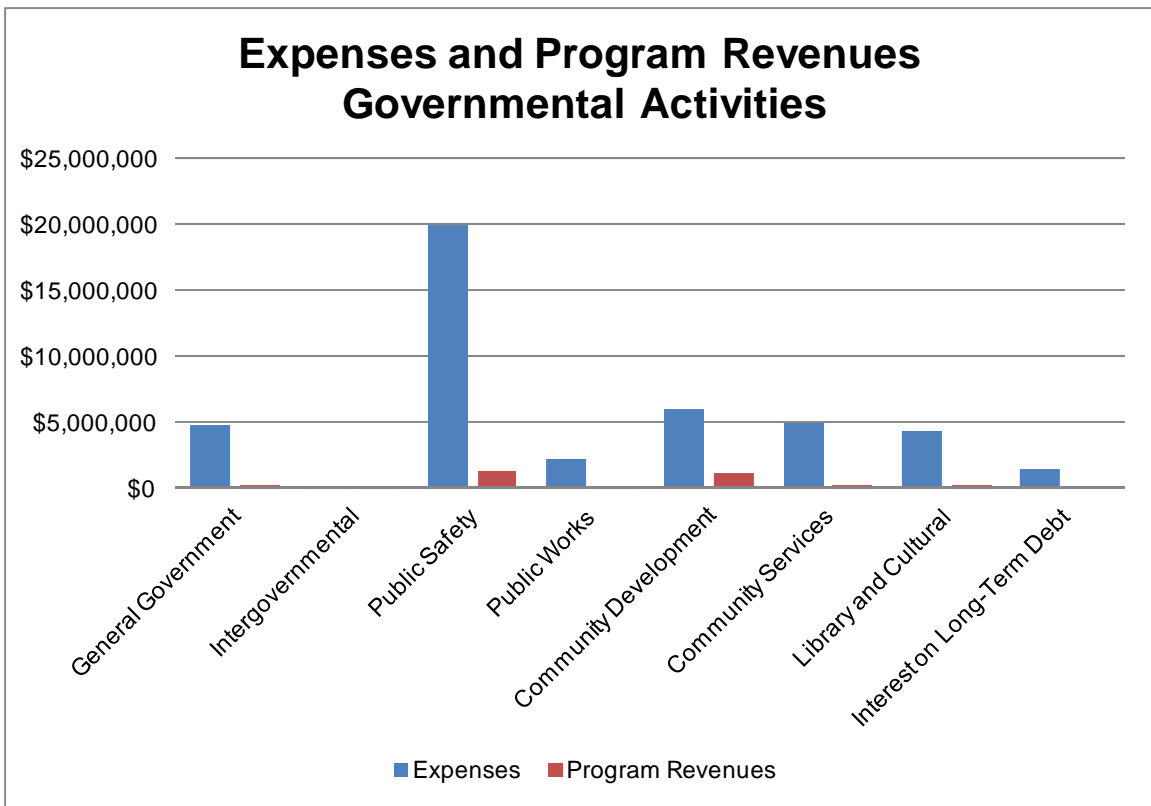
**Statement of Activities**

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2014, than it was at June 30, 2013.

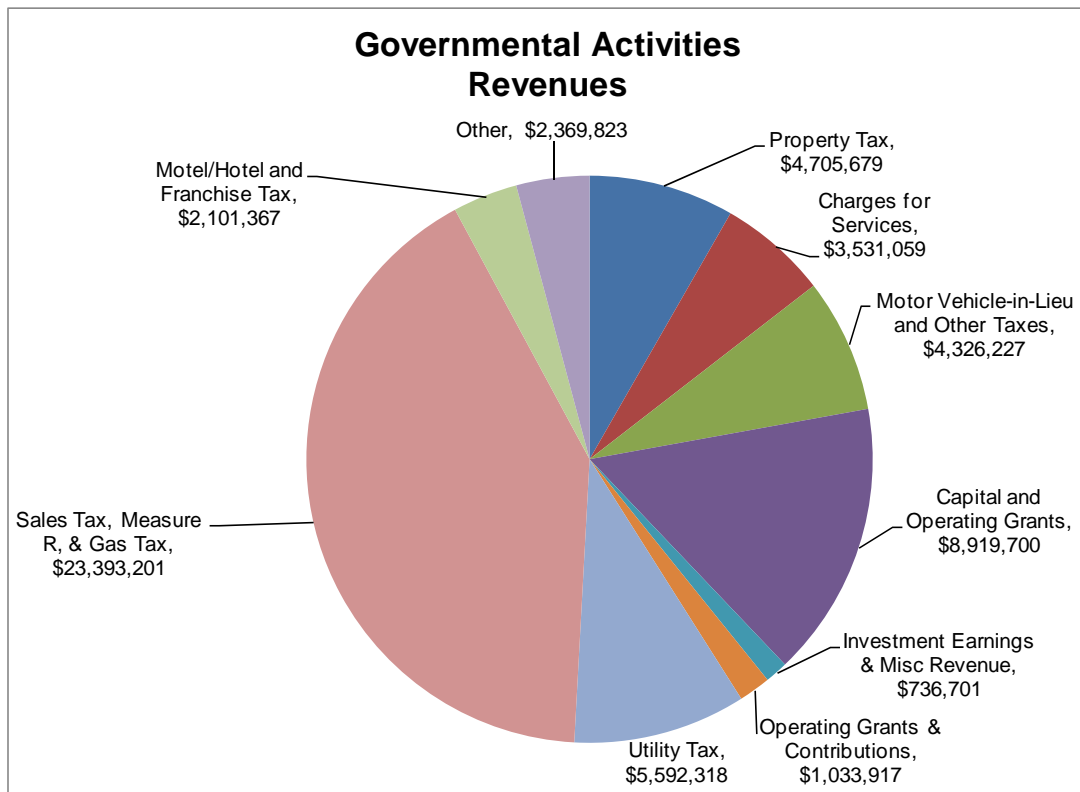
**City of Tulare**  
**Statement of Activities**  
**Fiscal Year Ended June 30, 2013 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)	2014
<b>REVENUES:</b>						
Programs Revenues:						
Charges for Services	\$ 3,684,010	\$ 3,531,059	\$ 43,902,867	\$ 44,906,652	\$ 47,586,877	\$ 48,437,711
Operating Grants and Contributions	1,151,910	1,033,917	863,097	2,031,384	2,015,007	3,065,301
Capital Grants and Contributions	9,196,546	8,919,700	-	-	9,196,546	8,919,700
General Revenues:						
Taxes	40,124,297	40,779,742	-	-	40,124,297	40,779,742
Investment Earnings	212,232	736,701	631,930	692,776	844,162	1,429,477
Other	(28,776)	1,708,873	-	-	(28,776)	1,708,873
<b>TOTAL REVENUES</b>	<b>54,340,219</b>	<b>56,709,992</b>	<b>45,397,894</b>	<b>47,630,812</b>	<b>99,738,113</b>	<b>104,340,804</b>
<b>EXPENSES:</b>						
Governmental Activities:						
General Government	9,010,273	4,862,056	-	-	9,010,273	4,862,056
Intergovernmental	1,850	148,790	-	-	1,850	148,790
Public Safety	19,059,260	19,915,983	-	-	19,059,260	19,915,983
Public Works	2,479,971	2,287,781	-	-	2,479,971	2,287,781
Community Development	6,297,890	5,968,778	-	-	6,297,890	5,968,778
Community Services	3,941,229	4,981,447	-	-	3,941,229	4,981,447
Library and Cultural	4,114,378	4,438,440	-	-	4,114,378	4,438,440
Debt Service	1,797,517	1,548,628	-	-	1,797,517	1,548,628
Business-Type Activities:						
Aviation	-	-	293,005	351,636	293,005	351,636
Transit	-	-	2,618,740	2,948,977	2,618,740	2,948,977
Development Services	-	-	1,342,996	2,203,021	1,342,996	2,203,021
Water	-	-	6,998,271	6,497,620	6,998,271	6,497,620
Solid Waste	-	-	5,562,606	6,346,567	5,562,606	6,346,567
Sewer	-	-	26,131,677	27,656,817	26,131,677	27,656,817
<b>TOTAL EXPENSES</b>	<b>46,702,368</b>	<b>44,151,903</b>	<b>42,947,295</b>	<b>46,004,638</b>	<b>89,649,663</b>	<b>90,156,541</b>
Increase (Decrease) in Net Position Before Transfers and Special Item	7,637,851	12,558,089	2,450,599	1,626,174	10,088,450	14,184,263
Transfers	(275,748)	(728,438)	275,748	728,438	-	-
Special Item						
Extraordinary Loss	(1,634,962)	-	-	-	(1,634,962)	-
Change in Net Position	5,727,141	11,829,651	2,726,347	2,354,612	8,453,488	14,184,263
Net Position, Beginning of Year, as Restated	208,037,006	213,764,147	85,981,283	88,707,630	294,018,289	302,471,777
Net Position, End of Year	\$ 213,764,147	\$ 225,593,798	\$ 88,707,630	\$ 91,062,242	\$ 302,471,777	\$ 316,656,040

**Governmental Activities** – Governmental activities increased the City’s net position by \$11.8 million during the year. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenues by \$18.5 million. Public Safety programs rely heavily on taxes to support their operations.



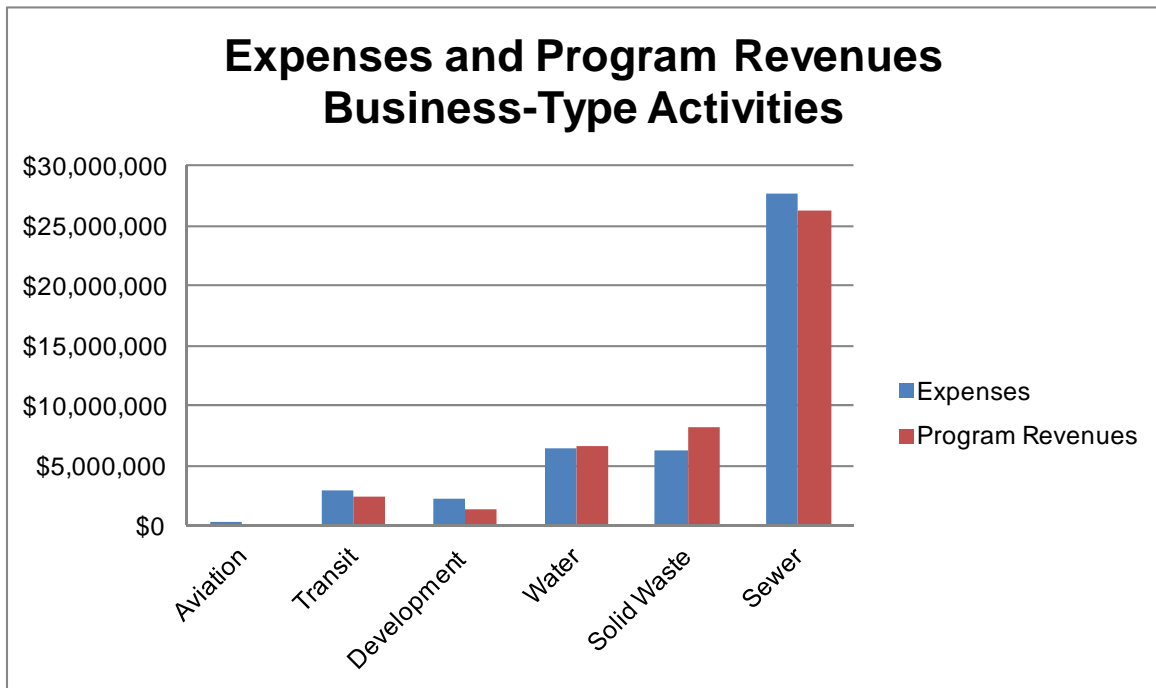
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, Measure R, and gas tax category is the largest revenue source for governmental activities and amounts to \$23.4 million or 41% of the total revenues. Capital and operating grants are also a significant revenue source for the City's governmental activities, amounting to \$8.9 million or 16% of total revenue, and public safety is the largest expense activity, amounting to \$19.9 million or 45.1% of total expenses.



Governmental Activities revenue increased \$2.34 million, a 4.31% increase compared to the previous fiscal year. This increase is due primarily to a 1.01% (\$1.73 million) increase in other revenue due to implementing a full costing allocation to all departments.

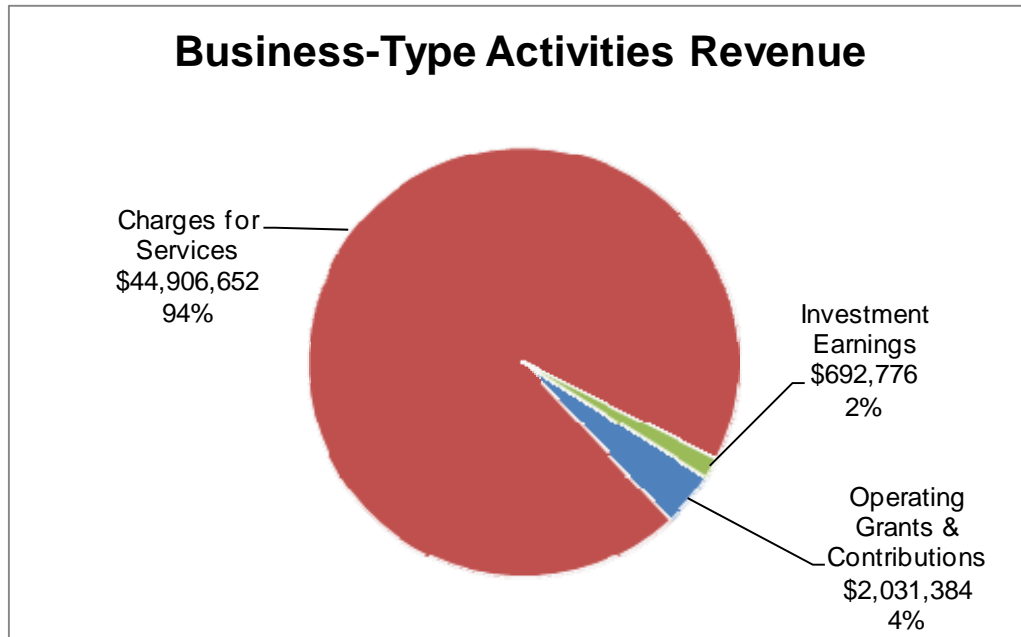
Total expenses in Governmental Activities had a modest decrease of \$2.6 million from the previous fiscal year for an over 5.46% decrease. The largest decrease of \$4.15 million was in General government.

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



Business-type activities increased the City's net position by \$2.4 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$1.9 million, in Transit by \$1.4 million. This increase was offset by program expenses exceeding program revenues in Aviation by \$1.40 thousand, Development Services by \$6 thousand, and Sewer by \$1.0 million. Total expenses increased by \$3.1 million, 7.12%, over the prior year with the Sewer Fund showing the largest increase of \$1.5 million.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 94% of total revenues. Operating grants and contributions is the second largest revenue source at 4% of total revenue.



The total revenue increased by \$2.2 million, 5% over the prior year, with water showing the largest increase of \$572 thousand. The increase is primarily due to a 16% rate increase that went into effect February 1.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$35,384,431, an increase of \$1,228,163 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Nonspendable Fund Balance** - \$35,000 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$12,623,740 consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for 1) \$5.7 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$2.8 million for debt service
- **Committed Fund Balance** - \$22,726,773 has been committed by the Council for appropriation for next year's budget.
- **Assigned Fund Balance** - are funds set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$(1,082) are residual funds.

**General Fund** - The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's total fund balance increased by 20%, or \$3.7 million to \$22,033,305. Of this increase, the majority relates to the committed amounts of fund balance. Major factors for this overall increase:

- \$5.2 million increase in Grants. This represents a 1.57% decrease over the prior fiscal year. This decrease is due to the construction of the Bardsley Grade Separation funded by a state grant.
- The increase was offset by a \$2.6 million for capital outlay for the Bardsley Grade Separation.

#### **Other Major Governmental Funds**

In the Measure R Fund, the total fund balance decreased from \$2,104,521 to \$0. The major factor for this overall decrease was a \$2.1 million decrease to work on streets maintenance.

In the Finance Authority Fund, the total fund balance increased from \$2,875,150 to \$2,876,426. The major factor for this overall increase was rental income.

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

The combined Non-Major Other Governmental Funds' total fund balance decreased from \$10,804,771 to \$10,474,700. The major factor for this overall decrease was a \$521,000 decrease from Gas Tax Fund to work in much needed street maintenance.

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

The Transit Fund has total net position of \$6,890,680 at the end of the fiscal year, an increase of \$1,367,890 or 25%. Total net position includes \$4,616,733 net investment in capital assets, which is not available to cover current expenses. The increase to net position was due to an increase to grants and ridership revenue.

The Development Services Fund has a total net deficit of \$3,490 at the end of the fiscal year. The fund was created in prior year to track cost order information to determine the correct charges for these services. Previously these expenditures were reported in the General Fund under Community Development.

The Water Fund has total net position of \$27,538,797 at the end of the fiscal year, an increase of \$189,894 over the prior year. Total net position includes \$29,414,025 net investment in capital assets, which is not available to cover current expenses. \$6,504,275 of total net position is restricted for capital improvements (including plant and equipment replacement). The increase to net position is due to the operating expenses being lower than the operating revenues.

The Solid Waste Fund has total net position of \$2,061,131 at the end of the fiscal year, an increase of \$52,285 over the prior year. Total net position includes \$52,285 net investment in capital assets.

The Sewer Fund has total net position of \$51,650,692 at the end of the fiscal year, a decrease of \$934,538 over the prior year. Total net position includes \$47,201,597 net investment in capital assets, which is not available to cover current expenses. \$4,141,650 of total net position is restricted for capital improvements. The decrease in net position is due to additional utility costs while energy generation was down.

The Aviation Fund has total net position of \$2,924,432 at the end of the fiscal year, a decrease of \$139,529 or 4.6%. Total net position includes \$4,070,147 net investment in capital assets, which is not available to cover current expenses. The major factor for this decrease is due to depreciation to the improvements at the airport.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$479,215,971 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress, and roads. The total increase in the City's investment in capital assets for the current fiscal year was \$11,305,546. (Please refer to Note 4 – Capital Assets)

The majority of the increase is a result of infrastructure constructed or acquired and improvements made during the fiscal year. These financial statements include infrastructure assets constructed or acquired through the 2013-14 fiscal year.

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

- The acquisitions of 150 acres by the wastewater treatment plant for \$3,048,098 to create a buffer zone as mentioned in the wastewater treatment plant master plan.
- The acquisitions and construction of the Bardsley Grade Separation for \$7,990,117 to be completed in the next fiscal year.

### City of Tulare Capital Assets As of June 30, 2013 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land, Right-of-Way, and Construction in Progress	\$ 45,721,816	\$ 52,688,003	\$ 7,319,767	\$ 8,341,636	\$ 53,041,583	\$ 61,029,639
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation	152,331,107	155,293,857	262,537,735	262,892,475	414,868,842	418,186,332
Total Capital Assets	<u>\$ 198,052,923</u>	<u>\$ 207,981,860</u>	<u>\$ 269,857,502</u>	<u>\$ 271,234,111</u>	<u>\$ 467,910,425</u>	<u>\$ 479,215,971</u>

**Long-Term Debt** – At the end of the fiscal year, the City had a total debt outstanding of \$234,384,958, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt)

### City of Tulare Outstanding Debt As of June 30, 2013 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)	2014
Lease Revenue Bonds *	\$ 30,537,882	\$ 29,773,588	\$ -	\$ -	\$ 30,537,882	\$ 29,773,588
Lease Payable	1,133,674	1,035,583	11,059,545	9,882,269	12,193,219	10,917,852
Note Payable	-	-	-	1,530,000	-	1,530,000
Revenue Bonds Payable	-	-	197,068,905	192,163,518	197,068,905	192,163,518
Total Outstanding Debt	<u>\$ 31,671,556</u>	<u>\$ 30,809,171</u>	<u>\$ 208,128,450</u>	<u>\$ 203,575,787</u>	<u>\$ 239,800,006</u>	<u>\$ 234,384,958</u>

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

With respect to the Governmental Activities, the outstanding \$29,773,588 in lease revenue bonds (which includes the bond premium and discount) were issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II, and preliminary work on railroad grade separation crossings.



Of the \$203,575,787 outstanding debt in the Business-Type Activities, \$192,163,518 relates to the Sewer Fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated “Aaa” by Moody’s Investors Services and “AAA” by Standard & Poors.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget reflect an increase in resources of \$133,000 and an increase in appropriations of \$1.2 million. Significant budgetary amendments (changes) are summarized as follows:

- \$133,000 increase in resources from various grants received during the fiscal year.
- \$847,340 increase in various appropriations due to a one-time refund from Tulare County for overcharged Property Tax Administrative Fees. This one-time refund was received at the end of June, 2013, and the allocation of this money was completed in fiscal year 2013-14 as per City policy regarding one-time money.
- \$225,000 increase in appropriations due to prior year appropriations not spent and carried forward to this fiscal year.

The final amended revenue estimate budget figures in the General Fund were higher than actual revenue by \$669,790 and appropriations were higher than actual expenditures by \$2.4 million. The significant differences between budget and actual amounts are as follows:

- Tax revenues outperformed revenue estimates by \$1.1 million primarily due to sales tax, utility user’s tax and hotel/motel tax, \$595,000, \$184,000, and \$360,000, respectively. There was also other revenue that did not perform as anticipated by \$350,000 due to rental income reallocated to property management, police fees and development impact fees, \$72,500, \$30,000, and \$247,500, respectively.
- Salary and benefit cost savings of around \$730,000 resulted primarily from unfilled positions across all functions.
- Debt service cost savings of around \$225,000 resulted due to prior year negotiation with developers on their oversized debt.

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

The key assumptions in the General Fund forecast for fiscal year 2014-15 were:

- 3% general salary increase and changes to CalPERS rate.
- Fostering a LEAN working climate.
- Non-departmental cost share being shifted into operational divisions to which they most relate.
- Anticipate a minor economic growth.
- Information and technology services is its own division and internal charges have been categorized so that it’s easier to see the technology budget total.
- Internal service costs are now included in general fund budget divisional budgets with the offset included in revenue (full cost allocation).

## **REQUESTS FOR INFORMATION**

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

This page intentionally left blank.

**BASIC FINANCIAL  
STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

This page intentionally left blank.

**CITY OF TULARE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Investments	\$ 36,826,906	\$ 7,241,185	\$ 44,068,091
Cash and Investments with Fiscal Agent	1,283,898	17,696,463	18,980,361
Receivables:			
Accounts	914,049	3,919,447	4,833,496
Interest	57,277	-	57,277
Taxes	1,707,970	-	1,707,970
Intergovernmental	6,426,751	2,205,789	8,632,540
Notes	1,284,543	-	1,284,543
Inventories	264,050	-	264,050
Internal Balances	1,371,061	(1,371,061)	-
Deferred Loans Receivable	12,430,887	-	12,430,887
Land Held for Resale	35,000	-	35,000
Nondepreciable Capital Assets	52,688,003	8,341,635	61,029,638
Depreciable Capital Assets, Net	155,293,857	262,892,476	418,186,333
<b>Total Assets</b>	<b>270,584,252</b>	<b>300,925,934</b>	<b>571,510,186</b>
Deferred Outflows of Resources	-	-	-
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	7,884,927	4,944,858	12,829,785
Accrued Interest Payable	382,683	-	382,683
Deposits Payable	891,010	294,582	1,185,592
Unearned Revenue	182,116	-	182,116
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	162,607	63,003	225,610
Leases Payable	102,545	1,224,746	1,327,291
Notes Payable	-	498,114	498,114
Insurance Claims Payable	1,871,235	-	1,871,235
Revenue Bonds Payable	829,536	2,922,916	3,752,452
<b>Total Due Within One Year</b>	<b>12,306,659</b>	<b>9,948,219</b>	<b>22,254,878</b>
Due After One Year:			
Compensated Absences Payable	2,113,459	798,866	2,912,325
Leases Payable	933,038	8,657,523	9,590,561
Notes Payable	-	1,031,886	1,031,886
Net Post-Employment Benefits Obligation	693,246	186,596	879,842
Revenue Bonds Payable	28,944,052	189,240,602	218,184,654
<b>Total Due After One Year</b>	<b>32,683,795</b>	<b>199,915,473</b>	<b>232,599,268</b>
<b>Total Liabilities</b>	<b>44,990,454</b>	<b>209,863,692</b>	<b>254,854,146</b>
Deferred Inflows of Resources	-	-	-
<b>Net Position</b>			
Net Investment in Capital Assets	177,172,689	85,354,787	262,527,476
Restricted for Capital Improvements	1,283,898	12,828,344	14,112,242
Unrestricted	47,137,211	(7,120,889)	40,016,322
<b>Total Net Position</b>	<b>\$ 225,593,798</b>	<b>\$ 91,062,242</b>	<b>\$ 316,656,040</b>

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

**CITY OF TULARE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities</b>					
General Government	\$ 4,862,056	\$ 274,788	\$ 126,868	\$ -	\$ 401,656
Intergovernmental	148,790	103,241	562,321	-	665,562
Public Safety	19,915,983	1,330,307	42,546	-	1,372,853
Public Works	2,287,781	129,298	-	8,919,700	9,048,998
Community Development	5,968,778	1,161,062	-	-	1,161,062
Community Services	4,981,447	281,516	-	-	281,516
Library and Cultural	4,438,440	250,847	302,182	-	553,029
Interest on Long-Term Debt	1,548,628	-	-	-	-
<b>Total Governmental Activities</b>	<b>44,151,903</b>	<b>3,531,059</b>	<b>1,033,917</b>	<b>8,919,700</b>	<b>13,484,676</b>
<b>Business-Type Activities:</b>					
Aviation	351,636	115,405	96,702	-	212,107
Transit	2,948,977	2,370,665	1,934,682	-	4,305,347
Development Services	2,203,021	1,370,618	-	-	1,370,618
Water	6,497,620	6,635,639	-	-	6,635,639
Solid Waste	6,346,567	8,206,431	-	-	8,206,431
Sewer	27,656,817	26,207,894	-	-	26,207,894
<b>Total Business-Type Activities</b>	<b>46,004,638</b>	<b>44,906,652</b>	<b>2,031,384</b>	<b>-</b>	<b>46,938,036</b>
<b>Total Primary Government</b>	<b>\$ 90,156,541</b>	<b>\$ 48,437,711</b>	<b>\$ 3,065,301</b>	<b>\$ 8,919,700</b>	<b>\$ 60,422,712</b>

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF ACTIVITIES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>			
<b>Governmental Activities</b>			
General Government	\$ (4,460,400)	\$ -	\$ (4,460,400)
Intergovernmental	516,772	-	516,772
Public Safety	(18,543,130)	-	(18,543,130)
Public Works	6,761,217	-	6,761,217
Community Development	(4,807,716)	-	(4,807,716)
Community Services	(4,699,931)	-	(4,699,931)
Library and Cultural	(3,885,411)	-	(3,885,411)
Interest on Long-Term Debt	(1,548,628)	-	(1,548,628)
<b>Total Governmental Activities</b>	<b>(30,667,227)</b>	<b>-</b>	<b>(30,667,227)</b>
<b>Business-Type Activities:</b>			
Aviation	-	(139,529)	(139,529)
Transit	-	1,356,370	1,356,370
Development Services	-	(832,403)	(832,403)
Water	-	138,019	138,019
Solid Waste	-	1,859,864	1,859,864
Sewer	-	(1,448,923)	(1,448,923)
<b>Total Business-Type Activities</b>	<b>-</b>	<b>933,398</b>	<b>933,398</b>
<b>Total Primary Government</b>	<b>\$ (30,667,227)</b>	<b>\$ 933,398</b>	<b>\$ (29,733,829)</b>
<b>General Revenues:</b>			
Sales Tax/Gas Tax/Measure R Taxes	\$ 23,393,201	\$ -	\$ 23,393,201
Property Tax	4,705,679	-	4,705,679
Utility Tax	5,592,318	-	5,592,318
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,326,227	-	4,326,227
Other Taxes	660,950	-	660,950
Motel/Hotel and Franchise Tax	2,101,367	-	2,101,367
Investment Earnings - Unrestricted	736,701	692,776	1,429,477
Miscellaneous	1,708,873	-	1,708,873
<b>Transfer of Noncurrent Assets, Net of the Related Debt to the Primary Government</b>	<b>-</b>	<b>728,438</b>	<b>728,438</b>
<b>Other Transfers</b>	<b>(728,438)</b>	<b>-</b>	<b>(728,438)</b>
<b>Total General Revenues and Transfers</b>	<b>42,496,878</b>	<b>1,421,214</b>	<b>43,918,092</b>
<b>Change in Net Position</b>	<b>11,829,651</b>	<b>2,354,612</b>	<b>14,184,263</b>
Net Position - Beginning of Year, as Restated	213,764,147	88,707,630	302,471,777
Net Position - End of Year	<b>\$ 225,593,798</b>	<b>\$ 91,062,242</b>	<b>\$ 316,656,040</b>

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

This page intentionally left blank.



**BASIC FINANCIAL  
STATEMENTS**

**FUND FINANCIAL STATEMENTS**

**CITY OF TULARE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets and Deferred Outflows of Resources</b>					
Cash and Investments	\$ 20,209,399	\$ -	\$ 2,093,803	\$ 7,253,709	\$ 29,556,911
Cash and Investments with Fiscal Agent	-	-	1,165,284	-	1,165,284
Receivables					
Accounts	856,347	-	-	31,789	888,136
Interest	32,027	9,886	20	15,344	57,277
Taxes	1,526,329	-	-	181,641	1,707,970
Intergovernmental	2,657,335	3,516,143	-	140,115	6,313,593
Loans	-	-	-	10,711,304	10,711,304
Notes	-	-	-	1,284,453	1,284,453
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	4,741,486	-	-	-	4,741,486
Advances to Other Funds	180,000	-	-	-	180,000
<b>Total Assets</b>	<b>30,202,923</b>	<b>3,526,029</b>	<b>3,259,107</b>	<b>19,653,355</b>	<b>56,641,414</b>
Deferred Outflows of Resources	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 30,202,923</b>	<b>\$ 3,526,029</b>	<b>\$ 3,259,107</b>	<b>\$ 19,653,355</b>	<b>\$ 56,641,414</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 7,278,608	\$ -	\$ 382,681	\$ 87,017	\$ 7,748,306
Deposits Payable	891,010	-	-	-	891,010
Due to Other Funds	-	3,526,029	-	24,396	3,550,425
Unearned Revenue	-	-	-	182,116	182,116
<b>Total Liabilities</b>	<b>8,169,618</b>	<b>3,526,029</b>	<b>382,681</b>	<b>293,529</b>	<b>12,371,857</b>
Deferred Inflows of Resources					
Deferred Loans	-	-	-	8,885,126	8,885,126
<b>Fund Balances</b>					
Nonspendable	-	-	-	35,000	35,000
Restricted	29,077	-	2,876,426	9,718,237	12,623,740
Committed	22,004,228	-	-	722,545	22,726,773
Unassigned	-	-	-	(1,082)	(1,082)
<b>Total Fund Balances</b>	<b>22,033,305</b>	<b>-</b>	<b>2,876,426</b>	<b>10,474,700</b>	<b>35,384,431</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 30,202,923</b>	<b>\$ 3,526,029</b>	<b>\$ 3,259,107</b>	<b>\$ 19,653,355</b>	<b>\$ 56,641,414</b>

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

**CITY OF TULARE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014**

	Amount
<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 35,384,431</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	197,234,610
Deferred loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	10,711,304
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	16,156,622
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.	(382,683)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable, net of premiums and discounts	(29,773,588)
Capital Leases Payable	(1,035,583)
Compensated Absences Payable	(2,276,066)
Net Post-Employment Benefits Obligation	(693,246)
<b>Net Position of Governmental Activities</b>	<b>\$ 225,593,798</b>

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

**CITY OF TULARE  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 31,734,856	\$ 7,155,491	\$ -	\$ 1,889,395	\$ 40,779,742
Intergovernmental	-	-	-	94,832	94,832
Licenses and Permits	102,983	-	-	-	102,983
Fines and Forfeitures	28,944	-	-	175,775	204,719
Charges for Services	2,407,782	-	-	-	2,407,782
Interest and Rentals	470,408	63,007	7,360	107,976	648,751
Grants	8,614,939	-	-	1,298,678	9,913,617
Meals	-	-	-	26,416	26,416
Assessments	87,231	-	-	633,512	720,743
Other	1,208,360	-	-	33,398	1,241,758
<b>Total Revenues</b>	<b>44,655,503</b>	<b>7,218,498</b>	<b>7,360</b>	<b>4,259,982</b>	<b>56,141,343</b>
<b>Expenditures</b>					
Current					
General Government	3,477,232	-	-	-	3,477,232
Intergovernmental	-	-	29,352	51,082	80,434
Public Safety	18,179,949	-	-	771,903	18,951,852
Public Works	2,159,172	-	-	-	2,159,172
Community Development	98,288	-	-	1,617,437	1,715,725
Community Services	4,042,066	-	-	873,407	4,915,473
Library and Cultural	879,266	-	-	-	879,266
Capital Outlay	19,244,537	-	-	131,726	19,376,263
Debt Service					
Principal	79,461	-	760,000	-	839,461
Interest and Fiscal Charges	49,129	-	1,556,374	-	1,605,503
<b>Total Expenditures</b>	<b>48,209,100</b>	<b>-</b>	<b>2,345,726</b>	<b>3,445,555</b>	<b>54,000,381</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,553,597)	7,218,498	(2,338,366)	814,427	2,140,962
Other Financing Sources (Uses)					
Transfers In	14,888,086	-	2,339,642	1,894,580	19,122,308
Transfers Out	(7,673,010)	(9,323,019)	-	(3,039,078)	(20,035,107)
<b>Total Other Financing Sources (Uses)</b>	<b>7,215,076</b>	<b>(9,323,019)</b>	<b>2,339,642</b>	<b>(1,144,498)</b>	<b>(912,799)</b>
<b>Net Change in Fund Balances</b>	<b>3,661,479</b>	<b>(2,104,521)</b>	<b>1,276</b>	<b>(330,071)</b>	<b>1,228,163</b>
Fund Balances - Beginning, as Restated	18,371,826	2,104,521	2,875,150	10,804,771	34,156,268
<b>Fund Balances - Ending</b>	<b>\$ 22,033,305</b>	<b>\$ -</b>	<b>\$ 2,876,426</b>	<b>\$ 10,474,700</b>	<b>\$ 35,384,431</b>

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

**CITY OF TULARE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Amount
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,228,163</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,801,403
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	915,039
This amount represents amortization of bond discount	(23,900)
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	(124,355)
This amount represents costs of post-employment benefits	69,784
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the interest expense is not reported as an expenditure in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.	8,550
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.	(1,045,033)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 11,829,651</b>

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
							Total Enterprise Funds	Internal Service Funds
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation		
<b>Assets and Deferred Outflows of Resources</b>								
Current Assets								
Cash and Investments	\$ 478,412	\$ 160,402	\$ 91,625	\$ 38,973	\$ 6,471,773	\$ -	\$ 7,241,185	\$ 7,269,995
Cash and Investments with Fiscal Agent	-	-	-	-	17,696,463	-	17,696,463	118,614
Accounts Receivable	19,591	1,698	644,947	890,842	2,358,731	3,638	3,919,447	25,913
Intergovernmental Receivable	2,137,495	-	104	16,545	2,485	49,160	2,205,789	113,158
Inventories	-	-	-	-	-	-	-	264,050
Advances to Other Funds	-	-	-	1,550,000	-	-	1,550,000	-
<b>Total Current Assets</b>	<b>2,635,498</b>	<b>162,100</b>	<b>736,676</b>	<b>2,496,360</b>	<b>26,529,452</b>	<b>52,798</b>	<b>32,612,884</b>	<b>7,791,730</b>
Noncurrent Assets								
Capital Assets								
Nondepreciable								
Land	193,261	-	2,347,356	-	4,588,446	279,215	7,408,278	75,000
Construction in Progress	-	-	-	-	933,357	-	933,357	-
Depreciable								
Buildings	4,211,998	-	6,900	-	396,132	161,451	4,776,481	6,187,770
Improvements Other Than Buildings	-	-	52,216,406	8,992	263,677,293	6,298,074	322,200,765	1,648,583
Machinery and Equipment	3,852,086	-	689,816	193,271	3,804,801	47,830	8,587,804	18,257,366
Accumulated Depreciation	(3,640,612)	-	(19,708,040)	(149,978)	(46,457,521)	(2,716,423)	(72,672,574)	(15,436,693)
<b>Total Noncurrent Assets</b>	<b>4,616,733</b>	<b>-</b>	<b>35,552,438</b>	<b>52,285</b>	<b>226,942,508</b>	<b>4,070,147</b>	<b>271,234,111</b>	<b>10,732,026</b>
<b>Total Assets</b>	<b>7,252,231</b>	<b>162,100</b>	<b>36,289,114</b>	<b>2,548,645</b>	<b>253,471,960</b>	<b>4,122,945</b>	<b>303,846,995</b>	<b>18,523,756</b>
Deferred Outflows of Resources	-	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,252,231</b>	<b>\$ 162,100</b>	<b>\$ 36,289,114</b>	<b>\$ 2,548,645</b>	<b>\$ 253,471,960</b>	<b>\$ 4,122,945</b>	<b>\$ 303,846,995</b>	<b>\$ 18,523,756</b>

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
<b>Liabilities and Deferred Inflows of Resources</b>								
<b>Current Liabilities</b>								
Accounts Payable and Accrued Liabilities	\$ 139,218	\$ 60,230	\$ 646,339	\$ 210,353	\$ 3,883,388	\$ 5,330	\$ 4,944,858	\$ 136,621
Deposits Payable	-	-	135,450	-	159,132	-	294,582	-
Due to Other Funds	-	-	-	-	-	1,191,061	1,191,061	-
Unearned Revenue	-	-	-	-	-	-	-	106,595
Other Payables	-	-	-	-	-	-	-	-
Compensated Absences - Current	2,729	7,445	17,391	14,742	20,647	49	63,003	4,094
Advances from Other Funds - Current	90,000	-	103,333	-	-	-	193,333	-
Leases Payable - Current	-	-	607,621	-	617,125	-	1,224,746	19,476
Notes Payable - Current	-	-	-	-	498,114	-	498,114	-
Revenue Bonds Payable - Current	-	-	-	-	2,922,916	-	2,922,916	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,871,235
<b>Total Current Liabilities</b>	<b>231,947</b>	<b>67,675</b>	<b>1,510,134</b>	<b>225,095</b>	<b>8,101,322</b>	<b>1,196,440</b>	<b>11,332,613</b>	<b>2,138,021</b>
<b>Noncurrent Liabilities</b>								
Advances from Other Funds	90,000	-	1,446,667	-	-	-	1,536,667	-
Compensated Absences Payable	34,601	94,399	220,515	186,929	261,796	626	798,866	51,905
Leases Payable	-	-	5,530,792	-	3,126,731	-	8,657,523	177,208
Notes Payable	-	-	-	-	1,031,886	-	1,031,886	-
Net Post-Employment Benefits Obligation	5,003	3,516	42,209	75,490	58,931	1,447	186,596	-
Revenue Bonds Payable	-	-	-	-	189,240,602	-	189,240,602	-
<b>Total Noncurrent Liabilities</b>	<b>129,604</b>	<b>97,915</b>	<b>7,240,183</b>	<b>262,419</b>	<b>193,719,946</b>	<b>2,073</b>	<b>201,452,140</b>	<b>229,113</b>
<b>Total Liabilities</b>	<b>361,551</b>	<b>165,590</b>	<b>8,750,317</b>	<b>487,514</b>	<b>201,821,268</b>	<b>1,198,513</b>	<b>212,784,753</b>	<b>2,367,134</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>361,551</b>	<b>165,590</b>	<b>8,750,317</b>	<b>487,514</b>	<b>201,821,268</b>	<b>1,198,513</b>	<b>212,784,753</b>	<b>2,367,134</b>
<b>Net Position</b>								
Net Investment in Capital Assets	4,616,733	-	29,414,025	52,285	47,201,597	4,070,147	85,354,787	10,535,342
Restricted for Capital Improvements	1,813,653	-	6,504,275	-	4,141,650	368,766	12,828,344	-
Unrestricted	460,294	(3,490)	(8,379,503)	2,008,846	307,445	(1,514,481)	(7,120,889)	5,621,280
<b>Total Net Position</b>	<b>\$ 6,890,680</b>	<b>\$ (3,490)</b>	<b>\$ 27,538,797</b>	<b>\$ 2,061,131</b>	<b>\$ 51,650,692</b>	<b>\$ 2,924,432</b>	<b>\$ 91,062,242</b>	<b>\$ 16,156,622</b>

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

**CITY OF TULARE  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>								
Charges for Services	\$ 2,256,190	\$ 1,059,045	\$ 6,061,812	\$ 8,109,883	\$ 23,586,439	\$ 111,499	\$ 41,184,868	\$ 8,422,268
Connection Fees	-	-	394,928	-	57,739	-	452,667	-
Employee Contributions	-	-	-	-	-	-	-	1,323,519
Other	114,475	311,573	178,899	96,548	2,563,716	3,906	3,269,117	-
<b>Total Operating Revenues</b>	<b>2,370,665</b>	<b>1,370,618</b>	<b>6,635,639</b>	<b>8,206,431</b>	<b>26,207,894</b>	<b>115,405</b>	<b>44,906,652</b>	<b>9,745,787</b>
<b>Operating Expenses</b>								
General Administration	-	-	-	-	-	-	-	7,901
Personnel Services	150,856	1,773,664	1,240,174	1,990,691	2,103,279	25,156	7,283,820	889,524
Contractual Services	-	-	-	-	-	-	-	207,292
Maintenance and Supplies	2,484,287	429,357	4,043,720	4,303,391	8,850,224	163,565	20,274,544	-
Equipment Usage and Operation	-	-	-	-	-	-	-	2,181,662
Insurance	-	-	-	-	-	-	-	7,002,529
Depreciation	313,834	-	1,213,726	15,171	5,486,998	162,915	7,192,644	1,254,922
<b>Total Operating Expenses</b>	<b>2,948,977</b>	<b>2,203,021</b>	<b>6,497,620</b>	<b>6,309,253</b>	<b>16,440,501</b>	<b>351,636</b>	<b>34,751,008</b>	<b>11,543,830</b>
<b>Operating Income (Loss)</b>	<b>(578,312)</b>	<b>(832,403)</b>	<b>138,019</b>	<b>1,897,178</b>	<b>9,767,393</b>	<b>(236,231)</b>	<b>10,155,644</b>	<b>(1,798,043)</b>
<b>Nonoperating Revenues (Expenses)</b>								
Interest Income	11,520	157	76,225	30,739	574,135	-	692,776	87,950
Interest Expense	-	-	-	(37,314)	(11,216,316)	-	(11,253,630)	-
Grants	1,934,682	-	-	-	-	96,702	2,031,384	40,000
Gain on Sale of Assets	-	-	-	-	-	-	-	3,755
Other Income	-	-	-	-	-	-	-	436,944
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,946,202</b>	<b>157</b>	<b>76,225</b>	<b>(6,575)</b>	<b>(10,642,181)</b>	<b>96,702</b>	<b>(8,529,470)</b>	<b>568,649</b>
<b>Income (Loss) Before Transfers</b>	<b>1,367,890</b>	<b>(832,246)</b>	<b>214,244</b>	<b>1,890,603</b>	<b>(874,788)</b>	<b>(139,529)</b>	<b>1,626,174</b>	<b>(1,229,394)</b>
Transfers In	-	879,888	1,303,054	-	8,685,564	-	10,868,506	1,286,510
Transfers Out	-	(41,500)	(1,327,404)	(25,850)	(8,745,314)	-	(10,140,068)	(1,102,149)
<b>Change in Net Position</b>	<b>1,367,890</b>	<b>6,142</b>	<b>189,894</b>	<b>1,864,753</b>	<b>(934,538)</b>	<b>(139,529)</b>	<b>2,354,612</b>	<b>(1,045,033)</b>
<b>Net Position, Beginning, as Restated</b>	<b>5,522,790</b>	<b>(9,632)</b>	<b>27,348,903</b>	<b>196,378</b>	<b>52,585,230</b>	<b>3,063,961</b>	<b>88,707,630</b>	<b>17,201,655</b>
<b>Net Position, Ending</b>	<b>\$ 6,890,680</b>	<b>\$ (3,490)</b>	<b>\$ 27,538,797</b>	<b>\$ 2,061,131</b>	<b>\$ 51,650,692</b>	<b>\$ 2,924,432</b>	<b>\$ 91,062,242</b>	<b>\$ 16,156,622</b>

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



This page intentionally left blank.

**CITY OF TULARE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers for Current Services	\$ 685,469	\$ 1,368,920	\$ 6,628,832	\$ 8,184,895	\$ 26,065,862	\$ 104,631	\$ 43,038,609	\$ -
Cash Received for Interfund Services Provided	-	-	-	-	-	-	-	9,827,662
Cash Received from Other Operations	-	-	-	-	-	-	-	48,823
Cash Paid for Salaries and Benefits	(143,241)	(1,766,268)	(1,241,455)	(1,976,574)	(2,133,209)	(24,974)	(7,285,721)	(886,208)
Cash Paid for Services and Supplies	(2,432,696)	(422,064)	(4,407,305)	(4,290,484)	(9,148,079)	(162,570)	(20,863,198)	(2,540,460)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(7,901)
Cash Paid for Reported Claims	-	-	-	-	-	-	-	(7,002,529)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(1,890,468)</b>	<b>(819,412)</b>	<b>980,072</b>	<b>1,917,837</b>	<b>14,784,574</b>	<b>(82,913)</b>	<b>14,889,690</b>	<b>(560,613)</b>
Cash Flows from Non-Capital Financing Activities:								
Grants	1,934,682	-	-	-	-	96,702	2,031,384	40,000
Advances to/from Other Funds	(90,000)	-	4,048,083	(3,750,562)	3,933,859	-	4,141,380	(110,665)
Due to Other Funds	-	-	(2,996,500)	-	-	66,845	(2,929,655)	436,944
Transfers from Other Funds	-	879,888	1,303,054	-	8,685,564	-	10,868,506	1,286,510
Transfers to Other Funds	-	(41,500)	(1,327,404)	(25,850)	(8,745,314)	-	(10,140,068)	(1,102,149)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>1,844,682</b>	<b>838,388</b>	<b>1,027,233</b>	<b>(3,776,412)</b>	<b>3,874,109</b>	<b>163,547</b>	<b>3,971,547</b>	<b>550,640</b>
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Assets	-	-	-	-	-	-	-	3,755
Principal and Interest Paid on Long-Term Debt	-	-	(1,188,852)	(37,315)	(12,148,380)	-	(13,374,547)	(18,630)
Acquisition of Capital Assets	-	-	(803,053)	-	(7,685,563)	(80,634)	(8,569,250)	(382,456)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(1,991,905)</b>	<b>(37,315)</b>	<b>(19,833,943)</b>	<b>(80,634)</b>	<b>(21,943,797)</b>	<b>(397,331)</b>
Cash Flows from Investing Activities:								
Interest Income	11,520	157	76,225	30,739	574,135	-	692,776	87,950
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(34,266)</b>	<b>19,133</b>	<b>91,625</b>	<b>(1,865,151)</b>	<b>(601,125)</b>	<b>-</b>	<b>(2,389,784)</b>	<b>(319,354)</b>
Cash and Cash Equivalents, Beginning of the Year	512,678	141,269	-	1,904,124	24,769,361	-	27,327,432	7,707,963
<b>Cash and Cash Equivalents, End of the Year</b>	<b>\$ 478,412</b>	<b>\$ 160,402</b>	<b>\$ 91,625</b>	<b>\$ 38,973</b>	<b>\$ 24,168,236</b>	<b>\$ -</b>	<b>\$ 24,937,648</b>	<b>\$ 7,388,609</b>

(Continued)

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

**CITY OF TULARE**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Development Services	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Income (Loss)	\$ (578,312)	\$ (832,403)	\$ 138,019	\$ 1,897,178	\$ 9,767,393	\$ (236,231)	\$ 10,155,644	\$ (1,798,043)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation	313,832	-	1,213,726	15,171	5,486,998	162,915	7,192,642	1,254,922
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	(708)	(1,698)	(6,703)	(130,218)	(142,032)	(774)	(282,133)	31,380
(Increase) Decrease in Inventory	-	-	-	-	(1,390)	(10,000)	(11,390)	50,495
(Increase) Decrease in Intergovernmental Receivable	(186,425)	-	(104)	108,682	-	-	(77,847)	-
(Increase) Decrease in Due from Other Funds	-	-	-	-	-	-	-	630,273
Increase (Decrease) in Accounts Payable and Accrued Liabilities	51,591	7,293	(363,584)	12,907	(296,465)	995	(587,263)	(881,115)
Increase (Decrease) in Deposits Payable	-	-	(1)	-	-	-	(1)	-
Increase (Decrease) in Deferred Revenue	(1,498,061)	-	-	-	-	-	(1,498,061)	48,823
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	-	(630,273)
Increase (Decrease) in Insurance Claims Payable	-	-	-	-	-	-	-	729,609
Increase (Decrease) in Net Post-Employment Benefits Obligation	(694)	(6,144)	(5,239)	(8,526)	(8,863)	(2)	(29,468)	-
Increase (Decrease) in Compensated Absences Payable	8,309	13,540	3,958	22,643	(21,067)	184	27,567	3,316
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,890,468)</u>	<u>\$ (819,412)</u>	<u>\$ 980,072</u>	<u>\$ 1,917,837</u>	<u>\$ 14,784,574</u>	<u>\$ (82,913)</u>	<u>\$ 14,889,690</u>	<u>\$ (560,613)</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 478,412	\$ 160,402	\$ 91,625	\$ 38,973	\$ 1,471,773	\$ -	\$ 2,241,185	\$ 7,269,995
Cash and Investments with Fiscal Agents	-	-	-	-	-	-	-	118,614
Restricted Cash and Investments	-	-	-	-	22,696,463	-	22,696,463	-
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 478,412</u>	<u>\$ 160,402</u>	<u>\$ 91,625</u>	<u>\$ 38,973</u>	<u>\$ 24,168,236</u>	<u>\$ -</u>	<u>\$ 24,937,648</u>	<u>\$ 7,388,609</u>

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

**CITY OF TULARE  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>		
Cash and Investments	\$ 5,136,953	\$ 2,789,038
Accounts Receivable	9,242	54,785
Note Receivable	8,751,990	-
Loan Receivable	60,000	-
Land Held for Sale	369,517	-
	<u>\$ 14,327,702</u>	<u>\$ 2,843,823</u>
<b>Total Assets</b>		
	<u>\$ 14,327,702</u>	<u>\$ 2,843,823</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 688,765	\$ 26,272
Unearned Revenue	651,246	-
Deposits Payable	30,250	2,817,551
Notes	430,000	-
	<u>1,800,261</u>	<u>2,843,823</u>
<b>Total Current Liabilities</b>		
	<u>1,800,261</u>	<u>2,843,823</u>
Noncurrent Liabilities		
Bonds	27,817,757	-
	<u>27,817,757</u>	<u>-</u>
<b>Total Noncurrent Liabilities</b>		
	<u>27,817,757</u>	<u>-</u>
<b>Total Liabilities</b>		
	<u>29,618,018</u>	<u>2,843,823</u>
<b>Net Position</b>		
	<u>\$ (15,290,316)</u>	<u>\$ -</u>

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

**CITY OF TULARE  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Private Purpose Trust Fund
<b>Additions</b>	
Grants	\$ 846,901
Interest and Rentals	16,977
Other	29,999
Total Additions	\$ 893,877
<b>Deductions</b>	
Community Development	\$ 147,790
Interest Expense	1,651,572
Contractual Services Expense	199,705
Total Deductions	1,999,067
Change in Net Position	(1,105,190)
Net Position, Beginning of Year, as Restated	(14,185,126)
Net Position, End of Year	\$ (15,290,316)

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

**CITY OF TULARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2014, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

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

### B. Basis of Presentation

#### Government-Wide Financial Statements

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

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

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

#### Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

**B. Basis of Presentation** (Continued)

The City reports the following major enterprise funds:

Transit Fund – The Transit Fund accounts for the financial activity of the City's transit system which offers fixed route and dial-a-ride transportation services.

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

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

Solid Waste Fund – The Solid Waste Fund is used to account for the financial activities of the collection of solid waste and disposal utility of the City.

Sewer Fund – The Sewer Fund is used to account for financial activities of sewage collection and wastewater treatment utility of the City.

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

The City reports the following additional fund types:

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

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

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

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

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

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

**C. Basis of Accounting**

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



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

### **C. Basis of Accounting** (Continued)

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

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

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

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

#### Cash and Investments

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

#### Investments

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

Further cash and investment disclosures are presented in Note 2.

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

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

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

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

Receivables

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

#### Capital Assets (Continued)

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

#### Fund Financial Statements

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

#### Compensated Absences

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

#### Long-Term Obligations

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

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.

#### Noncurrent Governmental Assets/Liabilities

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

#### Net Position/Fund Balances

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

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

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

#### Net Position/Fund Balances (Continued)

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the City, not restricted for any project or other purpose.

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

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

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

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

#### Property Taxes

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

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

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

Property Taxes (Continued)

The property tax calendar for the City is as follows:

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

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2014. All unencumbered appropriations lapse at year-end.

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

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

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2014, the City Council approved \$803,050 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

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

F. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Capital Outlay	\$ 18,622,255
Depreciation Expense	<u>(9,865,481)</u>
Difference	<u>\$ 8,756,774</u>

G. Reclassifications and Eliminations

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

H. Recent Accounting Pronouncements – Implemented in the Financial Statements

**GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limited the use of the term “deferred” in financial statement presentations. The implementation of this statement resulted in a change in accounting principles and the City restating the beginning net position in the statement of activities and proprietary funds related to the change in reporting of certain debt items. Refer to Note 15 – *Restatement of Beginning Net Position and Fund Balances*.

**GASB Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62***

GASB Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and American Institute of Certified Public Accountants (AICPA) Pronouncements*. GASB Statement No. 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provisions that limits fund-based reporting of the City’s risk financing activities to the general fund and the internal service fund type. GASB Statement No. 66 also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated

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

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

**GASB Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*** (Continued)

service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rate Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The implementation of this statement did not change the accounting or affect the City's financial statements.

**GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25***

GASB Statement No. 67's objective is to improve financial reporting by state and local governmental pension plans. The implementation of this statement did not change the accounting or affect the City's financial statements.

**GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***

GASB Statement No. 70 is effective for fiscal years beginning after June 15, 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The implementation of this statement did not change the accounting or affect the City's financial statements.

I. Future Pronouncements

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

<b>Statement No.</b>	<b>Title</b>	<b>Effective for Fiscal Years Beginning on or After</b>
68	<i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i>	June 15, 2014
69	<i>Government Combinations and Disposal of Government Operations</i>	December 15, 2013
71	<i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i>	June 15, 2014

## NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Primary Government	
Cash and Investments	\$ 44,068,091
Cash and Investments with Fiscal Agent	18,980,361
Fiduciary Funds:	
Cash and Investments	<u>7,925,991</u>
Total Cash and Investments	<u><u>\$ 70,974,443</u></u>

Deposits and investments as of June 30, 2014, consist of the following:

Deposits:	
Cash on Hand	\$ 10,690
Cash with Financial Institutions	1,639,927
Investments	50,343,465
Cash and Investment with Fiscal Agents	<u>18,980,361</u>
Total Cash and Investments	<u><u>\$ 70,974,443</u></u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage/Amount of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	N/A	\$50 million	N/A
Bankers' Acceptances	180 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A
Repurchase Agreements	90 days	N/A	N/A
Medium-Term Notes/Corporate Bonds*	5 years	30%	N/A
Mutual Funds	N/A	15%	N/A
Commercial Paper	N/A	25%	N/A
Zero Coupon Bonds**	N/A	N/A	N/A
Passbook Savings Account Demand Deposits	N/A	N/A	N/A

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

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



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

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 23,966,813	2.4
Certificates of Deposit	760,726	
Local Agency Investment Fund (LAIF)	20,615,926	N/A
Held by Bond Trustee:		
Money Market Funds	9,137,984	0.2
Investment Contracts	14,723,763	1.5
Held by Insurance Administrator:		
Pooled Investments	118,614	N/A
Total	<u>\$ 69,323,826</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	\$ 23,966,813	N/A	\$ -	\$ 23,966,813	\$ -
Certificates of Deposit	760,726	N/A	-	-	735,129
Local Agency Investment Fund (LAIF)	20,615,926	Collateralized	-	-	21,906,543
Held by Bond Trustee:					
Money Market Funds	9,137,984	A	7,847,367	-	-
Investment Contracts	14,723,763	N/A	14,723,763	-	-
Held by Insurance Administrator:					
Pooled Investments	118,614	N/A	-	-	118,614
<b>Total</b>	<b>\$ 69,323,826</b>		<b>\$ 22,571,130</b>	<b>\$ 23,966,813</b>	<b>\$ 22,760,286</b>

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 3,987,320
Federal Farm Credit Banks	Federal Agency Securities	17,475,813
Federal National Mortgage	Federal Agency Securities	2,503,680
	<b>Total Federal Agency Securities</b>	<b>\$ 23,966,813</b>

**Custodial Credit Risk**

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

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

**Custodial Credit Risk (Continued)**

The carrying amounts of the City's cash deposits were \$1,639,927 at June 30, 2014. Bank balances before reconciling items were \$1,800,218 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

**Investments in State Investment Pool**

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

**NOTE 3 – NOTES AND LOANS RECEIVABLE**

Notes receivable for the primary government consist of:

**Primary Government**

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

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

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

Loans receivable consist of:

**Primary Government**

Home Program-Tulare Pacific Association \$ 2,000,000  
Home Program- ("HSA") 5,504,288  
Housing CDBG Loans 2,092,428  
Rehabilitation Loans 1,114,588

**Total Primary Government** \$ 10,711,304

## NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2014, were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b><u>Governmental Activities</u></b>				
Nondepreciable Capital Assets:				
Land	\$ 18,971,655	\$ 2,000	\$ -	\$ 18,973,655
Right-of-Way	7,873,154	-	-	7,873,154
Construction in Progress	18,877,007	9,468,868	(2,504,681)	25,841,194
Subtotal	45,721,816	9,470,868	(2,504,681)	52,688,003
Depreciable Capital Assets:				
Infrastructure	206,334,978	8,503,245	-	214,838,223
Structures and Improvements	55,177,418	2,586,485	-	57,763,903
Equipment	23,390,395	566,338	(100,534)	23,856,199
Subtotal	284,902,791	11,656,068	(100,534)	296,458,325
Accumulated Depreciation:				
Infrastructure	(99,306,493)	(6,796,173)	1,172,163	(104,930,503)
Structures and Improvements	(15,982,733)	(1,702,360)	-	(17,685,093)
Equipment	(17,282,458)	(1,366,948)	100,534	(18,548,872)
Subtotal	(132,571,684)	(9,865,481)	1,272,697	(141,164,468)
Net Capital Assets	<u>\$ 198,052,923</u>	<u>\$ 11,261,455</u>	<u>\$ (1,332,518)</u>	<u>\$ 207,981,860</u>
	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b><u>Business-Type Activities</u></b>				
Nondepreciable Capital Assets:				
Land	\$ 4,364,181	\$ 3,044,097	\$ -	\$ 7,408,278
Construction in Progress	2,955,586	933,358	(2,955,587)	933,357
Subtotal	7,319,767	3,977,455	(2,955,587)	8,341,635
Depreciable Capital Assets:				
Buildings	4,776,481	-	-	4,776,481
Improvements Other Than Buildings	314,653,381	7,547,384	-	322,200,765
Equipment	8,587,803	-	-	8,587,803
Subtotal	328,017,665	7,547,384	-	335,565,049
Accumulated Depreciation:				
Buildings	(1,244,132)	(101,857)	-	(1,345,989)
Improvements Other Than Buildings	(57,314,644)	(6,770,141)	-	(64,084,785)
Equipment	(6,921,154)	(320,646)	-	(7,241,800)
Subtotal	(65,479,930)	(7,192,644)	-	(72,672,574)
Net Capital Assets	<u>\$ 269,857,502</u>	<u>\$ 4,332,195</u>	<u>\$ (2,955,587)</u>	<u>\$ 271,234,110</u>

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

Depreciation expense for the fiscal year ending June 30, 2014, was charged to the following activities:

Governmental Activities:	
General Government	\$ 909,922
Public Safety	962,478
Public Works	128,389
Community Development	4,245,760
Community Services	65,861
Library and Cultural	<u>3,553,071</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,865,481</u>
Business-Type Activities:	
Aviation	\$ 162,915
Transit	313,834
Water	1,213,726
Solid Waste	15,171
Sewer	<u>5,486,998</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 7,192,644</u>

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

The City's accounts payable and accrued liabilities for the year ended June 30, 2014, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 7,278,608
Financing Authority Fund	382,681
Other Governmental Funds	87,017
Internal Service Funds	<u>136,621</u>
Total Governmental Activities	<u>\$ 7,884,927</u>
Business-Type Activities:	
Transit	\$ 139,218
Development Services	60,230
Water	646,339
Solid Waste	210,353
Sewer	3,883,388
Aviation	<u>5,330</u>
Total Business-Type Activities	<u>\$ 4,944,858</u>

## NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2014:

Type of Debt	*			Balance June 30, 2014	Amounts Due Within One Year
	Balance July 1, 2013	Additions	Deletions		
<b>Governmental Activities:</b>					
Lease Revenue Bonds	\$ 29,920,000	\$ -	\$ 760,000	\$ 29,160,000	\$ 795,000
Bond Premium	1,414,216	-	56,948	1,357,268	56,948
Bond Discount	(796,324)	-	(52,644)	(743,680)	(22,412)
Leases Payable	1,133,674	-	98,091	1,035,583	102,545
Net Post-Employment Benefits Obligation	763,030	146,245	216,029	693,246	-
Compensated Absences Payable	2,151,711	371,505	247,150	2,276,066	162,607
<b>Total Governmental Activities</b>	<b>\$ 34,586,307</b>	<b>\$ 517,750</b>	<b>\$ 1,325,574</b>	<b>\$ 33,778,483</b>	<b>\$ 1,094,688</b>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 198,231,050	\$ -	\$ 6,067,532	\$ 192,163,518	\$ 2,922,916
Leases Payable	11,059,273	-	1,177,004	9,882,269	1,224,746
Notes Payable	-	1,530,000	-	1,530,000	498,114
Net Post-Employment Benefits Obligation	216,064	61,755	91,223	186,596	-
Compensated Absences Payable	834,302	48,635	21,068	861,869	63,003
<b>Total Business-Type Activities</b>	<b>\$ 210,340,689</b>	<b>\$ 1,640,390</b>	<b>\$ 7,356,827</b>	<b>\$ 204,624,252</b>	<b>\$ 4,708,779</b>
<b>Primary Government:</b>					
Revenue Bonds Payable	\$ 226,988,903	\$ -	\$ 6,827,532	\$ 221,323,518	\$ 3,717,916
Bond Premium	1,414,216	-	56,948	1,357,268	56,948
Leases Payable	12,192,947	-	1,275,095	10,917,852	1,327,291
Notes Payable	-	1,530,000	-	1,530,000	498,114
Net Post-Employment Benefits Obligation	979,094	208,000	307,252	879,842	-
Compensated Absences Payable	2,986,013	420,140	268,218	3,137,935	225,610
<b>Total Primary Government:</b>	<b>\$ 244,561,173</b>	<b>\$ 2,158,140</b>	<b>\$ 8,735,045</b>	<b>\$ 239,146,415</b>	<b>\$ 5,825,879</b>

\* Balances were restated to write off issuance costs as per GASB Statement No. 65

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

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

Governmental Activities -

Lease Revenue Bonds (the Authority):

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1 each year, commencing April 1, 2009, through April 1, 2038, and bear interest at rates ranging from 4.00% to 4.50% depending upon the date of maturity. At June 30, 2014, the outstanding balance, including the related bond premium and discount, was:

\$ 29,773,588

Compensated Absences:

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

\$ 2,276,066

Net Post-Employment Benefits Obligation:

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

\$ 693,246

Lease Payable:

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

\$ 1,035,583

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

The annual requirements to amortize the lease payable outstanding, including interest of \$222,078, are as follows:

Year Ending June 30,	Citi Capital Muni
2015	\$ 147,960
2016	147,960
2017	147,960
2018	147,960
2019	147,960
2020-2023	<u>517,861</u>
	1,257,661
Less Interest	<u>222,078</u>
Total	<u><u>\$ 1,035,583</u></u>

## Business-Type Activities -

## Lease Payable:

In September 2006, the City entered into a lease agreement to obtain an obligation of \$8,448,136 on a capital lease for various energy retrofit capital expenditures. The sixteen-year lease bears an interest rate at 4.49% and has semi-annual payments in the range of \$36,417 and \$540,316 each year. At June 30, 2014, the outstanding balance was \$6,530,944.

The annual requirements to amortize the lease payable outstanding, including interest of \$1,396,768, are as follows:

Year Ending June 30,	Citi Capital Muni
2015	\$ 932,672
2016	932,672
2017	932,672
2018	932,672
2019	932,672
2020-2024	<u>3,264,352</u>
	7,927,712
Less Interest	<u>1,396,768</u>
Total	<u><u>\$ 6,530,944</u></u>

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2014, the outstanding balance was \$3,351,325.



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

The annual requirements to amortize the lease payable outstanding, including interest of \$920,289, are as follows:

<u>Year Ending June 30,</u>	<u>Bank of America Solar Project</u>
2015	\$ 738,322
2016	729,752
2017	263,014
2018	266,921
2019	270,816
2020-2024	1,411,773
2025-2027	<u>591,016</u>
	4,271,614
Less Interest	<u>920,289</u>
Total	<u><u>\$ 3,351,325</u></u>

**2006 Sewer Revenue Bonds:**

On December 7, 2006, the City issued \$78,900,000 in Sewer Revenue Bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15 each year, commencing 2008 through 2042 and bear interest rates from 3.33% to 4.39%. At June 30, 2014, the outstanding balance, including the related bond premium, was \$77,711,156.

**2009 Sewer Revenue Bonds:**

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principals are payable in amounts ranging from \$780,000 to \$10,590,000 per year on November 15 each year, commencing November 15, 2032, through November 15, 2044, and bear interest rate of 8.75%. The bond interests are payable twice a year respectively on May 15 and November 15 each year. The City is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009 Bonds. At June 30, 2014, the outstanding balance, including the related bond discount, was \$51,885,478.

**2010 Sewer Revenue Bonds:**

On December 22, 2010, the City issued \$19,425,000 in Sewer Revenue Bonds. The bonds are payable semi-annually in amounts ranging from \$0 to \$10,700,000 per year on November 15 each year, commencing May 15, 2011, through November 15, 2045, and bear interest rates from 3.25% to 6%. At June 30, 2014, the outstanding balance, including the related bond discount, was \$18,832,468.

**2012 Sewer Revenue Refunding Bonds:**

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.290%. At June 30, 2014, the outstanding balance, including the related bond discount, was \$9,285,119.

**2013 Sewer Revenue Refunding Bonds:**

On May 1, 2013, the City issued \$32,855,000 in Sewer Revenue Refunding Bonds to refund the City's 2001 Sewer Revenue Bonds and the 2003 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2013, through November 15, 2033, and bear interest rates from 2% to 5%. At June 30, 2014, the outstanding balance, including the related bond premium and discount, was \$34,449,297.

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

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

Year Ending June 30,	Primary Government	
	Governmental Activities	Business-Type Activities
	2008 Lease Revenue Bonds	2013 Sewer Revenue Refunding Bonds
2015	\$ 2,325,725	\$ 2,870,600
2016	2,324,950	2,871,075
2017	2,322,600	2,869,900
2018	2,328,675	2,872,000
2019	2,322,725	2,872,500
2020-2024	11,624,313	10,010,025
2025-2029	10,722,253	9,177,500
2030-2034	9,368,700	8,453,750
2035-2039	7,489,488	1,202,125
2040-2044	-	-
2045-2048	-	-
	50,829,429	43,199,475
Less Interest	21,669,429	12,084,475
plus unamortized premium	1,357,268	3,334,297
Less unamortized discount	(743,680)	-
<b>Total</b>	<b>\$ 29,773,588</b>	<b>\$ 34,449,297</b>

Year Ending June 30,	Primary Government			
	Business-Type Activities			
	2006 Sewer Revenue Bonds	2009 Sewer Revenue Bonds	2010 Sewer Revenue Bonds	2012 Sewer Revenue Refunding
2015	\$ 3,957,225	\$ 4,792,813	\$ 1,155,678	\$ 923,355
2016	3,990,225	4,792,813	1,499,990	923,355
2017	4,040,825	4,792,813	1,463,615	923,355
2018	4,049,425	4,792,813	1,451,428	923,355
2019	4,056,825	4,792,813	1,438,021	923,355
2020-2024	24,741,700	23,964,063	7,461,250	4,616,777
2025-2029	27,562,563	23,964,063	7,606,731	2,308,391
2030-2034	27,675,250	25,421,031	5,882,404	-
2035-2039	28,118,750	33,544,719	3,477,500	-
2040-2044	16,494,375	42,458,469	3,477,500	-
2045-2048	-	11,053,310	11,743,250	-
	144,687,163	184,369,720	46,657,367	11,541,943
Less Interest	67,487,163	129,594,720	27,232,367	2,141,192
	511,156	-	-	-
	-	(2,889,522)	(592,532)	(115,632)
<b>Total</b>	<b>\$ 77,711,156</b>	<b>\$ 51,885,478</b>	<b>\$ 18,832,468</b>	<b>\$ 9,285,119</b>

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

Net Post-Employment Benefits Obligation:

The City accounts for net post-employment benefits obligation in accordance with GASB Statement No. 45. Unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-Wide Statement of Net Position. At June 30, 2014, the net post-employment benefits obligation totaled \$186,596.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy. At June 30, 2014, the compensated absences payable totaled \$861,869 for business-type activities.

Notes Payable:

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

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

Year Ending June 30,	Catron Note
2015	\$ 561,829
2016	561,829
2017	547,882
	1,671,540
Less Interest	141,540
Total	\$ 1,530,000

**NOTE 7 – PENSION PLAN**

Plan Description

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

In September 2012, the Governor signed a comprehensive pension reform package affecting state and local government employees, the Public Employees' Pension Reform Act of 2013 (PEPRA). The legislation implements lower defined-benefit formulas with higher retirement ages for new employees hired on or after January 1, 2013, and includes provisions to increase current employee contributions.

**NOTE 7 – PENSION PLAN** (Continued)

Plan Description (Continued)

Key changes to retirement plans affecting the City include:

- New defined-benefit formulas that increase retirement ages for new public employees hired on or after January 1, 2013.
- For new employees, a cap on pensionable income of \$110,100, or \$132,120 (for employees not in Social Security). Annual increases on the cap would be limited to the Consumer Price Index for All Urban Customers.
- A standard that employees pay at least 50% of normal costs.
- Establishing increases for current City civil service and related excluded employees who are not contributing at least half of normal costs.

Other provisions reduce the risk of the City incurring additional unfunded liabilities, including prohibiting retroactive benefits increases, generally prohibiting contribution holidays, and prohibiting the purchase of non-qualified service credit.

In the long-term, additional employee contributions, limits on pensionable compensation, and higher retirement ages will reduce the City's unfunded accrued actuarial liability (UAAL) and potentially, the City's contribution levels in future years.

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, 2014)

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 contribution was determined as part of the June 30, 2012, actuarial valuation as follows:

Fiscal Year	Category						
	Miscellaneous Classic	Safety Police First Tier	Safety Fire First Tier	Safety Fire Second Tier	Fire and Police PEPRA	Safety Police Second Tier	Police Safety PEPRA
2014	21.50%	34.49	39.31	21.67	0.00%	0.00%	0.00%

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

CalPERS uses the market related value method of valuing the plans' assets. An investment rate of return of 7.50% is assumed, including inflation at 3.0% and overall payroll growth at 2.75%. Annual salary increases are assumed to vary by category, entry age, and duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial method are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and 10% of the net balance is amortized annually.

**NOTE 7 – PENSION PLAN** (Continued)Annual Pension Cost

For the fiscal year ended June 30, 2014, the City's annual pension cost of \$6,860,818 for CalPERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2014, was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% discount rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.00% to 14.20% for miscellaneous members (from 3.30% to 14.20% for safety members), and (c) 2.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial values of the Miscellaneous and the Safety Plans of the City's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a fifteen year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis over a two year period. The remaining amortization period at June 30, 2014, was 13 years for miscellaneous and 3 years for safety.

Three-Year Trend Information for CalPERS Miscellaneous Plan (dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 3,571	100%	\$ -
6/30/13	\$ 477	100%	\$ -
6/30/14	\$ 127	100%	\$ -

Three-Year Trend Information for CalPERS Safety Plan (dollar amounts in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 2,722	100%	\$ -
6/30/13	\$ 6,168	100%	\$ -
6/30/14	\$ 6,734	100%	\$ -

**NOTE 7 – PENSION PLAN** (Continued)

Annual Pension Cost (Continued)

<u>Three-Year Funding Status (dollar amounts in thousands)</u>							(F)
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)	
6/30/11							
Misc.	\$ 85,384	\$ 68,085	\$ 17,299	79.7%	\$ 10,912	158.5%	
Safety Police	34,980	25,768	9,212	73.7%	5,251	175.4%	
Safety Fire First Tier	26,807	19,619	7,188	73.2%	2,802	256.5%	
Safety Fire Second Tier	30	24	6	80.0%	264	2.3%	
Total	<u>\$ 147,201</u>	<u>\$ 113,496</u>	<u>\$ 33,705</u>	77.1%	<u>\$ 19,229</u>	175.3%	
6/30/12							
Misc.	\$ 88,212	\$ 71,019	\$ 17,193	80.5%	\$ 10,462	164.3%	
Safety Police First Tier	37,271	25,963	11,308	69.7%	5,162	219.1%	
Safety Police Second Tier	74	56	18	75.7%	127,200	0.0%	
Safety Fire First Tier	28,343	19,621	8,722	69.2%	2,634	331.1%	
Safety Fire Second Tier	71	54	17	76.1%	246	6.9%	
Total	<u>\$ 153,971</u>	<u>\$ 116,713</u>	<u>\$ 37,258</u>	75.8%	<u>\$ 145,704</u>	25.6%	
6/30/13							
Misc.	\$ 91,867	\$ 65,916	\$ 25,951	71.8%	\$ 10,602	244.8%	
Safety Police First Tier	39,747	29,470	10,277	74.1%	5,052	203.4%	
Safety Police Second Tier	34,402	27,724	6,678	80.6%	350,202	1.9%	
Safety Fire First Tier	29,235	21,534	7,701	73.7%	2,532	304.1%	
Safety Fire Second Tier	138	112	26	81.2%	302	8.6%	
Police Pepra	489	718	(229)	146.8%	54,492	-0.4%	
Fire Pepra	3,877	5,690	(1,813)	146.8%	149,342	-1.2%	
Total	<u>\$ 199,755</u>	<u>\$ 151,164</u>	<u>\$ 48,591</u>	75.7%	<u>\$ 572,524</u>	8.5%	

\* The amounts are not available exclusively for City of Tulare. The amounts represent a pool for all cities.

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

**NOTE 8 – RISK MANAGEMENT**

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

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

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

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

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

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

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

**NOTE 9 – INTERFUND TRANSACTIONS**

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

Interfund due from/to other funds at June 30, 2014, were as follows:

	Purpose	Due From Other Funds	Due To Other Funds
Major Governmental Funds			
General Fund	General Operations	\$ 4,741,486	\$ -
Special Revenue Fund - Measure R	General Operations	-	3,526,029
Nonmajor Governmental Funds	General Operations	-	24,396
Enterprise Funds			
Aviation	General Operations	-	1,191,061
		<u>\$ 4,741,486</u>	<u>\$ 4,741,486</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 2013-14 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<b>General Fund</b>			
Public Mitigation	To reimburse General Fund	\$ 88,635	\$ -
Internal Service Funds	To fund construction in progress (CIP) activity	14,990	-
General Fund	To reimburse General Fund	1,038,299	1,038,299
Nonmajor Governmental Funds	To transfer balance	253,185	-
General Fund	To fund CIP activity	488,700	488,700
Measure R Fund	To fund activity	8,226,159	-
Measure R Fund	To set up Proposition 1B reimbursable from Measure R	1,096,860	-
Nonmajor Governmental Funds	To fund CIP activity	2,508,019	-
Nonmajor Governmental Funds	To fund CIP activity	1,037,000	1,037,000
Nonmajor Governmental Funds	for traffic safety and OTS Grant activity	136,239	-
Internal Service Funds	To reimburse General Fund	-	41,831
Internal Service Funds	To fund CIP activity	-	168,470
Financing Authority Fund	For lease revenue bond payment	-	2,339,642
Enterprise Funds	General Fund contribution	-	879,888
Nonmajor Governmental Funds	General Fund contribution	-	833,310
Nonmajor Governmental Funds	To fund CIP activity	-	150,000
Nonmajor Governmental Funds	To fund CIP activity	-	200,000
Nonmajor Governmental Funds	To fund activity	-	160,600
Nonmajor Governmental Funds	General Fund contribution	-	335,270
Total General Fund		<u>14,888,086</u>	<u>7,673,010</u>
<b>Measure R Major Special Revenue Fund</b>			
General Fund	To set up Proposition 1B reimbursable from Measure R	-	1,096,860
General Fund	To fund activity	-	8,226,159
Total Measure R Special Revenue Fund		<u>-</u>	<u>9,323,019</u>
<b>Special Revenue Funds</b>			
General Fund	For Traffic Safety activity	-	5,831
General Fund	For Traffic Safety activity	-	130,408
General Fund	General Fund contribution	833,310	-
General Fund	General Fund contribution	150,000	-
General Fund	General Fund contribution	200,000	-
Nonmajor Governmental Funds	General Fund contribution	-	53,000
General Fund	To fund CIP activity	-	2,508,019
General Fund	To reimburse General Fund	-	88,635
Total Special Revenue Funds		<u>1,183,310</u>	<u>2,785,893</u>
<b>Capital Projects Funds</b>			
Nonmajor Governmental Funds	General Fund contribution	335,270	-
Nonmajor Governmental Funds	To fund activity	213,600	-
Internal Service Funds	To fund CIP activity	10,950	-
Enterprise Funds	To fund CIP activity	41,500	-
Enterprise Funds	To fund activity	25,850	-
Enterprise Funds	To fund activity	59,750	-
Enterprise Funds	To fund activity	24,350	-
General Fund	To transfer balance	-	253,185
Total Capital Projects Funds		<u>711,270</u>	<u>253,185</u>
<b>Debt Service Funds</b>			
Financing Authority Fund			
General Fund	For lease revenue bond payment	2,339,642	-
		<u>2,339,642</u>	<u>-</u>



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

		Transfers	Transfers
Purpose		In	Out
<b>Internal Service Funds</b>			
Internal Service Funds	To fund activity	1,076,209	1,076,209
General Fund	To reimburse General Fund	41,831	-
General Fund	To fund CIP activity	168,470	-
General Fund	To fund CIP activity	-	14,990
Nonmajor Governmental Funds	To fund CIP activity	-	10,950
Total Internal Service Funds		1,286,510	1,102,149
<b>Enterprise Funds</b>			
Water CIP Funds	To fund and reimburse CIP activity	1,303,054	1,303,054
Nonmajor Governmental Funds	To fund activity	-	25,850
	To fund CIP activity	-	41,500
General Fund	General Fund contribution	879,888	-
Nonmajor Governmental Funds	To fund activity	-	84,100
Sewer & Wastewater CIP Funds	To fund and reimburse CIP activity	8,685,564	8,685,564
Total Enterprise Funds		10,868,506	10,140,068
<b>Totals</b>		<b>\$ 31,277,324</b>	<b>\$ 31,277,324</b>

Interfund advances to/from at June 30, 2014, were as follows:

		Advances From	Advances To
Purpose		Other Funds	Other Funds
General Fund	For General Operations - Transit	\$ -	\$ 180,000
Solid Waste Fund	To Construct Wells	1,550,000	-
Water Fund	For General Operations	-	1,550,000
Transit Fund	For General Operations	180,000	-
		<b>\$ 1,730,000</b>	<b>\$ 1,730,000</b>

**Advances from Other Funds:**

A loan from the Water Fund to the Solid Waste Fund in June 2014 for the construction of Wells: \$1,550,000 original loan in 15 annual payments of \$103,333 plus interest of 2.25%. \$ 1,550,000

A loan from the City's General Fund to the Transit Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate. \$ 180,000

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

**A. Plan Description**

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

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

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

A. Plan Description (Continued)

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

The City recognizes the cost of the retiree health care costs insurance benefits as expenditures as insurance contributions are paid on a monthly basis in advance, which at June 30, 2014, approximated \$307,252. Because the City is self-insured, no payments are made to an outside insurer and because the City has not established a separate irrevocable trust or made payments of benefits directly to or on behalf of a retiree or beneficiary, no contributions are recognized. The plan uses the pay-as-you-go method to fund the current cost. At June 30, 2014, forty-two (42) employees were affected by the provisions of these benefits.

B. Funding Policy

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

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

The following table shows the City's post-employment benefit plan assets/liabilities at June 30, 2014:

<u>Item</u>	<u>Primary Government</u>
Annual Required Contributions	\$ 201,000
Interest on Net OPEB Obligation/(Asset)	44,000
Adjustment to Annual Required Contributions	<u>(37,000)</u>
Annual OPEB Cost	208,000
Contributions Made	<u>(307,252)</u>
Increase in Net OPEB Obligation	(99,252)
Net OPEB Obligation - Beginning of Year	<u>979,094</u>
Net OPEB Obligation - End of Year	<u><u>\$ 879,842</u></u>

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2011, 2012, and 2013, are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Annual Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>	<u>Net OPEB Obligation</u>
6/30/12	\$ 158,308	\$ -	\$ 153,860	0.00%	\$ 818,093
6/30/13	\$ 208,000	\$ -	\$ 201,000	0.00%	\$ 879,842
6/30/14	\$ 208,000	\$ (307,252)	\$ 201,000	152.86%	\$ 879,842

## NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

### D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, was as follows:

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

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

### E. Actuarial Methods and Assumptions

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

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

Other critical assumptions used in the actuarial valuation are the health care cost trend rate, participation, inflation rate, investment return, and salary increase assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a **health care cost trend rate assumption** of 9% for pre 65 Medical/Rx Benefits; 8% for post Medical Benefits; and 5% administrative fees in the year July 1, 2013, to June 30, 2014, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

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

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

E. Actuarial Methods and Assumptions (Continued)

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

The City's UAAL is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2014, was 27 years.

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

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

As of June 30, 2014, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>COPS- State Grant Fund</u> Public Safety	\$ 10,511
<u>Special Revenue - OTS Grant Fund</u> Community Services	1,068
<u>Special Revenue - Auto Theft Deterrence Fund</u> Community Services Capital Outlay	5,619 81,511
<u>Special Revenue - Police Forfeiture Fund</u> Public Safety	23,012
<u>Special Revenue - Economic Incentive Fund</u> Capital Outlay	2

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

General Liability

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

## NOTE 13 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2014, is as follows:

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Total nonspendable fund balance	-	-	-	35,000	35,000
<b>Restricted for:</b>					
Public Safety - Police	-	-	-	77,182	77,182
Public Safety - Fire	-	-	-	138,445	138,445
Public Works - Street	-	-	-	5,710,836	5,710,836
Debt Service	-	-	2,876,426	-	2,876,426
Development Services	29,077	-	-	3,791,774	3,820,851
Total restricted fund balance	29,077	-	2,876,426	9,718,237	12,623,740
<b>Committed to:</b>					
Cash Basis Reserve	8,856,550	-	-	-	8,856,550
Appropriation for Next Year's Budget	13,147,678	-	-	722,545	13,870,223
Total committed fund balance	22,004,228	-	-	722,545	22,726,773
<b>Unassigned fund balance:</b>	-	-	-	(1,082)	(1,082)
Total unassigned fund balance	-	-	-	(1,082)	(1,082)
Total fund balances	\$ 22,033,305	\$ -	\$ 2,876,426	\$ 10,474,700	\$ 35,384,431

## NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2014, have been evaluated for possible adjustments to the financial statements or disclosures is December 31, 2014, which is the date that the financial statements were available to be issued.

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

	Statement of Governmental Activities	Special Revenue Economic Incentive	Statement of Enterprise Activities	Sewer and Wastewater Fund	Private Purpose Trust Fund
Net Position/Fund Balance, as Previously Reported	\$ 214,423,364	\$ -	\$ 89,869,777	\$ 53,747,377	\$ (12,550,164)
<b>Prior Period Adjustments</b>					
Reinstate amounts from former Redevelopment Agency owed to City	-	-	-	-	(1,634,962)
Incorporate Economic Incentive activity	136,884	136,884	-	-	-
Reconciling item correction from prior conversion	(268,018)	-	-	-	-
Bond issue costs write off as per GASB 65	(528,083)	-	(1,162,147)	(1,162,147)	-
Net Position/Fund Balance Beginning of Year, as Restated	\$ 213,764,147	\$ 136,884	\$ 88,707,630	\$ 52,585,230	\$ (14,185,126)

## NOTE 16 – DEVELOPMENT SERVICES AND WORKERS' COMPENSATION FUNDS DEFICIT

As of June 30, 2014, the Development Services Fund, an Enterprise Fund, had a deficit of \$22,509. The Development Services Fund deficit relates to the initiation of this fund in prior year. The City expects to eliminate this deficit with General Fund transfers.

Also, the Workers' Compensation Fund, an Internal Service Fund, had a deficit of \$862,484. The deficit in the Workers' Compensation Fund was due to insufficient charges to the other funds. The City will eliminate this deficit with additional revenues generated from increased rates.

This page intentionally left blank.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 28,984,600	\$ 30,605,990	\$ 31,734,856	\$ 1,128,866
Licenses and Permits	60,050	75,020	102,983	27,963
Fines and Forfeitures	47,000	38,000	28,944	(9,056)
Charges for Services	2,609,440	2,425,730	2,407,782	(17,948)
Interest and Rentals	347,870	560,760	470,408	(90,352)
Grants	7,425,620	16,756,840	8,614,939	(8,141,901)
Assessments	88,300	88,300	87,231	(1,069)
Other	2,676,410	1,833,470	1,208,360	(625,110)
<b>Total Revenues</b>	<b>42,239,290</b>	<b>52,384,110</b>	<b>44,655,503</b>	<b>(7,728,607)</b>
Expenditures				
Current				
General Government	3,449,680	4,112,430	3,477,232	635,198
Public Safety	18,450,310	18,972,240	18,179,949	792,291
Public Works	2,445,610	2,439,490	2,159,172	280,318
Community Development	1,352,500	198,300	98,288	100,012
Community Services	4,380,580	4,884,020	4,042,066	841,954
Library and Cultural	854,000	891,890	879,266	12,624
Capital Outlay	41,075,440	41,252,860	19,244,537	22,008,323
Debt Service				
Principal	241,010	289,460	79,461	209,999
Interest and Fiscal Charges	52,380	63,870	49,129	14,741
<b>Total Expenditures</b>	<b>72,301,510</b>	<b>73,104,560</b>	<b>48,209,100</b>	<b>24,895,460</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,062,220)	(20,720,450)	(3,553,597)	17,166,853
Other Financing Sources (Uses)				
Transfers In	34,830,920	26,313,930	14,888,086	(11,425,844)
Transfers Out	(5,922,060)	(7,544,890)	(7,673,010)	(128,120)
<b>Total Other Financing Sources (Uses)</b>	<b>28,908,860</b>	<b>18,769,040</b>	<b>7,215,076</b>	<b>(11,553,964)</b>
<b>Net Change in Fund Balance</b>	<b>(1,153,360)</b>	<b>(1,951,410)</b>	<b>3,661,479</b>	<b>5,612,889</b>
Fund Balance, Beginning	18,371,826	18,371,826	18,371,826	-
<b>Fund Balance, Ending</b>	<b>\$ 17,218,466</b>	<b>\$ 16,420,416</b>	<b>\$ 22,033,305</b>	<b>\$ 5,612,889</b>



**CITY OF TULARE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**MEASURE R FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ -	\$ 21,505,500	\$ 7,155,491	\$ (14,350,009)
Interest and Rentals	-	10,000	63,007	53,007
Total Revenues	<u>-</u>	<u>21,515,500</u>	<u>7,218,498</u>	<u>(14,297,002)</u>
<b>Expenditures</b>				
Current				
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>21,515,500</u>	<u>7,218,498</u>	<u>(14,297,002)</u>
Other Financing Sources (Uses)				
Transfers Out	-	(19,481,890)	(9,323,019)	(10,158,871)
Net Change in Fund Balance	-	2,033,610	(2,104,521)	(4,138,131)
Fund Balance, Beginning	<u>-</u>	<u>2,104,521</u>	<u>2,104,521</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 4,138,131</u>	<u>\$ -</u>	<u>\$ (4,138,131)</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)
<b>Retirement Program</b>						
<b>6/30/09</b>						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	1,803	1,520	283	84.3%	222	127.5%
<b>Total</b>	<b>\$ 95,056</b>	<b>\$ 78,259</b>	<b>\$ 16,797</b>	<b>82.3%</b>	<b>\$ 16,153</b>	<b>104.0%</b>
<b>6/30/10</b>						
Misc.	\$ 79,375	\$ 64,553	\$ 14,822	81.3%	\$ 10,904	135.9%
Safety Police	10,165,475	8,470,235	1,695,240	83.3%	955,981	177.3%
Safety Fire First Tier	10,165,475	8,470,235	1,695,240	83.3%	955,982	177.3%
Safety Fire Second Tier	1,915,095	1,628,915	286,180	85.1%	224,562	127.4%
<b>Total</b>	<b>\$ 22,325,420</b>	<b>\$ 18,633,938</b>	<b>\$ 3,691,482</b>	<b>83.5%</b>	<b>\$ 2,147,429</b>	<b>171.9%</b>
<b>6/30/11</b>						
Misc.	\$ 85,384	\$ 68,085	\$ 17,299	79.7%	\$ 10,912	158.5%
Safety Police	34,980	25,768	9,212	73.7%	5,251	175.4%
Safety Fire First Tier	26,807	19,619	7,188	73.2%	2,802	256.5%
Safety Fire Second Tier	30	24	6	80.0%	264	2.3%
<b>Total</b>	<b>\$ 147,201</b>	<b>\$ 113,496</b>	<b>\$ 33,705</b>	<b>77.1%</b>	<b>\$ 19,229</b>	<b>175.3%</b>
<b>6/30/12</b>						
Misc.	\$ 88,212	\$ 71,019	\$ 17,193	80.5%	\$ 10,462	164.3%
Safety First Tier	37,271	25,963	11,308	69.7%	5,162	219.1%
Safety Second Tier	74	56	18	75.7%	127,200	0.0%
Safety Fire First Tier	28,343	19,621	8,722	69.2%	2,634	331.1%
Safety Fire Second Tier	71	54	17	76.1%	246	6.9%
<b>Total</b>	<b>\$ 153,971</b>	<b>\$ 116,713</b>	<b>\$ 37,258</b>	<b>75.8%</b>	<b>\$ 145,704</b>	<b>25.6%</b>
<b>6/30/13</b>						
Misc.	\$ 91,867	\$ 65,916	\$ 25,951	71.8%	\$ 10,602	244.8%
Safety Police First Tier	39,747	29,470	10,277	74.1%	5,052	203.4%
Safety Police Second Tier	34,402	27,724	6,678	80.6%	350,202	1.9%
Safety Fire First Tier	29,235	21,534	7,701	73.7%	2,532	304.1%
Safety Fire Second Tier	138	112	26	81.2%	302	8.6%
Police Pepra	489	718	(229)	146.8%	54,492	-0.4%
Fire Pepra	3,877	5,690	(1,813)	146.8%	149,342	-1.2%
<b>Total</b>	<b>\$ 199,755</b>	<b>\$ 151,164</b>	<b>\$ 48,591</b>	<b>75.7%</b>	<b>\$ 572,524</b>	<b>8.5%</b>

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

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

This page intentionally left blank.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and Investments	\$ 6,826,502	\$ 427,207	\$ 7,253,709
Receivables			
Accounts	31,789	-	31,789
Interest	15,344	-	15,344
Taxes	181,641	-	181,641
Intergovernmental	140,115	-	140,115
Loans	10,711,304	-	10,711,304
Notes	1,284,453	-	1,284,453
Land Held for Resale	35,000	-	35,000
Total Assets	<u>19,226,148</u>	<u>427,207</u>	<u>19,653,355</u>
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 19,226,148</u>	<u>\$ 427,207</u>	<u>\$ 19,653,355</u>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 82,355	\$ 4,662	\$ 87,017
Due to Other Funds	24,396	-	24,396
Unearned Revenue	182,116	-	182,116
Total Liabilities	<u>288,867</u>	<u>4,662</u>	<u>293,529</u>
Deferred Inflows of Resources			
Deferred Loans	8,885,126	-	8,885,126
Fund Balances			
Nonspendable	35,000	-	35,000
Restricted	9,718,243	-	9,718,243
Committed	300,000	422,545	722,545
Unassigned	(1,088)	-	(1,088)
Total Fund Balances	<u>10,052,155</u>	<u>422,545</u>	<u>10,474,700</u>
Total Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balances	<u>\$ 19,226,148</u>	<u>\$ 427,207</u>	<u>\$ 19,653,355</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 1,889,395	\$ -	\$ 1,889,395
Intergovernmental	94,832	-	94,832
Fines and Forfeitures	175,775	-	175,775
Interest and Rentals	107,717	259	107,976
Grants	1,298,678	-	1,298,678
Meals	26,416	-	26,416
Assessments	633,512	-	633,512
Other	29,598	3,800	33,398
Total Revenues	<u>4,255,923</u>	<u>4,059</u>	<u>4,259,982</u>
<b>Expenditures</b>			
Current			
Public Safety	771,903	-	771,903
Community Development	951,430	666,007	1,617,437
Community Services	873,407	-	873,407
Intergovernmental	51,082	-	51,082
Capital Outlay	131,726	-	131,726
Total Expenditures	<u>2,779,548</u>	<u>666,007</u>	<u>3,445,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,476,375</u>	<u>(661,948)</u>	<u>814,427</u>
Other Financing Sources (Uses)			
Transfers In	1,183,310	711,270	1,894,580
Transfers Out	<u>(2,785,893)</u>	<u>(253,185)</u>	<u>(3,039,078)</u>
Total Other Financing Sources (Uses)	<u>(1,602,583)</u>	<u>458,085</u>	<u>(1,144,498)</u>
Net Change in Fund Balances	(126,208)	(203,863)	(330,071)
Fund Balances - Beginning, as Restated	<u>10,178,363</u>	<u>626,408</u>	<u>10,804,771</u>
Fund Balances - Ending	<u>\$ 10,052,155</u>	<u>\$ 422,545</u>	<u>\$ 10,474,700</u>

This page intentionally left blank.



## SPECIAL REVENUE FUNDS

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

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

The Home Program Fund accounts for the activities and resources relating to the home loan assistance program, which are Federal block grants provided to local governments designed exclusively to create affordable housing for low-income households.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Economic Incentive Fund accounts for economic development.

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

The Personnel Fund accounts for the one time allocation of specific personnel related expenditures.

**CITY OF TULARE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
<b>Assets</b>						
Cash and Investments	\$ 200	\$ 148,283	\$ -	\$ 5,515,512	\$ -	\$ 146,989
Receivables						
Accounts	108	-	30,422	-	-	-
Interest	-	253	-	13,683	222	251
Taxes	-	-	-	181,641	-	-
Intergovernmental	9,172	19,704	22,120	-	21,924	17,660
Loans	-	7,504,288	2,092,428	-	-	-
Notes	-	-	1,284,453	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
<b>Total Assets</b>	<b>9,480</b>	<b>7,672,528</b>	<b>3,464,423</b>	<b>5,710,836</b>	<b>22,146</b>	<b>164,900</b>
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,480</b>	<b>\$ 7,672,528</b>	<b>\$ 3,464,423</b>	<b>\$ 5,710,836</b>	<b>\$ 22,146</b>	<b>\$ 164,900</b>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 7,548	\$ -	\$ 41,120	\$ -	\$ -	\$ 3,146
Due to Other Funds	1,938	-	10,462	-	-	-
Unearned Revenue	-	-	-	-	-	161,754
<b>Total Liabilities</b>	<b>9,486</b>	<b>-</b>	<b>51,582</b>	<b>-</b>	<b>-</b>	<b>164,900</b>
Deferred Inflows of Resources						
Deferred Loans	-	5,672,528	2,093,323	-	-	-
Fund Balances						
Nonspendable	-	-	35,000	-	-	-
Restricted	-	2,000,000	1,284,518	5,710,836	22,146	-
Committed	-	-	-	-	-	-
Unassigned	(6)	-	-	-	-	-
<b>Total Fund Balances</b>	<b>(6)</b>	<b>2,000,000</b>	<b>1,319,518</b>	<b>5,710,836</b>	<b>22,146</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,480</b>	<b>\$ 7,672,528</b>	<b>\$ 3,464,423</b>	<b>\$ 5,710,836</b>	<b>\$ 22,146</b>	<b>\$ 164,900</b>

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
<b>Assets</b>						
Cash and Investments	\$ -	\$ 267,996	\$ 4,220	\$ 1,417	\$ 37,062	\$ 139,069
Receivables						
Accounts	-	1,259	-	-	-	-
Interest	-	457	17	2	63	237
Taxes	-	-	-	-	-	-
Intergovernmental	10,763	20,576	-	-	-	-
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
<b>Total Assets</b>	<u>10,763</u>	<u>290,288</u>	<u>4,237</u>	<u>1,419</u>	<u>37,125</u>	<u>139,306</u>
Deferred Outflows of Resources	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 10,763</u>	<u>\$ 290,288</u>	<u>\$ 4,237</u>	<u>\$ 1,419</u>	<u>\$ 37,125</u>	<u>\$ 139,306</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ -	\$ 2,864	\$ 4,237	\$ -	\$ -	\$ 861
Due to Other Funds	10,763	-	-	-	-	-
Unearned Revenue	-	-	-	-	20,362	-
<b>Total Liabilities</b>	<u>10,763</u>	<u>2,864</u>	<u>4,237</u>	<u>-</u>	<u>20,362</u>	<u>861</u>
Deferred Inflows of Resources						
Deferred Loans	-	-	-	-	-	-
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	287,424	-	1,419	16,763	138,445
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>-</u>	<u>287,424</u>	<u>-</u>	<u>1,419</u>	<u>16,763</u>	<u>138,445</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 10,763</u>	<u>\$ 290,288</u>	<u>\$ 4,237</u>	<u>\$ 1,419</u>	<u>\$ 37,125</u>	<u>\$ 139,306</u>

(Continued)

**CITY OF TULARE**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Economic Incentive	Catastrophe	Personnel	Total
<b>Assets</b>							
Cash and Investments	\$ -	\$ 4,383	\$ 4,679	\$ 256,692	\$ 300,000	\$ -	\$ 6,826,502
Receivables							
Accounts	-	-	-	-	-	-	31,789
Interest	151	-	8	-	-	-	15,344
Taxes	-	-	-	-	-	-	181,641
Intergovernmental	-	18,196	-	-	-	-	140,115
Loans	-	-	1,114,588	-	-	-	10,711,304
Notes	-	-	-	-	-	-	1,284,453
Land Held for Resale	-	-	-	-	-	-	35,000
<b>Total Assets</b>	<b>151</b>	<b>22,579</b>	<b>1,119,275</b>	<b>256,692</b>	<b>300,000</b>	<b>-</b>	<b>19,226,148</b>
Deferred Outflows of Resources	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 151</b>	<b>\$ 22,579</b>	<b>\$ 1,119,275</b>	<b>\$ 256,692</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 19,226,148</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ -	\$ 22,579	\$ -	\$ -	\$ -	\$ -	\$ 82,355
Due to Other Funds	151	-	-	-	-	1,082	24,396
Unearned Revenue	-	-	-	-	-	-	182,116
<b>Total Liabilities</b>	<b>151</b>	<b>22,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,082</b>	<b>288,867</b>
Deferred Inflows of Resources							
Deferred Loans	-	-	1,119,275	-	-	-	8,885,126
<b>Fund Balances</b>							
Nonspendable	-	-	-	-	-	-	35,000
Restricted	-	-	-	256,692	-	-	9,718,243
Committed	-	-	-	-	300,000	-	300,000
Unassigned	-	-	-	-	-	(1,082)	(1,088)
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256,692</b>	<b>300,000</b>	<b>(1,082)</b>	<b>10,052,155</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 151</b>	<b>\$ 22,579</b>	<b>\$ 1,119,275</b>	<b>\$ 256,692</b>	<b>\$ 300,000</b>	<b>\$ -</b>	<b>\$ 19,226,148</b>

This page intentionally left blank.

**CITY OF TULARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,889,395	\$ -	\$ -
Intergovernmental	87,955	6,877	-	-	-	-
Fines and Forfeitures	-	-	-	-	119,175	-
Interest and Rentals	-	1,719	74	97,146	1,324	2,206
Grants	-	11,404	736,357	-	-	142,625
Meals	26,416	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	27,567	-	-	-	-	-
<b>Total Revenues</b>	<u>141,938</u>	<u>20,000</u>	<u>736,431</u>	<u>1,986,541</u>	<u>120,499</u>	<u>144,831</u>
<b>Expenditures</b>						
Current						
Public Safety	-	-	-	-	-	91,831
Community Services	414,552	20,000	931,430	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>414,552</u>	<u>20,000</u>	<u>931,430</u>	<u>-</u>	<u>-</u>	<u>91,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(272,614)</u>	<u>-</u>	<u>(194,999)</u>	<u>1,986,541</u>	<u>120,499</u>	<u>53,000</u>
Other Financing Sources (Uses)						
Transfers In	272,608	-	195,000	-	-	-
Transfers Out	-	-	-	(2,508,020)	(130,408)	(53,000)
<b>Total Other Financing Sources (Uses)</b>	<u>272,608</u>	<u>-</u>	<u>195,000</u>	<u>(2,508,020)</u>	<u>(130,408)</u>	<u>(53,000)</u>
<b>Net Change in Fund Balances</b>	<u>(6)</u>	<u>-</u>	<u>1</u>	<u>(521,479)</u>	<u>(9,909)</u>	<u>-</u>
Fund Balances - Beginning, as Restated	-	2,000,000	1,319,517	6,232,315	32,055	-
<b>Fund Balances - Ending</b>	<u>\$ (6)</u>	<u>\$ 2,000,000</u>	<u>\$ 1,319,518</u>	<u>\$ 5,710,836</u>	<u>\$ 22,146</u>	<u>\$ -</u>

**CITY OF TULARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	56,600	-	-	-
Interest and Rentals	-	2,574	128	245	568	1,733
Grants	10,763	-	-	-	5,910	43,178
Meals	-	-	-	-	-	-
Assessments	-	633,512	-	-	-	-
Other	-	980	-	-	-	-
<b>Total Revenues</b>	<b>10,763</b>	<b>637,066</b>	<b>56,728</b>	<b>245</b>	<b>6,478</b>	<b>44,911</b>
<b>Expenditures</b>						
Current						
Public Safety	-	-	-	-	25,102	28,411
Community Services	-	402,338	50,898	5,619	-	-
Capital Outlay	10,763	-	-	81,511	9,260	-
<b>Total Expenditures</b>	<b>10,763</b>	<b>402,338</b>	<b>50,898</b>	<b>87,130</b>	<b>34,362</b>	<b>28,411</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	234,728	5,830	(86,885)	(27,884)	16,500
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(5,830)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(5,830)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>234,728</b>	<b>-</b>	<b>(86,885)</b>	<b>(27,884)</b>	<b>16,500</b>
Fund Balances - Beginning, as Restated	-	52,696	-	88,304	44,647	121,945
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 287,424</b>	<b>\$ -</b>	<b>\$ 1,419</b>	<b>\$ 16,763</b>	<b>\$ 138,445</b>

(Continued)

**CITY OF TULARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Economic Incentive	Catastrophe	Personnel	Total
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,889,395
Intergovernmental	-	-	-	-	-	-	94,832
Fines and Forfeitures	-	-	-	-	-	-	175,775
Interest and Rentals	-	-	-	-	-	-	107,717
Grants	87,584	260,857	-	-	-	-	1,298,678
Meals	-	-	-	-	-	-	26,416
Assessments	-	-	-	-	-	-	633,512
Other	1,051	-	-	-	-	-	29,598
<b>Total Revenues</b>	<b>88,635</b>	<b>260,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,255,923</b>
<b>Expenditures</b>							
Current							
Public Safety	-	626,559	-	-	-	-	771,903
Community Services	-	-	-	-	-	51,082	1,875,919
Capital Outlay	-	-	-	30,192	-	-	131,726
<b>Total Expenditures</b>	<b>-</b>	<b>626,559</b>	<b>-</b>	<b>30,192</b>	<b>-</b>	<b>51,082</b>	<b>2,779,548</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,635	(365,702)	-	(30,192)	-	(51,082)	1,476,375
Other Financing Sources (Uses)							
Transfers In	-	365,702	-	150,000	150,000	50,000	1,183,310
Transfers Out	(88,635)	-	-	-	-	-	(2,785,893)
<b>Total Other Financing Sources (Uses)</b>	<b>(88,635)</b>	<b>365,702</b>	<b>-</b>	<b>150,000</b>	<b>150,000</b>	<b>50,000</b>	<b>(1,602,583)</b>
Net Change in Fund Balances	-	-	-	119,808	150,000	(1,082)	(126,208)
Fund Balances - Beginning, as Restated	-	-	-	136,884	150,000	-	10,178,363
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ 256,692	\$ 300,000	\$ (1,082)	\$ 10,052,155



**CITY OF TULARE  
SENIOR SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental	\$ 91,050	\$ 87,955	\$ (3,095)
Meals	41,000	26,416	(14,584)
Other	22,000	27,567	5,567
Total Revenues	<u>154,050</u>	<u>141,938</u>	<u>(12,112)</u>
<b>Expenditures</b>			
Current			
Community Services	429,050	414,552	14,498
Total Expenditures	<u>429,050</u>	<u>414,552</u>	<u>14,498</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,000)	(272,614)	2,386
Other Financing Sources (Uses)			
Transfers In	275,000	272,608	(2,392)
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>272,608</u>	<u>(2,392)</u>
Net Change in Fund Balance	-	(6)	(6)
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</u>

**CITY OF TULARE  
HOME PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 6,877	\$ 6,877
Interest and Rentals	-	-	1,719	1,719
Grants	-	57,430	11,404	(46,026)
<b>Total Revenues</b>	<u>-</u>	<u>57,430</u>	<u>20,000</u>	<u>(37,430)</u>
<b>Expenditures</b>				
Current				
Community Services	-	44,500	20,000	24,500
<b>Total Expenditures</b>	<u>-</u>	<u>44,500</u>	<u>20,000</u>	<u>24,500</u>
<b>Net Change in Fund Balance</b>	-	12,930	-	(12,930)
<b>Fund Balance - Beginning</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 2,012,930</u></u>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ (12,930)</u></u>

**CITY OF TULARE  
HOUSING REDEVELOPMENT CDBG FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 74	\$ 74
Grants	<u>1,228,320</u>	<u>736,357</u>	<u>(491,963)</u>
Total Revenues	<u>1,228,320</u>	<u>736,431</u>	<u>(491,889)</u>
<b>Expenditures</b>			
Current			
Community Services	<u>1,271,820</u>	<u>931,430</u>	<u>340,390</u>
Total Expenditures	<u>1,271,820</u>	<u>931,430</u>	<u>340,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(43,500)</u>	<u>(194,999)</u>	<u>(151,499)</u>
Other Financing Sources (Uses)			
Transfers In	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Net Change in Fund Balance	151,500	1	(151,499)
Fund Balance - Beginning	<u>1,319,517</u>	<u>1,319,517</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 1,471,017</u></u>	<u><u>\$ 1,319,518</u></u>	<u><u>\$ (151,499)</u></u>

**CITY OF TULARE  
GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 2,055,760	\$ 1,889,395	\$ (166,365)
Interest and Rentals	30,000	97,146	67,146
Total Revenues	<u>2,085,760</u>	<u>1,986,541</u>	<u>(99,219)</u>
<b>Expenditures</b>			
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,085,760	1,986,541	(99,219)
Other Financing Sources (Uses)			
Transfers Out	<u>(3,605,480)</u>	<u>(2,508,020)</u>	<u>1,097,460</u>
Net Change in Fund Balance	(1,519,720)	(521,479)	998,241
Fund Balance, Beginning	<u>6,232,315</u>	<u>6,232,315</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 4,712,595</u></u>	<u><u>\$ 5,710,836</u></u>	<u><u>\$ 998,241</u></u>

**CITY OF TULARE  
TRAFFIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 225,000	\$ 119,175	\$ (105,825)
Interest and Rentals	-	1,324	1,324
	<u>225,000</u>	<u>120,499</u>	<u>(104,501)</u>
<b>Total Revenues</b>			
	<u>225,000</u>	<u>120,499</u>	<u>(104,501)</u>
<b>Expenditures</b>			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	225,000	120,499	(104,501)
Other Financing Sources (Uses)			
Transfers Out	(225,000)	(130,408)	94,592
	<u>(225,000)</u>	<u>(130,408)</u>	<u>94,592</u>
Net Change in Fund Balance	-	(9,909)	(9,909)
Fund Balance, Beginning	32,055	32,055	-
	<u>32,055</u>	<u>32,055</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 32,055</u>	<u>\$ 22,146</u>	<u>\$ (9,909)</u>

**CITY OF TULARE  
COPS – STATE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 2,206	\$ 2,206
Grants	100,000	142,625	42,625
Total Revenues	<u>100,000</u>	<u>144,831</u>	<u>44,831</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>81,320</u>	<u>91,831</u>	<u>(10,511)</u>
Total Expenditures	<u>81,320</u>	<u>91,831</u>	<u>(10,511)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,680</u>	<u>53,000</u>	<u>34,320</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(53,000)</u>	<u>(53,000)</u>	<u>-</u>
Net Change in Fund Balance	(34,320)	-	34,320
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (34,320)</u>	<u>\$ -</u>	<u>\$ 34,320</u>

**CITY OF TULARE  
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ 37,660	\$ 10,763	\$ (26,897)
Total Revenues	<u>37,660</u>	<u>10,763</u>	<u>(26,897)</u>
<b>Expenditures</b>			
Current			
Public Safety	-	-	-
Total Expenditures	<u>37,660</u>	<u>10,763</u>	<u>26,897</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE  
LANDSCAPE AND LIGHTING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 2,574	\$ 2,574
Assessments	618,100	633,512	15,412
Other	31,760	980	(30,780)
Total Revenues	<u>649,860</u>	<u>637,066</u>	<u>(12,794)</u>
<b>Expenditures</b>			
Community Services	<u>543,340</u>	<u>402,338</u>	<u>141,002</u>
Net Change in Fund Balance	106,520	234,728	128,208
Fund Balance, Beginning	<u>52,696</u>	<u>52,696</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 159,216</u></u>	<u><u>\$ 287,424</u></u>	<u><u>\$ 128,208</u></u>



**CITY OF TULARE  
OTS GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Fines and Forfeitures	\$ 60,670	\$ 56,600	\$ (4,070)
Interest and Rentals	-	128	128
	<u>60,670</u>	<u>56,728</u>	<u>(3,942)</u>
<b>Total Revenues</b>			
	<u>60,670</u>	<u>56,728</u>	<u>(3,942)</u>
<b>Expenditures</b>			
Current			
Community Services	49,830	50,898	(1,068)
	<u>49,830</u>	<u>50,898</u>	<u>(1,068)</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	10,840	5,830	(5,010)
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(10,840)	(5,830)	5,010
	<u>(10,840)</u>	<u>(5,830)</u>	<u>5,010</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance, Beginning</b>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE  
 AUTO THEFT DETERRENCE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 245	\$ 245
Total Revenues	<u>-</u>	<u>245</u>	<u>245</u>
<b>Expenditures</b>			
Current			
Community Services	-	5,619	(5,619)
Capital Outlay	-	81,511	(81,511)
Total Expenditures	<u>-</u>	<u>87,130</u>	<u>(87,130)</u>
Net Change in Fund Balance	-	(86,885)	(86,885)
Fund Balance, Beginning	<u>88,304</u>	<u>88,304</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 88,304</u>	<u>\$ 1,419</u>	<u>\$ (86,885)</u>

**CITY OF TULARE  
POLICE FORFEITURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 568	\$ 568
Grants	-	5,910	5,910
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>6,478</u>	<u>6,478</u>
<b>Expenditures</b>			
Current			
Public Safety	2,090	25,102	(23,012)
Capital Outlay	10,000	9,260	740
	<u>12,090</u>	<u>34,362</u>	<u>(22,272)</u>
Total Expenditures	<u>12,090</u>	<u>34,362</u>	<u>(22,272)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,090)</u>	<u>(27,884)</u>	<u>(15,794)</u>
Other Financing Sources (Uses) Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(12,090)	(27,884)	(15,794)
Fund Balance, Beginning	<u>44,647</u>	<u>44,647</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 32,557</u>	<u>\$ 16,763</u>	<u>\$ (15,794)</u>

**CITY OF TULARE  
VEHICLE ABATEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Interest and Rentals	\$ 700	\$ 1,733	\$ 1,033
Grants	29,500	43,178	13,678
	<u>30,200</u>	<u>44,911</u>	<u>14,711</u>
Total Revenues	<u>30,200</u>	<u>44,911</u>	<u>14,711</u>
<b>Expenditures</b>			
Current			
Public Safety	30,200	28,411	1,789
	<u>30,200</u>	<u>28,411</u>	<u>1,789</u>
Net Change in Fund Balance	-	16,500	16,500
Fund Balance, Beginning	<u>121,945</u>	<u>121,945</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 121,945</u>	<u>\$ 138,445</u>	<u>\$ 16,500</u>

**CITY OF TULARE  
PUBLIC MITIGATION GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Grants	\$ -	\$ 87,584	\$ 87,584
Other	-	1,051	1,051
	<u>-</u>	<u>88,635</u>	<u>88,635</u>
Total Revenues	-	88,635	88,635
<b>Expenditures</b>			
Current			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	88,635	88,635
Other Financing Sources (Uses)			
Transfers Out	-	(88,635)	(88,635)
	<u>-</u>	<u>(88,635)</u>	<u>(88,635)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE**  
**2009 COPS HIRING RECOVERY PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ 305,790	\$ 260,857	\$ (44,933)
Total Revenues	<u>305,790</u>	<u>260,857</u>	<u>(44,933)</u>
<b>Expenditures</b>			
Current			
Public Safety	<u>710,790</u>	<u>626,559</u>	<u>84,231</u>
Total Expenditures	<u>710,790</u>	<u>626,559</u>	<u>84,231</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(405,000)</u>	<u>(365,702)</u>	<u>39,298</u>
Other Financing Sources (Uses)			
Transfers In	<u>405,000</u>	<u>365,702</u>	<u>(39,298)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE  
 RENTAL REHABILITATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current			
Community Services	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE  
ECONOMIC INCENTIVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Grants	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>Expenditures</b>			
Current			
Total Expenditures	30,190	30,192	(2)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,190)	(30,192)	(2)
Other Financing Sources (Uses)			
Transfers In	150,000	150,000	-
Net Change in Fund Balance	119,810	119,808	(2)
Fund Balance, Beginning, as Restated	136,884	136,884	-
Fund Balance, Ending	<u>\$ 256,694</u>	<u>\$ 256,692</u>	<u>\$ (2)</u>



**CITY OF TULARE  
 CATASTROPHE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Grants	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	150,000	150,000	-
Fund Balance, Beginning	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 300,000</u></u>	<u><u>\$ 300,000</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE  
PERSONNEL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Grants	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>Expenditures</b>			
Current			
Public Safety	-	-	-
Community Services	-	51,082	51,082
Total Expenditures	-	51,082	51,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(51,082)	(51,082)
Other Financing Sources (Uses)			
Transfers In	50,000	50,000	-
Net Change in Fund Balance	50,000	(1,082)	(51,082)
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	\$ 50,000	\$ (1,082)	\$ (51,082)

## **CAPITAL PROJECTS FUNDS**

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

The Technology Construction in Progress (CIP) Fund accounts for the capital projects expenditures related to technology.

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

**CITY OF TULARE  
BALANCE SHEET  
COMBINING NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2014**

	Technology CIP	Fire Station #2	Total
<b>Assets</b>			
Cash and Investments	\$ 427,207	\$ -	\$ 427,207
Total Assets	<u>\$ 427,207</u>	<u>\$ -</u>	<u>\$ 427,207</u>
<b>Liabilities and Fund Balances</b>			
Accounts Payable and Accrued Liabilities	\$ 4,662	\$ -	\$ 4,662
Total Liabilities	<u>4,662</u>	<u>-</u>	<u>4,662</u>
Fund Balances			
Committed	<u>422,545</u>	<u>-</u>	<u>422,545</u>
Total Fund Balances	<u>422,545</u>	<u>-</u>	<u>422,545</u>
Total Liabilities and Fund Balances	<u>\$ 427,207</u>	<u>\$ -</u>	<u>\$ 427,207</u>

**CITY OF TULARE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

	Technology CIP	Fire Station #2	Total
<b>Revenues</b>			
Interest and Rentals	\$ -	\$ 259	\$ 259
Other	3,800	-	3,800
<b>Total Revenues</b>	<u>3,800</u>	<u>259</u>	<u>4,059</u>
<b>Expenditures</b>			
Current			
Community Development	392,262	273,745	666,007
<b>Total Expenditures</b>	<u>392,262</u>	<u>273,745</u>	<u>666,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(388,462)</u>	<u>(273,486)</u>	<u>(661,948)</u>
Other Financing Sources (Uses)			
Transfers In	711,270	-	711,270
Transfers Out	-	(253,185)	(253,185)
<b>Total Other Financing Sources (Uses)</b>	<u>711,270</u>	<u>(253,185)</u>	<u>458,085</u>
<b>Net Change in Fund Balances</b>	322,808	(526,671)	(203,863)
Fund Balances - Beginning	<u>99,737</u>	<u>526,671</u>	<u>626,408</u>
<b>Fund Balances - Ending</b>	<u>\$ 422,545</u>	<u>\$ -</u>	<u>\$ 422,545</u>

This page intentionally left blank.

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF TULARE**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL INTERNAL SERVICE FUNDS**  
**JUNE 30, 2014**

<b>Assets</b>	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
<b>Current Assets</b>			
Cash and Investments	\$ 5,128,825	\$ 278,167	\$ 991,706
Cash and Investments with Fiscal Agent	-	-	-
Accounts Receivable	18,064	4,549	1,691
Other Receivables	113,158	-	-
Inventories	-	-	-
Due from Other Funds	-	-	-
<b>Total Current Assets</b>	<u>5,260,047</u>	<u>282,716</u>	<u>993,397</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
<b>Nondepreciable</b>			
Land	75,000	-	-
<b>Depreciable</b>			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	18,243,947	-	-
Accumulated Depreciation	(15,423,274)	-	-
<b>Total Noncurrent Assets</b>	<u>10,732,026</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 15,992,073</u>	<u>\$ 282,716</u>	<u>\$ 993,397</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	\$ 59,509	\$ 12,151	\$ 2,380
Due to Other Funds	-	-	-
Advances from Other Funds - Current	-	-	-
Compensated Absences Payable - Current	1,765	372	373
Capital Leases Payable - Current	19,476	-	-
Deferred Revenue	-	106,595	-
Insurance Claims Payable	-	22,830	1,848,405
<b>Total Current Liabilities</b>	<u>80,750</u>	<u>141,948</u>	<u>1,851,158</u>
<b>Noncurrent Liabilities</b>			
Advances from Other Funds	-	-	-
Capital Leases Payable	177,208	-	-
Compensated Absences Payable	22,375	4,720	4,723
<b>Total Noncurrent Liabilities</b>	<u>199,583</u>	<u>4,720</u>	<u>4,723</u>
<b>Total Liabilities</b>	<u>280,333</u>	<u>146,668</u>	<u>1,855,881</u>
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	10,535,342	-	-
Unrestricted	5,176,398	136,048	(862,484)
<b>Total Net Position (Deficit)</b>	<u>\$ 15,711,740</u>	<u>\$ 136,048</u>	<u>\$ (862,484)</u>



General Insurance	Unemployment Insurance	Purchasing	Totals
\$ 684,933	\$ -	\$ 186,364	\$ 7,269,995
118,614	-	-	118,614
1,291	-	318	25,913
-	-	-	113,158
-	-	264,050	264,050
-	-	-	-
<u>804,838</u>	<u>-</u>	<u>450,732</u>	<u>7,791,730</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,648,583
-	-	13,419	18,257,366
-	-	(13,419)	(15,436,693)
-	-	-	10,732,026
<u>\$ 804,838</u>	<u>\$ -</u>	<u>\$ 450,732</u>	<u>\$ 18,523,756</u>
\$ 2,574	\$ -	\$ 60,007	\$ 136,621
-	-	-	-
-	-	-	-
372	-	1,212	4,094
-	-	-	19,476
-	-	-	106,595
-	-	-	1,871,235
<u>2,946</u>	<u>-</u>	<u>61,219</u>	<u>2,138,021</u>
-	-	-	-
-	-	-	177,208
<u>4,720</u>	<u>-</u>	<u>15,367</u>	<u>51,905</u>
<u>4,720</u>	<u>-</u>	<u>15,367</u>	<u>229,113</u>
<u>7,666</u>	<u>-</u>	<u>76,586</u>	<u>2,367,134</u>
-	-	-	10,535,342
<u>797,172</u>	<u>-</u>	<u>374,146</u>	<u>5,621,280</u>
<u>\$ 797,172</u>	<u>\$ -</u>	<u>\$ 374,146</u>	<u>\$ 16,156,622</u>

**CITY OF TULARE  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
<b>Operating Revenues</b>			
Departmental Charges	\$ 2,927,201	\$ 2,261,752	\$ 455,462
Employee Contributions	-	1,323,519	-
Total Operating Revenues	<u>2,927,201</u>	<u>3,585,271</u>	<u>455,462</u>
<b>Operating Expenses</b>			
General Administration	651	939	943
Personnel Services	571,389	117,911	64,628
Contractual Services	204,975	-	-
Equipment Usage and Operation	334,612	1,953	1,953
Insurance	90,684	4,425,174	1,808,805
Depreciation	1,254,922	-	-
Total Operating Expenses	<u>2,457,233</u>	<u>4,545,977</u>	<u>1,876,329</u>
Operating Income (Loss)	<u>469,968</u>	<u>(960,706)</u>	<u>(1,420,867)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income (Expense)	60,112	3,855	14,733
Grants	40,000	-	-
Other Income	143,797	116,764	7,730
Gain on Sale of Assets	3,755	-	-
Total Nonoperating Revenues (Expenses)	<u>247,664</u>	<u>120,619</u>	<u>22,463</u>
Income (Loss) Before Transfers	<u>717,632</u>	<u>(840,087)</u>	<u>(1,398,404)</u>
Transfers In	594,679	-	-
Transfers Out	<u>(1,087,159)</u>	<u>-</u>	<u>(14,990)</u>
Change in Net Position	225,152	(840,087)	(1,413,394)
Net Position (Deficit), Beginning	<u>15,486,588</u>	<u>976,135</u>	<u>550,910</u>
Net Position (Deficit), Ending	<u>\$ 15,711,740</u>	<u>\$ 136,048</u>	<u>\$ (862,484)</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 735,014	\$ -	\$ 2,042,839	\$ 8,422,268
-	-	-	1,323,519
<u>735,014</u>	<u>-</u>	<u>2,042,839</u>	<u>9,745,787</u>
1,160	-	4,208	7,901
64,851	-	70,745	889,524
-	-	2,317	207,292
1,953	-	1,841,191	2,181,662
636,035	41,831	-	7,002,529
-	-	-	1,254,922
<u>703,999</u>	<u>41,831</u>	<u>1,918,461</u>	<u>11,543,830</u>
<u>31,015</u>	<u>(41,831)</u>	<u>124,378</u>	<u>(1,798,043)</u>
6,833	-	2,417	87,950
-	-	-	40,000
165,487	-	3,166	436,944
-	-	-	3,755
<u>172,320</u>	<u>-</u>	<u>5,583</u>	<u>568,649</u>
<u>203,335</u>	<u>(41,831)</u>	<u>129,961</u>	<u>(1,229,394)</u>
-	41,831	650,000	1,286,510
-	-	-	(1,102,149)
203,335	-	779,961	(1,045,033)
<u>593,837</u>	<u>-</u>	<u>(405,815)</u>	<u>17,201,655</u>
<u>\$ 797,172</u>	<u>\$ -</u>	<u>\$ 374,146</u>	<u>\$ 16,156,622</u>

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customer/current services	\$ -	\$ -	\$ -
Cash received from interfund services provided	3,586,300	3,588,057	456,090
Cash received from other operations	-	48,823	-
Cash paid for salaries and benefits	(575,920)	(117,471)	(64,188)
Cash paid for services and supplies	(1,407,774)	27,756	704,826
Cash paid for reported claims	(90,684)	(4,425,174)	(1,808,805)
Cash paid for other charges	(651)	(939)	(943)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,511,271</u>	<u>(878,948)</u>	<u>(713,020)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Grants	40,000	-	-
Other income	143,797	116,764	7,730
Advances to/from Other funds	(110,665)	-	-
Operating transfers from other funds	594,679	-	-
Operating transfers to other funds	(1,087,159)	-	(14,990)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>(419,348)</u>	<u>116,764</u>	<u>(7,260)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from the sale of assets	3,755	-	-
Increase in capital leases	-	-	-
Payments made on capital leases	(18,630)	-	-
Acquisition of capital assets	(382,456)	-	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(397,331)</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Interest income (expense)	60,112	3,855	14,733
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>60,112</u>	<u>3,855</u>	<u>14,733</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	754,704	(758,329)	(705,547)
<b>Cash and Cash Equivalents, Beginning of the Year</b>	<u>4,374,121</u>	<u>1,036,496</u>	<u>1,697,253</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>\$ 5,128,825</u>	<u>\$ 278,167</u>	<u>\$ 991,706</u>

General Insurance	Unemployment Insurance	Purchasing	Totals
\$ -	\$ -	\$ -	\$ -
734,472	-	1,462,743	9,827,662
-	-	-	48,823
(64,411)	-	(64,218)	(886,208)
(1,732)	-	(1,863,536)	(2,540,460)
(636,035)	(41,831)	-	(7,002,529)
(1,160)	-	(4,208)	(7,901)
<u>31,134</u>	<u>(41,831)</u>	<u>(469,219)</u>	<u>(560,613)</u>
-	-	-	40,000
165,487	-	3,166	436,944
-	-	-	(110,665)
-	41,831	650,000	1,286,510
-	-	-	(1,102,149)
<u>165,487</u>	<u>41,831</u>	<u>653,166</u>	<u>550,640</u>
-	-	-	3,755
-	-	-	-
-	-	-	(18,630)
-	-	-	(382,456)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(397,331)</u>
<u>6,833</u>	<u>-</u>	<u>2,417</u>	<u>87,950</u>
<u>6,833</u>	<u>-</u>	<u>2,417</u>	<u>87,950</u>
203,454	-	186,364	(319,354)
<u>600,093</u>	<u>-</u>	<u>-</u>	<u>7,707,963</u>
<u>\$ 803,547</u>	<u>\$ -</u>	<u>\$ 186,364</u>	<u>\$ 7,388,609</u>

(Continued)

**CITY OF TULARE  
COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Income (Loss)	\$ 469,968	\$ (960,706)	\$ (1,420,867)
Other Income	-	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,254,922	-	-
Changes in assets and liabilities:			
Decrease in prepaid expenses	-	-	-
(Increase) Decrease in accounts receivable	28,826	2,786	628
Decrease in deposits	-	-	-
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in advances to other funds	-	-	-
(Increase) Decrease in due from other funds	630,273	-	-
Increase (Decrease) in accounts payable and accrued liabilities	(868,187)	6,879	-
Increase in due to other funds	-	-	-
Increase in advance from other funds	-	-	-
Increase (Decrease) in insurance claims payable	-	22,830	706,779
Increase (Decrease) in compensated absences payable	(4,531)	440	440
Increase (Decrease) in deferred revenue	-	48,823	-
Net Cash Provided by (Used for) Operating Activities	<u>1,511,271</u>	<u>(878,948)</u>	<u>(713,020)</u>
Reconciliation of Cash and Cash Equivalents per Statement of Cash Flows to the Statement of Net Position:			
Cash and investments	5,128,825	278,167	991,706
Cash and investments with fiscal agents	-	-	-
Cash and Cash Equivalents per Statement of Cash Flows	<u>\$ 5,128,825</u>	<u>\$ 278,167</u>	<u>\$ 991,706</u>

General Insurance	Unemployment Insurance	Purchasing	Totals
\$ 31,015	\$ (41,831)	\$ 124,378	\$ (1,798,043)
-	-	-	-
-	-	-	1,254,922
(542)	-	(318)	31,380
-	-	-	-
-	-	50,495	50,495
-	-	-	-
-	-	-	630,273
221	-	(20,028)	(881,115)
-	-	(630,273)	(630,273)
-	-	-	-
-	-	-	729,609
440	-	6,527	3,316
-	-	-	48,823
<u>31,134</u>	<u>(41,831)</u>	<u>(469,219)</u>	<u>(560,613)</u>
684,933	-	186,364	7,269,995
118,614	-	-	118,614
<u>\$ 803,547</u>	<u>\$ -</u>	<u>\$ 186,364</u>	<u>\$ 7,388,609</u>

This page intentionally left blank.



## **FIDUCIARY FUNDS**

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

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

**CITY OF TULARE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>AGENCY FUND</b>				
Assets				
Cash and Investments	\$ 532,305	\$ 153,164	\$ 114,412	\$ 571,057
Accounts Receivable	13	10,801	10,814	-
Total Assets	<u>\$ 532,318</u>	<u>\$ 163,965</u>	<u>\$ 125,226</u>	<u>\$ 571,057</u>
Liabilities				
Accounts Payable	\$ 15,410	\$ 109,494	\$ 117,325	\$ 7,579
Deposits Payable	516,908	151,279	104,709	563,478
Total Liabilities	<u>\$ 532,318</u>	<u>\$ 260,773</u>	<u>\$ 222,034</u>	<u>\$ 571,057</u>
<b>AGENCY FUND - DEVELOPMENT IMPACT FEES</b>				
Assets				
Cash and Investments	\$ 1,963,702	\$ 1,549,424	\$ 1,295,145	\$ 2,217,981
Accounts Receivable	54,226	10,142	9,582	54,786
Total Assets	<u>\$ 2,017,928</u>	<u>\$ 1,559,566</u>	<u>\$ 1,304,727</u>	<u>\$ 2,272,767</u>
Liabilities				
Accounts Payable	\$ 18,730	\$ 18,693	\$ 18,730	\$ 18,693
Deposits Payable	1,999,198	2,500,228	2,245,352	2,254,074
Total Liabilities	<u>\$ 2,017,928</u>	<u>\$ 2,518,921</u>	<u>\$ 2,264,082</u>	<u>\$ 2,272,767</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and Investments	\$ 2,496,007	\$ 1,702,588	\$ 1,409,557	\$ 2,789,038
Accounts Receivable	54,239	20,943	20,396	54,786
Total Assets	<u>\$ 2,550,246</u>	<u>\$ 1,723,531</u>	<u>\$ 1,429,953</u>	<u>\$ 2,843,824</u>
Liabilities				
Accounts Payable	\$ 34,140	\$ 128,187	\$ 136,055	\$ 26,272
Deposits Payable	2,516,106	2,651,507	2,350,061	2,817,552
Total Liabilities	<u>\$ 2,550,246</u>	<u>\$ 2,779,694</u>	<u>\$ 2,486,116</u>	<u>\$ 2,843,824</u>

**CITY OF TULARE**  
**SCHEDULE OF EXPENDITURES BY DEPARTMENT –**  
**BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 65,690	\$ 77,070	\$ 64,958	\$ 12,112
City Manager	515,800	589,640	419,307	170,333
Finance	1,302,240	887,800	692,362	195,438
Economic Development	258,660	170,170	136,188	33,982
CIP Admin	-	-	16,133	(16,133)
IT Division	-	245,510	246,761	(1,251)
Personnel	393,360	364,760	331,959	32,801
Non-Departmental	571,230	971,080	766,585	204,495
Animal Control	283,670	806,400	802,979	3,421
<b>Total General Government</b>	<b>3,390,650</b>	<b>4,112,430</b>	<b>3,477,232</b>	<b>635,198</b>
Public Safety				
Police	9,159,470	12,496,710	12,138,695	358,015
Fire Code Enforcement	8,660,330	6,475,530	6,041,254	434,276
<b>Total Public Safety</b>	<b>17,819,800</b>	<b>18,972,240</b>	<b>18,179,949</b>	<b>792,291</b>
Public Works				
Streets	2,271,010	2,279,390	2,047,074	232,316
Storm Drains	174,600	160,100	112,098	48,002
<b>Total Public Works</b>	<b>2,445,610</b>	<b>2,439,490</b>	<b>2,159,172</b>	<b>280,318</b>
Community Development				
Planning	375,360	-	-	-
Engineering Administration	767,840	-	-	-
Parking and Business Improvement	88,300	88,300	87,231	1,069
Dangerous Building Abatement	121,000	110,000	11,057	98,943
<b>Total Community Development</b>	<b>1,352,500</b>	<b>198,300</b>	<b>98,288</b>	<b>100,012</b>
Community Services				
Parks	3,557,070	4,058,100	3,273,611	784,489
Community Services	1,454,020	825,920	768,455	57,465
<b>Total Community Services</b>	<b>5,011,090</b>	<b>4,884,020</b>	<b>4,042,066</b>	<b>841,954</b>
Library and Cultural	854,000	891,890	879,266	12,624
Capital Outlay	41,075,440	41,252,860	19,244,537	22,008,323
Debt Service				
Principal	241,010	289,460	79,461	209,999
Interest	52,380	63,870	49,129	14,741
<b>Total Debt Service</b>	<b>293,390</b>	<b>353,330</b>	<b>128,590</b>	<b>224,740</b>
Transfers Out	5,922,060	7,544,890	7,673,010	(128,120)
<b>Total General Fund Expenditures</b>	<b>\$ 78,164,540</b>	<b>\$ 80,649,450</b>	<b>\$ 55,882,110</b>	<b>\$ 24,767,340</b>

**CITY OF TULARE  
 MEASURE I SALES TAX REVENUE AND RELATED  
 EXPENDITURES – BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Measure I Sales Tax	\$ 4,355,030	\$ 4,677,756	\$ 322,726
<b>Expenditures</b>			
Measure I - Police	2,943,350	2,898,830	44,520
Measure I - Fire	1,211,740	1,209,038	2,702
Measure I - Code Enforcement	123,760	101,609	22,151
Total Expenditures	4,278,850	4,209,477	69,373
Excess of Revenues Over Expenditures	\$ 76,180	\$ 468,279	\$ 392,099

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

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

\$ 8,605,000

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

\$ 4,565,000

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

\$ 9,675,000

(Continued)

**CITY OF TULARE  
LONG-TERM DEBT RECORDED IN  
PRIVATE PURPOSE TRUST FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

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

\$ 5,402,757

The annual requirements to amortize debt payable are as follows:

Year Ending June 30,	Fiduciary Fund - Private Purpose Trust Fund			
	2010 Tax Allocation Bonds - Series A	2010 Tax Allocation Bonds - Series B	2010 Tax Allocation Bonds - Series C	Advances from the Primary Government
2015	\$ 529,113	\$ 686,353	\$ 854,744	\$ 5,402,757
2016	529,113	683,640	1,007,131	-
2017	529,113	683,548	1,007,225	-
2018	529,113	686,015	1,003,663	-
2019	529,113	685,788	1,003,788	-
2020-2024	2,936,563	2,955,839	5,016,619	-
2025-2029	3,676,913	-	3,929,481	-
2030-2034	3,743,278	-	3,677,588	-
2035-2039	4,423,147	-	3,673,563	-
2040-2044	1,874,216	-	1,472,511	-
2045-2048	-	-	-	-
	19,299,680	6,381,183	22,646,313	5,402,757
Less Interest	10,694,680	1,816,183	12,971,313	-
	-	-	-	-
	-	-	-	-
<b>Total</b>	<u>\$ 8,605,000</u>	<u>\$ 4,565,000</u>	<u>\$ 9,675,000</u>	<u>\$ 5,402,757</u>

# STATISTICAL SECTION



This page intentionally left blank.



## **STATISTICAL SECTION**

This page intentionally left blank.

**CITY OF TULARE  
STATISTICAL SECTION  
FOR THE YEAR ENDED JUNE 30, 2014**

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	128 – 137
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	138 – 145
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	146 – 153
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	154 – 156
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	157 – 161

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b><u>Governmental Activities:</u></b>					
Net Investment in Capital Assets	\$ 33,166,653	\$ 110,129,292	\$ 129,555,443	\$ 142,261,018	\$ 134,341,017
Restricted	-	-	23,652,940	19,215,692	5,079,552
Unrestricted	71,510,372	84,457,595	66,208,918	74,474,840	48,577,529
<b>Total Governmental Activities Net Position</b>	<b>\$ 104,677,025</b>	<b>\$ 194,586,887</b>	<b>\$ 219,417,301</b>	<b>\$ 235,951,550</b>	<b>\$ 187,998,098</b>
<b><u>Business-Type Activities:</u></b>					
Net Investment in Capital Assets	\$ 57,986,627	\$ 52,468,556	\$ 107,113,034	\$ 86,649,558	\$ 83,970,647
Restricted	15,721,361	85,998,650	44,617,222	51,229,220	33,428,794
Unrestricted	(14,315,941)	(74,574,833)	(74,352,100)	(52,851,820)	(34,593,405)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 59,392,047</b>	<b>\$ 63,892,373</b>	<b>\$ 77,378,156</b>	<b>\$ 85,026,958</b>	<b>\$ 82,806,036</b>
<b><u>Primary Government:</u></b>					
Net Investment in Capital Assets	\$ 91,153,280	\$ 162,597,848	\$ 236,668,477	\$ 228,910,576	\$ 218,311,664
Restricted	15,721,361	85,998,650	68,270,162	70,444,912	38,508,346
Unrestricted	57,194,431	9,882,762	(8,143,182)	21,623,020	13,984,124
<b>Total Primary Government Net Position</b>	<b>\$ 164,069,072</b>	<b>\$ 258,479,260</b>	<b>\$ 296,795,457</b>	<b>\$ 320,978,508</b>	<b>\$ 270,804,134</b>

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position

Fiscal Year			
2011	2012	2013	2014
\$ 151,745,077	\$ 154,050,235	\$ 165,585,033	\$ 177,172,689
5,950,633	5,112,388	2,212,182	1,283,898
41,007,426	49,533,580	46,626,129	47,137,211
<u>\$ 198,703,136</u>	<u>\$ 208,696,203</u>	<u>\$ 214,423,344</u>	<u>\$ 225,593,798</u>
\$ 87,741,783	\$ 83,851,638	\$ 83,470,628	\$ 85,354,787
11,328,132	14,901,129	14,901,128	12,828,344
(16,441,899)	(11,609,337)	(8,501,979)	(7,120,889)
<u>\$ 82,628,016</u>	<u>\$ 87,143,430</u>	<u>\$ 89,869,777</u>	<u>\$ 91,062,242</u>
\$ 239,486,860	\$ 237,901,873	\$ 249,055,661	\$ 262,527,476
17,278,765	20,013,517	17,113,310	14,112,242
24,565,527	37,924,243	38,124,150	40,016,322
<u>\$ 281,331,152</u>	<u>\$ 295,839,633</u>	<u>\$ 304,293,121</u>	<u>\$ 316,656,040</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b><u>Expenses:</u></b>				
Governmental Activities:				
General Government	\$ 1,933,465	\$ 4,405,718	\$ 2,855,538	\$ 4,372,097
Intergovernmental	3,895	3,895	28,228	3,904
Public Safety	13,372,193	15,345,247	17,234,653	17,919,518
Public Works	2,100,496	2,499,561	2,816,141	2,655,054
Community Development	3,442,573	5,469,002	7,791,822	5,367,023
Community Services	3,025,032	3,534,104	4,075,367	4,161,627
Library and Cultural	1,541,423	3,513,601	3,331,468	4,082,194
Interest on Long-Term Debt	508,483	99,986	668,323	2,649,504
Total Governmental Activities Expenses	<u>25,927,560</u>	<u>34,871,114</u>	<u>38,801,540</u>	<u>41,210,921</u>
Business-Type Activities:				
Aviation	158,865	164,682	149,838	135,527
Transit	2,229,068	2,291,825	2,373,838	2,569,527
Development Services	-	-	-	-
Water	3,760,697	4,446,988	5,774,160	5,360,552
Solid Waste	5,696,194	6,276,096	6,828,700	6,392,221
Sewer	9,953,994	10,850,918	12,797,031	13,920,042
Total Business-Type Activities Expenses	<u>21,798,818</u>	<u>24,030,509</u>	<u>27,923,567</u>	<u>28,377,869</u>
Total Primary Government Expenses	<u>47,726,378</u>	<u>58,901,623</u>	<u>66,725,107</u>	<u>69,588,790</u>
<b><u>Program Revenues:</u></b>				
Governmental Activities:				
Charges for Services:				
General Government	355,884	525,607	307,426	465,136
Intergovernmental	1,355,515	1,649,615	180,370	176,350
Public Safety	2,587,645	2,022,999	2,079,850	2,139,721
Public Works	386,629	298,200	301,977	282,465
Community Development	2,331,095	2,617,517	2,428,421	1,692,768
Community Services	556,804	421,623	436,384	442,745
Library and Cultural	283,722	419,176	363,663	434,294
Operating Grants and Contributions	52,689	203,221	153,895	153,891
Capital Grants and Contributions	-	124,714	931,941	150,871
Total Governmental Activities Program Revenues	<u>7,909,983</u>	<u>8,282,672</u>	<u>7,183,927</u>	<u>5,938,241</u>
Business-Type Activities:				
Charges for Services:				
Aviation	63,857	99,294	103,064	111,999
Transit	1,621,973	1,864,717	1,507,696	2,131,920
Development Services	-	-	-	-
Water	5,083,108	5,214,527	6,383,693	4,673,549
Solid Waste	5,471,596	5,743,916	6,513,112	5,946,594
Sewer	11,727,127	12,303,626	18,812,643	16,887,266
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	2,922,213	1,887,471	7,543,285	4,604,955
Total Business-Type Activities Program Revenues	<u>26,889,874</u>	<u>27,113,551</u>	<u>40,863,493</u>	<u>34,356,283</u>
Total Primary Government Program Revenues	<u>34,799,857</u>	<u>35,396,223</u>	<u>48,047,420</u>	<u>40,294,524</u>

(Continued)

Fiscal Year				
2010	2011	2012	2013	2014
\$ 7,227,222	\$ 8,642,445	\$ 8,067,355	\$ 9,010,273	\$ 4,862,056
22,198	3,325	4,875	1,850	148,790
18,150,196	18,593,186	18,318,598	19,059,260	19,915,983
2,253,586	2,578,473	3,579,669	5,655,689	2,287,781
7,548,417	6,750,085	6,997,115	3,122,172	5,968,778
4,119,626	3,862,066	2,941,823	3,941,229	4,981,447
5,254,822	4,432,456	4,767,847	4,114,378	4,438,440
1,873,941	1,558,168	1,541,400	1,797,517	1,548,628
<u>46,450,008</u>	<u>46,420,204</u>	<u>46,218,682</u>	<u>46,702,368</u>	<u>44,151,903</u>
377,402	382,051	367,763	293,005	351,636
2,491,326	2,646,089	2,543,927	2,618,740	2,948,977
-	-	-	1,342,996	2,203,021
5,886,572	6,873,779	5,961,595	6,998,271	6,497,620
6,630,196	5,413,630	6,170,699	5,562,606	6,346,567
23,628,414	22,960,927	23,915,636	26,131,677	27,656,817
<u>39,013,910</u>	<u>38,276,476</u>	<u>38,959,620</u>	<u>42,947,295</u>	<u>46,004,638</u>
<u>85,463,918</u>	<u>84,696,680</u>	<u>85,178,302</u>	<u>89,649,663</u>	<u>90,156,541</u>
404,289	471,461	392,699	498,638	274,788
261,239	1,656,320	176,929	179,467	103,241
1,311,651	1,275,328	1,226,824	1,285,941	1,330,307
126,065	140,660	174,249	312,403	129,298
1,506,687	1,938,612	1,899,718	962,594	1,161,062
230,451	210,683	143,201	217,701	281,516
293,953	241,799	232,086	227,266	250,847
647,282	1,131,073	1,181,916	1,151,910	1,033,917
182,021	4,449,047	10,881,509	9,196,546	8,919,700
<u>4,963,638</u>	<u>11,514,983</u>	<u>16,309,131</u>	<u>14,032,466</u>	<u>13,484,676</u>
113,350	110,825	121,495	109,303	115,405
1,885,297	1,895,852	1,934,546	2,248,152	2,370,665
-	-	-	1,089,516	1,370,618
5,112,671	4,978,664	5,187,429	6,063,775	6,635,639
6,539,840	7,158,579	7,570,292	8,340,384	8,206,431
20,134,580	22,549,039	26,595,579	26,051,737	26,207,894
-	850,130	1,679,277	863,097	2,031,384
2,246,055	-	-	-	-
<u>36,031,793</u>	<u>37,543,089</u>	<u>43,088,618</u>	<u>44,765,964</u>	<u>46,938,036</u>
<u>40,995,431</u>	<u>49,058,072</u>	<u>59,397,749</u>	<u>58,798,430</u>	<u>60,422,712</u>

(Continued)

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

	Fiscal Year			
	2006	2007	2008	2009
Net Revenues (Expenses):				
Governmental Activities	(18,017,577)	(26,588,442)	(31,617,613)	(35,272,680)
Business-Type Activities	5,091,056	3,083,042	12,939,926	5,978,414
Total Net Revenues (Expenses)	<u>(12,926,521)</u>	<u>(23,505,400)</u>	<u>(18,677,687)</u>	<u>(29,294,266)</u>
<b><u>General Revenues and Other Changes in Net Position:</u></b>				
Governmental Activities:				
Taxes:				
Sales Tax/Gas Tax/Measure R Taxes	7,220,399	11,859,889	16,163,788	14,466,030
Property Tax	2,553,998	3,577,111	4,279,124	4,583,226
Utility Tax	4,891,749	5,370,352	5,348,107	5,295,978
Motel/Hotel and Franchise Tax	2,327,371	2,515,731	2,524,436	2,548,329
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	3,561,218	4,042,805	4,580,676	4,819,229
Other Taxes	-	-	-	-
Investment Income	4,610,583	5,644,508	6,504,081	6,709,281
Other General Revenues	4,340,440	8,458,768	15,202,114	9,123,660
Grants and Contributions Not Restricted to Specific Programs	883,803	349,443	1,285,206	955,672
Gain on Sale of Capital Assets	56,456	76,882	30,055	-
Transfers	5,994	289,624	530,440	3,305,524
Total Governmental Activities	<u>30,452,011</u>	<u>42,185,113</u>	<u>56,448,027</u>	<u>51,806,929</u>
Business-Type Activities:				
Investment Income	786,450	1,706,908	1,076,297	4,777,743
Gain on Sale of Capital Assets	-	-	-	-
Transfers	(5,994)	(289,624)	(530,440)	(3,305,524)
Total Business-Type Activities	<u>780,456</u>	<u>1,417,284</u>	<u>545,857</u>	<u>1,472,219</u>
Total Primary Government	<u>31,232,467</u>	<u>43,602,397</u>	<u>56,993,884</u>	<u>53,279,148</u>
<b><u>Special Items</u></b>				
Debt Forgiveness-Governmental Activities:	-	-	-	-
Extraordinary Gain or (Loss) on Dissolution of Redevelopment Agency	-	-	-	-
Total Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>				
Governmental Activities	12,434,434	15,596,671	24,830,414	16,534,249
Business-Type Activities	5,871,512	4,500,326	13,485,783	7,450,633
Total Primary Government	<u>\$ 18,305,946</u>	<u>\$ 20,096,997</u>	<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>

**Sources:**

Comprehensive Annual Financial Report (CAFR)  
Statement of Net Position



Fiscal Year				
2010	2011	2012	2013	2014
(41,486,370)	(34,905,221)	(29,909,551)	(32,669,902)	(30,667,227)
(2,982,117)	(733,387)	4,128,998	1,818,669	933,398
<u>(44,468,487)</u>	<u>(35,638,608)</u>	<u>(25,780,553)</u>	<u>(30,851,233)</u>	<u>(29,733,829)</u>
17,003,577	16,314,384	20,311,365	23,905,777	23,393,201
4,040,713	4,153,674	4,447,600	4,026,662	4,705,679
5,462,182	5,533,018	5,234,472	5,343,876	5,592,318
2,147,819	2,299,093	820,038	1,984,941	2,101,367
4,701,932	4,734,280	4,367,392	4,229,944	4,326,227
-	-	1,608,623	633,097	660,950
897,402	579,731	652,931	212,232	736,701
3,035,817	3,357,639	3,514,588	-	1,708,873
591,426	265,222	-	-	-
-	17,734	-	-	-
-	8,355,484	2,713,404	(304,524)	(728,438)
<u>37,880,868</u>	<u>45,610,259</u>	<u>43,670,413</u>	<u>40,032,005</u>	<u>42,496,878</u>
719,593	656,937	679,628	631,930	692,776
41,602	-	-	-	-
-	(101,570)	(293,211)	275,748	728,438
<u>761,195</u>	<u>555,367</u>	<u>386,417</u>	<u>907,678</u>	<u>1,421,214</u>
<u>38,642,063</u>	<u>46,165,626</u>	<u>44,056,830</u>	<u>40,939,683</u>	<u>43,918,092</u>
(44,258,915)	-	-	-	-
-	-	(3,767,795)	(1,634,962)	-
<u>(44,258,915)</u>	<u>-</u>	<u>(3,767,795)</u>	<u>(1,634,962)</u>	<u>-</u>
(47,864,417)	10,705,038	9,993,067	5,727,141	11,829,651
(2,220,922)	(178,020)	4,515,415	2,726,347	2,354,612
<u>\$ (50,085,339)</u>	<u>\$ 10,527,018</u>	<u>\$ 14,508,482</u>	<u>\$ 8,453,488</u>	<u>\$ 14,184,263</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ 18,275,950	\$ 22,001,145	\$ 25,285,362	\$ 26,437,732
Unreserved	12,539,095	15,676,717	10,431,701	9,409,100
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 30,815,045</u>	<u>\$ 37,677,862</u>	<u>\$ 35,717,063</u>	<u>\$ 35,846,832</u>
All Other Governmental Funds:				
Reserved, Reported in:				
Debt Service Funds	\$ 1,051,951	\$ 1,112,693	\$ 23,427,969	\$ 16,374,755
Unreserved, Reported in:				
Special Revenue Funds	3,330,476	4,313,146	5,119,028	6,069,714
Capital Projects Funds	(19,520)	(224,289)	(297,431)	(455,256)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,362,907</u>	<u>\$ 5,201,550</u>	<u>\$ 28,249,566</u>	<u>\$ 21,989,213</u>

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

**Sources:**

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

<b>Fiscal Year</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 26,437,732	\$ -	\$ -	\$ -	\$ -
6,320,602	-	-	-	-
-	-	-	-	-
-	(13,386)	-	8,708	29,077
-	21,781,536	22,797,424	19,998,080	22,004,228
-	-	-	-	-
-	-	(3,951,915)	(1,634,962)	-
<u>\$ 32,758,334</u>	<u>\$ 21,768,150</u>	<u>\$ 18,845,509</u>	<u>\$ 18,371,826</u>	<u>\$ 22,033,305</u>
\$ 4,293,093	\$ -	\$ -	\$ -	\$ 2,876,426
7,141,590	-	-	-	-
(253,448)	-	-	-	-
-	-	-	35,000	35,000
-	12,310,686	17,345,677	14,986,150	9,718,237
-	3,381,226	-	626,408	722,545
-	-	(189,068)	-	-
-	-	-	-	(1,082)
<u>\$ 11,181,235</u>	<u>\$ 15,691,912</u>	<u>\$ 17,156,609</u>	<u>\$ 15,647,558</u>	<u>\$ 13,351,126</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues:</b>				
Taxes	\$ 20,554,735	\$ 27,365,888	\$ 32,896,131	\$ 31,712,792
Intergovernmental	2,795,298	2,738,351	177,349	317,124
Licenses and Permits	1,505,099	1,652,910	1,218,021	640,257
Fines and Forfeitures	126,287	192,294	233,436	233,308
Charges for Services	4,678,772	4,148,235	4,098,683	4,102,455
Interest and Rentals	890,924	1,686,320	1,962,211	2,893,221
Grants	924,397	677,378	2,044,042	1,232,934
Meals	70,776	67,150	65,411	57,093
Assessments	192,338	312,148	370,602	481,527
Other	3,644,967	7,464,240	14,837,908	8,620,736
<b>Total Revenues</b>	<b>35,383,593</b>	<b>46,304,914</b>	<b>57,903,794</b>	<b>50,291,447</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	2,550,663	4,238,567	3,798,782	4,194,242
Intergovernmental	3,895	3,896	1,628,184	3,904
Public Safety	13,154,240	14,319,066	16,532,003	16,934,752
Public Works	2,012,500	2,251,300	2,606,821	2,398,132
Community Development	3,231,634	3,927,092	6,027,437	7,945,185
Community Services	2,975,889	3,384,773	3,987,118	4,034,706
Library and Cultural	694,063	763,357	859,849	855,572
Capital Outlay	6,099,406	8,231,702	28,645,304	18,524,487
<b>Debt Service:</b>				
Principal	662,245	1,164,169	6,432,137	1,914,942
Interest and Fiscal Charges	530,781	558,445	1,073,901	2,604,554
<b>Total Expenditures</b>	<b>31,915,316</b>	<b>38,842,367</b>	<b>71,591,536</b>	<b>59,410,476</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,468,277</b>	<b>7,462,547</b>	<b>(13,687,742)</b>	<b>(9,119,029)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	4,160,480	6,428,333	20,856,930	22,570,192
Transfers Out	(3,938,352)	(6,189,421)	(20,840,420)	(19,581,747)
Issuance of Bonds	-	-	34,758,449	-
<b>Total Other Financing Sources (Uses)</b>	<b>222,128</b>	<b>238,912</b>	<b>34,774,959</b>	<b>2,988,445</b>
<b>Net Change in Fund Balances Before Extraordinary Item</b>	<b>3,690,405</b>	<b>7,701,459</b>	<b>21,087,217</b>	<b>(6,130,584)</b>
<b>Extraordinary Item</b>				
Extraordinary Loss	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 3,690,405</b>	<b>\$ 7,701,459</b>	<b>\$ 21,087,217</b>	<b>\$ (6,130,584)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>4.62%</b>	<b>5.63%</b>	<b>17.48%</b>	<b>11.05%</b>

Fiscal Year				
2010	2011	2012	2013	2014
\$ 33,356,223	\$ 28,300,169	\$ 36,789,494	\$ 40,124,297	\$ 40,779,742
259,997	6,390,419	176,692	179,365	94,832
600,944	880,876	839,048	78,939	102,983
296,334	261,035	335,121	233,167	204,719
2,493,574	2,447,307	2,174,778	2,481,343	2,407,782
740,036	502,658	555,667	239,841	648,751
1,420,729	5,845,341	12,063,425	5,564,425	9,913,617
35,006	40,879	40,238	26,296	26,416
483,486	689,506	720,068	711,196	720,743
2,770,855	2,658,216	2,845,740	4,088,635	1,241,758
<u>42,457,184</u>	<u>48,016,406</u>	<u>56,540,271</u>	<u>53,727,504</u>	<u>56,141,343</u>
3,842,671	4,250,919	4,426,111	3,354,212	3,477,232
22,198	3,325	4,875	1,850	80,434
17,119,531	17,934,692	17,592,694	18,458,371	18,951,852
2,014,853	2,423,082	3,422,798	5,544,549	2,159,172
15,862,715	5,347,788	4,972,369	2,149,595	1,715,725
4,027,590	3,806,034	2,874,852	3,884,359	4,915,473
822,996	914,157	864,684	794,455	879,266
8,785,378	14,714,906	17,196,246	16,668,830	19,376,263
1,352,491	3,128,889	777,332	1,062,010	839,461
2,266,398	1,758,832	1,677,870	1,753,594	1,605,503
<u>56,116,821</u>	<u>54,282,624</u>	<u>53,809,831</u>	<u>53,671,825</u>	<u>54,000,381</u>
<u>(13,659,637)</u>	<u>(6,266,218)</u>	<u>2,730,440</u>	<u>55,679</u>	<u>2,140,962</u>
23,144,987	14,415,335	11,796,917	17,031,556	19,122,308
(23,381,826)	(14,628,624)	(12,217,506)	(17,435,007)	(20,035,107)
-	-	-	-	-
<u>(236,839)</u>	<u>(213,289)</u>	<u>(420,589)</u>	<u>(403,451)</u>	<u>(912,799)</u>
<u>(13,896,476)</u>	<u>(6,479,507)</u>	<u>2,309,851</u>	<u>(347,772)</u>	<u>1,228,163</u>
-	-	(3,767,795)	(1,634,962)	-
<u>\$ (13,896,476)</u>	<u>\$ (6,479,507)</u>	<u>\$ (1,457,944)</u>	<u>\$ (1,982,734)</u>	<u>\$ 1,228,163</u>
7.65%	12.35%	6.71%	7.61%	7.06%

**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)
	Secured	Utility	Unsecured	
2005	\$ 2,052,354,030	\$ 5,019,583	\$ 84,682,222	\$ 2,142,055,835
2006	2,279,956,409	4,856,345	84,618,122	2,369,430,876
2007	2,700,640,190	4,820,292	98,180,959	2,803,641,441
2008	3,239,720,598	3,715,327	117,457,704	3,360,893,629
2009	3,492,619,589	3,247,492	122,421,553	3,618,288,634
2010	3,439,006,802	3,653,677	124,029,765	3,566,690,244
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871
2013	3,265,369,337	3,653,677	133,272,910	3,402,295,924
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863

(1) Assessed valuations are net of exemptions.

**Source:**

County of Tulare, Office of the Auditor-Controller

**NOTE:**

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

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

	2014	1999
City Direct Rates:		
City Basic Rate	0.143	0.410
Total Average City Direct Rate	0.143	0.410
Overlapping Rates:		
General	1.00000	1.00000
Tulare Joint Union High School District	0.06910	0.02000
College of the Sequoias	0.02320	0.00000
Kaweah Delta Water District	0.00040	0.00040
Tulare Local Health Care District	0.08150	0.03934
Total Average Direct Rate	1.317200	1.469740

**NOTE:**

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

**Source:**

County of Tulare, Office of the Auditor-Controller

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

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

**Source:**

State Board of Equalization, State of California

**Notes:**

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



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

Taxpayer	2014 (2)		2004 (1)	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese, USA, Inc. (formerly Stella Cheese Company, Inc.)	\$ 245,954,434	7.35%	\$ 39,692,921	1.93%
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	161,447,602	4.83%	261,999,562	12.77%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	80,782,262	2.42%	61,566,790	3.00%
U.S. Cold Storage of California	66,387,030	1.98%	26,038,663	1.27%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	61,894,805	1.85%	38,550,362	1.88%
1407 Rutherford Street Holdings, LLC (formerly Horizon Outlet Centers, Ltp.)	33,863,295	1.01%	12,774,299	0.62%
Target Corporation	23,467,088	0.70%	-	n/a
Paul A. and Vickie L. Daley, LP	20,128,675	0.60%	10,809,993	0.53%
General Mills Operations, Inc.	-	n/a	11,572,400	0.56%
Sulphur Springs Cultured Specialties, LLC	13,867,436	0.41%	-	n/a
Wal-Mart Real Estate Business Trust	-	n/a	10,251,896	0.50%
KindtCorp	-	n/a	9,627,162	0.47%
International Agri-Center, Inc.	13,503,233	0.40%	-	n/a
Total taxable assessed value of top fifteen largest taxpayers	<u>\$ 721,295,860</u>	<u>21.56%</u>	<u>\$ 482,884,048</u>	<u>23.53%</u>
Total assessed value of all taxpayers	<u>\$ 3,344,992,202</u>	<u>100.00%</u>	<u>\$ 2,052,354,030</u>	<u>100.00%</u>

**Source:**

- (1) Tulare County Auditor-Controller Office
- (2) California Municipal Statistics, Inc.

This page intentionally left blank.

**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			Total Collections to Date		
		Amount (2)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy	
2005	(4) \$ 2,701,215	\$ 2,477,028	91.70%	(3)	\$ 2,477,028	91.70%	
2006	(5) 3,102,138	2,799,164	90.23%	(3)	2,799,164	90.23%	
2007	(6) 3,841,381	3,361,285	87.50%	(3)	3,361,285	87.50%	
2008	(7) 4,628,069	3,973,382	85.85%	(3)	3,973,382	85.85%	
2009	(8) 4,978,367	3,973,382	79.81%	(3)	3,973,382	79.81%	
2010	(9) 4,673,554	3,888,715	83.21%	\$ 80,491	3,969,206	84.93%	
2011	(10) 4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%	
2012	(11) 5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%	
2013	(12) 4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%	
2014	(13) 4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%	

**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 \$984,502 for the property tax shift to education.
- (5) Reduced approximately \$1,458,821 for the property tax shift to education.
- (6) Reduced approximately \$1,568,945 for the property tax shift to education.
- (7) Reduced approximately \$1,385,911 for the property tax shift to education.
- (8) Reduced approximately \$1,635,368 for the property tax shift to education.
- (9) Reduced approximately \$1,774,310 for the property tax shift to education.
- (10) Reduced approximately \$1,675,639 for the property tax shift to education.
- (11) Reduced approximately \$1,698,640 for the property tax shift to education.
- (12) Reduced approximately \$1,626,244 for the property tax shift to education.
- (13) Reduced approximately \$1,639,505 for the property tax shift to education.

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

	Fiscal Year							
	2005		2006		2007		2008	
<b>Sales:</b>								
General Retail	\$ 1,608	27.14%	\$ 1,798	27.49%	\$ 1,883	26.91%	\$ 2,066	28.61%
Food Products	1,159	19.56%	1,047	16.01%	1,093	15.62%	1,185	16.41%
Transportation	1,726	29.13%	1,874	28.65%	1,965	28.08%	2,022	28.00%
Construction	856	14.45%	1,169	17.87%	1,242	17.75%	1,158	16.04%
Business to Business	525	8.86%	593	9.07%	743	10.62%	731	10.12%
Miscellaneous	51	0.86%	59	0.90%	71	1.01%	59	0.82%
<b>Total</b>	<b>\$ 5,925</b>	<b>100.00%</b>	<b>\$ 6,540</b>	<b>100.00%</b>	<b>\$ 6,997</b>	<b>100.00%</b>	<b>\$ 7,221</b>	<b>100.00%</b>

**Source:**  
MuniServices, LLC

Fiscal Year

2009		2010		2011		2012		2013		2014	
\$ 1,961	30.08%	\$ 1,919	30.44%	\$ 1,909	26.95%	\$ 2,015	25.14%	\$ 2,119	25.69%	\$ 2,153	24.90%
1,166	17.88%	1,260	19.98%	1,228	17.33%	1,163	14.51%	1,268	15.37%	1,261	14.59%
1,637	25.11%	1,541	24.44%	2,266	31.99%	2,735	34.13%	2,849	34.54%	2,906	33.61%
1,041	15.97%	994	15.77%	1,027	14.50%	1,374	17.14%	1,334	16.17%	1,588	18.37%
656	10.06%	531	8.42%	604	8.53%	684	8.54%	628	7.61%	686	7.94%
59	0.90%	60	0.95%	50	0.71%	43	0.54%	51	0.62%	51	0.59%
<u>\$ 6,520</u>	<u>100.00%</u>	<u>\$ 6,305</u>	<u>100.00%</u>	<u>\$ 7,084</u>	<u>100.00%</u>	<u>\$ 8,014</u>	<u>100.00%</u>	<u>\$ 8,249</u>	<u>100.00%</u>	<u>\$ 8,645</u>	<u>100.00%</u>

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

Governmental Activities					
Fiscal Year Ended June 30	Lease Revenue Bonds (1), (3)	Leases Payable	Note Payable	General Obligation Bond	Total Governmental Activities
2005	\$ 11,160,000	\$ 302,669	\$ 442,193	\$ -	\$ 11,904,862
2006	10,555,000	475,162	407,638	-	11,437,800
2007	9,905,000	1,687,521	310,289	-	11,902,810
2008	38,438,958	1,537,672	-	-	39,976,630
2009	37,397,009	1,400,851	-	-	38,797,860
2010	36,025,061	1,285,944	-	-	37,311,005
2011	32,883,113	1,273,634	291,000	-	34,447,747
2012	32,161,165	1,227,504	256,000	-	33,644,669
2013	31,334,216	1,133,674	-	-	32,467,890
2014	29,773,588	1,035,583	-	-	30,809,171

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

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

Business-Type Activities

Revenue Bonds Payable (1), (3)	Leases Payable	Notes Payable	Advances from Other Funds	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 60,375,000	\$ 609,296	\$ -	\$ -	\$ 60,984,296	\$ 72,889,158	1,473	3.40%	6.23%
58,665,000	486,188	-	-	59,151,188	70,588,988	1,371	2.98%	5.68%
136,451,266	8,834,773	-	-	145,286,039	157,188,849	2,810	5.61%	(a)
134,632,678	8,628,016	-	-	143,260,694	183,237,324	3,194	5.45%	(a)
187,544,091	8,334,263	-	-	195,878,354	234,676,214	4,011	6.49%	(a)
185,330,504	8,108,519	-	-	193,439,023	230,750,028	3,876	6.47%	(a)
202,456,916	12,925,015	-	-	215,381,931	249,829,678	4,164	6.93%	(a)
200,218,330	12,190,869	-	-	212,409,199	246,053,868	4,106	8.57%	22.65%
197,068,905	11,059,545	-	-	208,128,450	240,596,340	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	1,730,000	205,305,787	236,114,958	3,940	6.78%	20.90%

**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>
2005	\$ -	\$ 2,260	\$ 2,260	0.11%	45.68
2006	-	2,090	2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14
2008	-	1,725	1,725	0.00%	30.07
2009	-	1,530	1,530	0.00%	26.67
2010	-	24,675	24,675	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	384.32
2013	-	23,250	23,250	0.67%	373.21
2014	-	22,845	22,845	0.66%	369.32

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, 2014**

City Assessed Valuation		\$ 3,484,811	
	<u>Total Debt</u>	<u>Percentage</u>	<u>City's Share of</u>
	6/30/14	Applicable (1)	Debt 6/30/14
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	\$ 36,541,354	47.220%	\$ 17,254,827
Tulare Union High School District	35,055,812	61.611%	21,598,236
Liberty School District	879,586	6.553%	57,639
Tulare Local Health Care District	84,955,000	59.881%	<u>50,871,904</u>
Total Overlapping Tax and Assessment Debt			<u>89,782,607</u>
Direct and Overlapping General Fund Debt:			
Tulare County General Fund Obligations	48,900,000	12.573%	6,148,197
Tulare Union High School District Certificates of Participation	37,570,000	12.573%	4,723,676
College of the Sequoias General Fund Obligations	8,365,000	13.561%	1,134,378
Tulare School District General Fund Obligations	3,434,747	94.144%	3,233,608
City of Tulare General Fund Obligations	29,160,000	100%	<u>29,160,000</u>
Total Direct and Overlapping General Fund Debt			<u>44,399,859</u>
Total Direct Debt			\$ 29,160,000
Overlapping Tax Increment Debt ( Successor Agency)	\$ 22,845,000	100.000%	22,845,000
Total Overlapping Debt			<u>127,867,465</u>
Combined Total Debt			<u>\$ 157,027,465 (2)</u>
Ratios to 2013-14 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	2.58%		
Total Direct Debt (\$29,160,000)	0.84%		
Combined total Debt	4.51%		
Ratios to Redevelopment Successor Agency Incremental Valuation (\$586,908,598)			
Total Overlapping Tax Increment Debt	3.89%		

AB: (\$475)

Notes:

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations.

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

**Source:**

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2005	2006	2007	2008
Assessed Valuation	\$ 2,142,055,835	\$ 2,369,430,876	\$ 2,803,641,441	\$ 3,360,893,629
Debt Margin Ratio (1)	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	80,327,094	88,853,658	105,136,554	126,033,511
Less Outstanding General Obligations	-	-	-	-
Net Debt Margin	<u>\$ 80,327,094</u>	<u>\$ 88,853,658</u>	<u>\$ 105,136,554</u>	<u>\$ 126,033,511</u>

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

**Sources:**

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 3,618,288,634	\$ 3,566,690,244	\$ 3,602,778,202	\$ 3,507,263,871	\$ 3,402,295,924	\$ 3,484,810,863
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
135,685,824	133,750,884	135,104,183	131,522,395	127,586,097	130,680,407
-	-	-	-	-	-
<u>\$ 135,685,824</u>	<u>\$ 133,750,884</u>	<u>\$ 135,104,183</u>	<u>\$ 131,522,395</u>	<u>\$ 127,586,097</u>	<u>\$ 130,680,407</u>

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

Fiscal Year Ended June 30	Sewer Revenue Bonds							
	Total Sewer Revenue	Less Operating Expenses	Net Revenues	2001 Senior Bonds	Senior Debt Coverage	Remaining Net Revenues	Parity (Subordinate) Debt	Parity Debt Coverage
2006	\$ 12,240	\$ 5,810	\$ 6,430	\$ 1,234	5.21	\$ 5,196	\$ 3,034	1.71
2007	13,378	6,763	6,615	1,233	5.37	5,382	4,476	1.20
2008	19,517	8,582	10,935	1,236	8.85	9,699	6,640	1.46
2009	21,512	9,140	12,372	1,233	10.03	11,139	6,627	1.68
2010	19,270	10,786	8,484	1,229	8.09	7,255	6,912	1.26
2011	21,431	8,778	12,653	1,230	11.65	11,423	10,032	1.31
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51
2013	24,963	9,087	15,876	1,056	15.04	14,821	11,076	1.34
2014	25,225	10,981	(1) 14,244	923	15	13,321	11,263	1.18

(1) Operating expenses in Fiscal Year Ending June 30, 2014 include a number of extraordinary expenses for: a) sludge disposal of approximately 8 years of sludge accumulation, b) roadwork funded from the Capital Improvement Fund but written off as an expense, and c) higher-than-normal natural gas purchases incurred during removal of the Bulk Volume Fermenter cover for repair and during sludge removal.

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

Operating expenses exclude interest expenses and depreciation.

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

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

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

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

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

**Source:**

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

Tax Allocation Bonds

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

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

Calendar Year	Population (1)	Personal Income	Personal Income (amounts expressed in thousands) (4)	Total Personal Income / Per Capita (4)	Assessed Valuation (in thousands) (2)	Per Capita Assessed Valuation	City Unemployment Rate (3)	County Unemployment Rate (3)
2005	\$ 49,477	\$ 1,170,328,958	\$ 1,170,329	\$ 23,654	\$ 2,142,056	43.29	7.50%	9.00%
2006	51,477	1,243,323,981	1,243,324	24,153	2,369,431	46.03	6.60%	7.90%
2007	55,935	(a)	(a)	(a)	2,803,641	50.12	7.30%	8.60%
2008	57,375	(a)	(a)	(a)	3,360,894	58.58	8.30%	9.80%
2009	58,506	(a)	(a)	(a)	3,618,289	61.84	12.50%	14.70%
2010	59,535	(a)	(a)	(a)	3,566,690	59.91	13.50%	15.70%
2011	59,926	(a)	(a)	(a)	3,602,778	60.12	13.40%	15.60%
2012	60,627	1,086,557,094	1,086,557	17,922	3,507,264	57.85	12.90%	15.10%
2013	61,199	1,114,556,188	1,114,556	18,212	3,402,296	55.59	10.90%	12.80%
2014	61,857	1,129,508,820	1,129,508	18,260	3,484,811	56.34	9.80%	11.60%

(a) Information unavailable

**Sources:**

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

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

<u>Employer</u>	<u>2014</u>		<u>2004</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Land O'Lakes (formerly Dairyman's Cooperative Creamery)	537	2.46%	600	3.03%
Haagen Dazs (formerly Nestle Ice Cream Co.)	354	1.62%	300	1.53%
Wal-Mart	250	1.15%	280	1.43%
Southern Ca Edison Company	125	0.57%	200	1.01%
Saputo Cheese USA, Inc	854	3.92%	150	0.76%
US Cold Storage	200	0.92%	-	n/a
Ruan, Inc	174	0.80%	-	n/a
Cheese & Protein International	-	0.00%	170	0.86%
Kings County Truck Lines	-	n/a	150	0.76%
Rocktenn	104	0.48%	-	0.00%
Kraft USA Tulare	250	1.15%	130	0.66%
J.D. Heiskell Company	360	1.46%	-	n/a
Morris Levin & Sons Hardware	170	0.78%	170	0.86%

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

**Sources:**

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

This page intentionally left blank.



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

Function	Full-Time and Part-Time Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	34	34	35	40	40	40	40	48	48	48
Public Safety	119	137	147	161	166	166	166	158	158	156
Public Works	68	71	73	79	79	79	86	86	86	86
Community Development	19	19	23	24	24	24	24	16	16	16
Community Services	55	33	34	39	39	36	36	22	22	22
Library and Cultural	9	9	10	11	11	11	11	10	10	10
<b>Total</b>	<b>304</b>	<b>303</b>	<b>322</b>	<b>354</b>	<b>359</b>	<b>356</b>	<b>363</b>	<b>340</b>	<b>340</b>	<b>338</b>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Police:					
Arrests	2,265	2,792	3,113	3,363	3,405
Parking Citations Issued	1,680	2,023	3,149	3,436	(1)
(1) Fire:					
Number of Emergency Calls	3,871	4,526	5,113	5,186	5,152
Inspections	1,194	1,333	705	1,494	1,159
Parks and Recreation:					
Number of Recreation Classes	95	101	113	140	137
Number of Facility Rentals	1,102	1,036	1,388	2,143	2,137
Water:					
New Connections	288	471	782	268	250
Average Daily Consumption (millions of gallons)	8	11	14	17	17
Sewer:					
New Connections	974	453	759	358	263

(1) Information unavailable.

**Source:**

Various City of Tulare Departments as appropriate

Fiscal Year				
2010	2011	2012	2013	2014
3,479	3,118	3,046	3,486	3,824
623	308	400	387	346
5,393	5,813	6,216	6,108	4,754
1,317	2,200	821	1,184	1,993
107	110	107	107	116
1,983	1,989	1,852	1,542	1,338
85	157	101	2	179
16	16	16	17	17
101	161	128	14	166

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	3	3	3	3	3
Public Works:					
Streets (miles)	158.70	170.00	184.60	187.52	192.67
Traffic Signals	39	40	41	41	41
Parks and Recreation:					
Parks	15	15	16	17	17
Park Acreage	189.15	189.15	206.15	207.81	207.81
Water:					
Water Mains (miles)	183.20	184.20	192.90	208.51	214.32
Average Daily Consumption (millions of gallons)	8.48	10.86	13.58	16.72	16.48
Sewer:					
Sanitary Sewers (miles)	175.30	176.90	184.60	197.64	203.78
Average Daily Wastewater Flow (millions of gallon)	10.81	11.22	11.30	11.36	11.18

**Source:**

Various City of Tulare Departments as appropriate

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
3	3	3	3	3
194.32 41	194.32 41	195.02 41	195.23 44	211.00 37
17 207.81	18 303.15	18 341.00	18 363.00	15 363.00
215.26 15.80	215.98 16.04	219.26 16.44	220.82 17.50	227.00 16.99
231.82 11.06	232.46 11.64	235.94 12.44	242.40 11.79	239.00 11.74

This page intentionally left blank.