
CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual

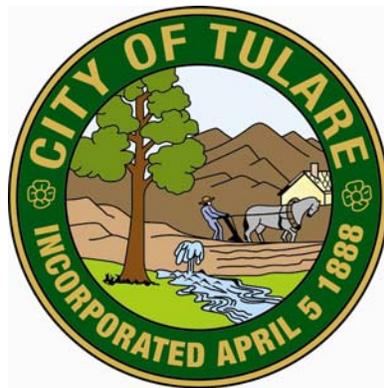


Financial Report

For the Fiscal Year Ended
JUNE 30, 2010

CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2010
Prepared by the Finance Department Staff
Darlene J. Thompson, CPA
Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2010

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2010**

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Introductory Section



Computer Station at the New Library



December 22, 2010

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

State law requires that local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2010.

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

The auditing firm of Brown Armstrong Accountancy Corporation has issued an unqualified ("clean") opinion on the City of Tulare's financial statements for the year ending June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

Tulare is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), Tulare has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 59,535 as of January 2010.

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

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

Local Economy. Development in the last several years has been rapid. This year, however, development slowed and showed signs of a severe drop in activity. Single family dwelling construction for past three years has gone from 406 to 176 to 157 homes this past year. Five months in to the fiscal year the pace has increased with 61 new home permits being issued.

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

- ❖ The opening of Rabobank on Prosperity Avenue
- ❖ The construction of Fresh and Easy on J Street
- ❖ Completion of the 2,100 square feet library that will increase the library capacity by 100 times and house the new City Council Chambers
- ❖ The annexation of 485 acres to house the new 340 acres of South I Industrial Park
- ❖ The annexation of 965 acres for a new Tulare Motor Sports Complex which will house on 700 acres
- ❖ The construction of the College of the Sequoias Tulare Campus to be completed in 2012-2013

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

- ❖ The closing of Stanley gas station which houses a E85 fueling station
- ❖ The closing of a popular Mexican restaurant on Tulare Avenue
- ❖ The loss of construction funding for the House of David chicken processing plant
- ❖ Secure funding for the construction of a meat packing processing plant
- ❖ Layoffs in various construction related companies

The City of Tulare is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville and developed areas of the County of Tulare in and around the various cities in the county. The population of the area is approximately 440,050. The anticipated growth in population of the Metropolitan Area is approximately 1.90%, with Tulare estimated to decline by about 2.50%. There are approximately 211,300 jobs in Tulare County. The countywide unemployment rate is about 15.7%, not seasonally adjusted. The City of Tulare has an unemployment rate of about 13.5% with 21,100 employed out of a workforce of 24,400.

City Capital Improvements. Although the private sector may be slowing, many of the governmental projects take time to accumulate resources and lag private sector activity. A number of significant projects were completed, started or in process. Some of the major projects in 2009-10 fiscal year include:

- ❖ Working on plans, estimation and specification for the Cartmill grade separation
- ❖ Doing the environmental phase for the Cartmill Interchange project
- ❖ Acquisition of right-a-way for the Morrison Street extension between Bardsley and Alpine
- ❖ Working on plans, estimation and specifications for the Eastside and South I sewer trunk line
- ❖ Completion of Tower Square parking lot reconstruction
- ❖ Expanding the Domestic Wastewater Plant so that flows in excess of the domestic plant's current treatment capacity can be conveyed to the City's new Industrial Wastewater Plant for additional treatment

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

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

City Manager

- ❖ Continue to promote tourism with billboard and citywide marketing effort
- ❖ Develop an environmental impact report policy related to the City's participation as "lead agency"
- ❖ Protect Local Taxpayer's & Vital Service Act Informational Campaign
- ❖ Delegate funds for anticipated demographic study for future ballot measure regarding district elections and related boundaries
- ❖ Collaborate jointly with Evolutions for an indoor sports facility to be located on the vacant lot east of the Evolution facility

Engineering

- ❖ Expand sidewalk construction pursuing grant funding through the Safe Route to Schools program
- ❖ Commit to improving streets to an acceptable level by implementing an on-going street maintenance program

Fire

- ❖ Relocate Station 62, construct new Station 64 and remodel Station 61
- ❖ Increase staffing to comply with the recommendation of the adopted Fire Protection and Emergency Services Master Plan and National Fire Protection Standard (NFPA) 1710

Planning & Building

- ❖ Clean-up substandard housing
- ❖ Update zoning & subdivision ordinances
- ❖ Proceed with revisions to the Tulare 2030 General Plan EIR
- ❖ Develop a Climate Action Plan (CAP)

Police

- ❖ Staff two existing Community Policing Neighborhood Centers and the Problem Oriented Policing Team
- ❖ Start a Police Activities League (PAL) program in the City

Public Works

- ❖ Pave alleys and move all solid waste collection to the street
- ❖ Repair trip hazard sidewalks and defective curb and gutter
- ❖ Establish an Energy Independence/Sustainable Community Program
- ❖ Participate in any meaningful way in the development of new surface water storage in the Central Valley
- ❖ Develop and implement a program to supplement recharge of the City's groundwater resource to reverse the annual overdraft
- ❖ Development of a repair, maintenance and use policy regarding alleys, fencing, trash receptacles, lighting, etc.

Recreation and Parks

- ❖ Pursue the development of the 24 acres along the frontage of Highway 99 located on airport property
- ❖ Initiate landscape beautification efforts to enhance all major entrances that lead into the City, by utilizing signage, hardscapes and landscaping
- ❖ Pursue funding to purchase, plan and build a neighborhood park in Sunrise Estates
- ❖ Examine growth areas of the City for new programming opportunities and/or facility needs

- ❖ Downtown crow eradication
- ❖ Joint venture with schools developing lots near Mission Oak ball fields for Oak Tree Preservation
- ❖ Seek funding to acquire and develop 30 acres of defunct subdivision land on the east side of North E Street for six practice soccer fields and two practice football fields
- ❖ Acquire funds for installation of a shade system in Zumwalt Park
- ❖ Seeking funding and location to construct a dog park
- ❖ Creation of a neighborhood park on the south end of Mulcahy Middle School

Awards and Acknowledgements. The Governmental Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulare for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the 12th consecutive year Tulare has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The divider pages for the Introductory, Financial and Statistical Sections features various amenities of the City that enhances the quality of life in Tulare.

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,



Darlene J. Thompson, CPA
Finance Director

**CITY OF TULARE
PRINCIPAL CITY OFFICIALS
JUNE 30, 2010**

City Council

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

Board of Public Utilities Commissioners

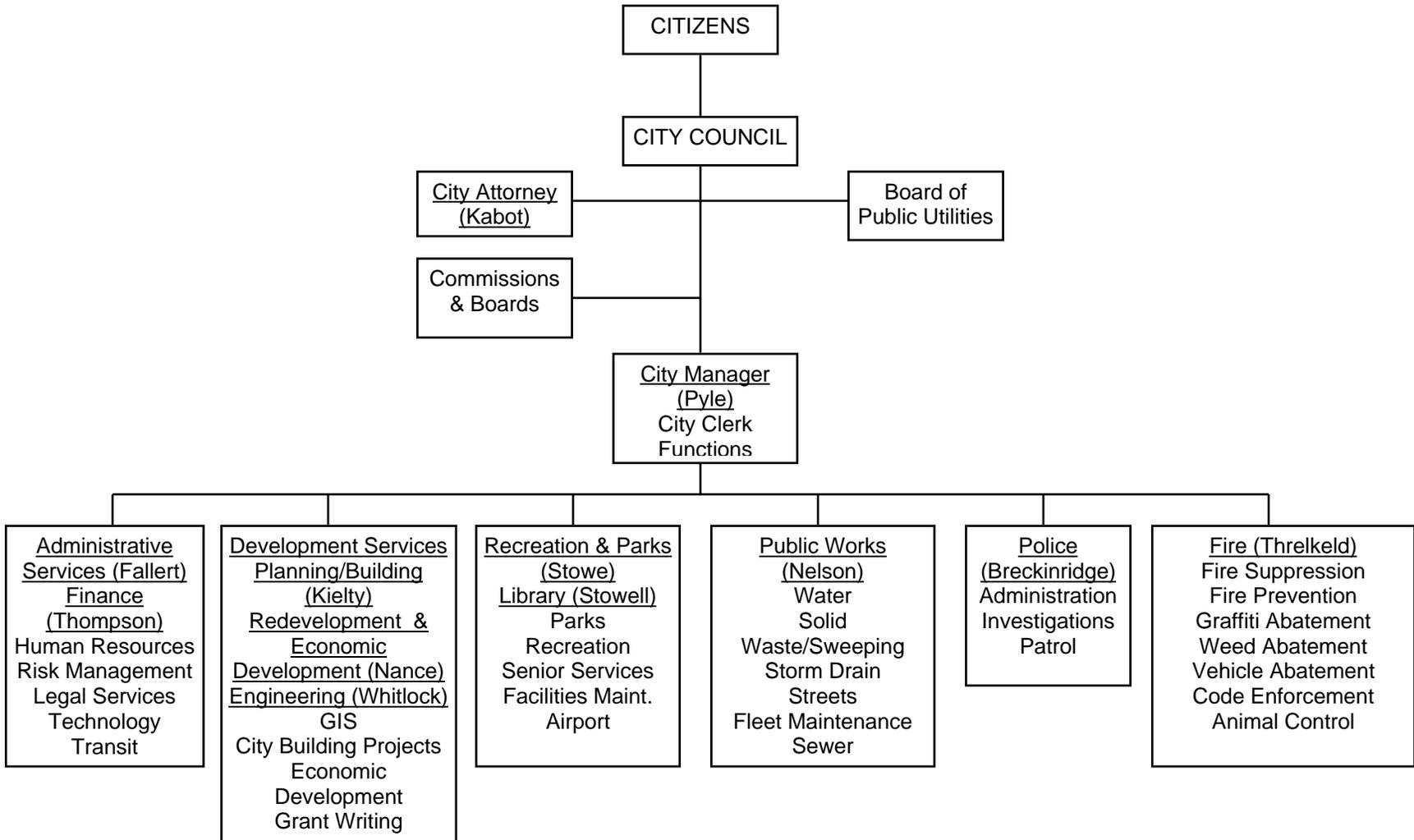
Wayne Hinman	President
Darlene Jensen	Vice President
Lee Brehm	Commissioner
Richard Johnson	Commissioner
Ronald Quinn	Commissioner

Administrative Officials and Department Heads

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



Organizational Chart



Note: Underline denotes position is member of top management.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulare
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



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

President

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

Executive Director

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Financial Section

Del Lago Park



Fishing Derbies at the lake for youth



Lighted Tennis Courts

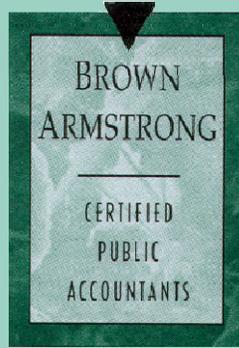
Covered Picnic Shelters



Playground Areas



Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



■ **Main Office**
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661.324.4971 Fax 661.324.4997
e-mail: info@bacpas.com

■ 560 Central Avenue
Shafter, California 93263
Tel 661.746.2145 Fax 661.746.1218

■ 8365 N. Fresno Street, Suite 440
Fresno, California 93720
Tel 559.476.3592 Fax 559.476.3593

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of
the City of Tulare, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

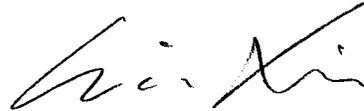
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tulare, California, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules as well as schedules of funding progress, as listed on the table of contents in the Required Supplementary Information Section, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tulare, California's basic financial statements. The introductory section, combining and individual non-major funds' statements and schedules, and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major funds' statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 22, 2010

Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tulare exceeded its liabilities at the close of the most recent fiscal year by \$270,804,134 (net assets). Of this amount, \$13,984,124 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$50,174,374 over the prior fiscal year. The majority of this decrease is attributable to the write off of the accrued interest on the advances to the component units.
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balances of \$43,939,569, a decrease of \$13,896,476 in comparison with the prior year. Approximately 30.06% of this total amount, \$13,208,744 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,320,602, or 15.82% of total general fund expenditures excluding re-appropriations of past-approved expenses.
- The City of Tulare total debt showed a net decrease of \$5,675,565 (2.24%) during the current fiscal year. The decrease in debt was a result of normal maturity of existing debt.

THE FINANCIAL STATEMENTS

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

The City has fully complied with the GASB 34 infrastructure reporting requirements. The current financial statements include all current and historical infrastructure assets for governmental activities constructed or acquired through the 2009-10 fiscal year.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tulare, assets exceeded liabilities by \$270,804,134 at the close of the most recent fiscal year.

By far the largest portion of the City of Tulare's net asset (83.05%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City of Tulare uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tulare's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current assets (\$69,585,088), approximately 86.66% (\$60,226,404) consists of cash and investments. These funds are invested in accordance with State law and the City's investment policy, and include funds legally and/or contractually restricted as to its use.

**City of Tulare
Statement of Net Assets
As of June 30, 2009 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Assets:						
Current and Other Assets	\$ 123,426,102	\$ 65,138,182	\$ 56,093,715	\$ 32,175,929	\$ 179,519,817	\$ 97,314,111
Capital Assets (Net of Depreciation)	161,843,186	171,652,022	233,449,930	249,996,861	395,293,116	421,648,883
Total Assets	285,269,288	236,790,204	289,543,645	282,172,790	574,812,933	518,962,994
Liabilities:						
Current and Other Liabilities	9,918,056	9,026,191	10,664,660	7,789,430	20,582,716	16,815,621
Long-Term Liabilities	39,399,682	39,765,915	193,852,027	191,577,324	233,251,709	231,343,239
Total Liabilities	49,317,738	48,792,106	204,516,687	199,366,754	253,834,425	248,158,860
Net Assets:						
Invested in Capital Assets, Net of Related Debt	142,261,018	140,935,492	86,649,558	83,970,647	228,910,576	224,906,139
Restricted	19,215,692	5,079,552	51,229,220	33,428,794	70,444,912	38,508,346
Unrestricted	74,474,840	41,983,054	(52,851,820)	(34,593,405)	21,623,020	7,389,649
Total Net Assets	\$ 235,951,550	\$ 187,998,098	\$ 85,026,958	\$ 82,806,036	\$ 320,978,508	\$ 270,804,134

An additional portion of the City of Tulare's net assets \$38,508,346 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$7,389,649 may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets decreased by \$50,174,374 compared to the prior fiscal year. This decrease is due primarily to the write off of the accrued interest from the advances to component units.

Statement of Activities

As discussed earlier, the Statement of Net Assets provides a measure of the financial health of an entity at a specific date in time (usually year end). The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2010, than it was at June 30, 2009.

City of Tulare
Statement of Activities
Fiscal Year Ended June 30, 2009 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 5,633,479	\$ 4,134,335	\$ 29,751,328	\$ 33,785,738	\$ 35,384,807	\$ 37,920,073
Operating Grants and Contributions	153,891	647,282	1,696,382	2,091,215	1,850,273	2,738,497
Capital Grants and Contributions	150,871	182,021	2,908,573	154,840	3,059,444	336,861
General Revenues:						
Taxes	31,712,792	33,356,223	-	-	31,712,792	33,356,223
Investment Earnings	6,709,281	897,402	4,777,743	719,593	11,487,024	1,616,995
Other Revenue	10,079,332	3,627,243	-	41,602	10,079,332	3,668,845
TOTAL REVENUES	54,439,646	42,844,506	39,134,026	36,792,988	93,573,672	79,637,494
EXPENSES:						
Governmental Activities:						
General Government	4,372,097	7,227,222	-	-	4,372,097	7,227,222
Intergovernmental	3,904	22,198	-	-	3,904	22,198
Public Safety	17,919,518	18,150,196	-	-	17,919,518	18,150,196
Public Works	2,655,054	2,253,586	-	-	2,655,054	2,253,586
Community Development	5,367,023	7,548,417	-	-	5,367,023	7,548,417
Community Services	4,161,627	4,119,626	-	-	4,161,627	4,119,626
Library and Cultural	4,082,194	5,254,822	-	-	4,082,194	5,254,822
Debt Service	2,649,504	1,873,941	-	-	2,649,504	1,873,941
Business-Type Activities:						
Aviation	-	-	135,527	377,402	135,527	377,402
Transit	-	-	2,569,527	2,491,326	2,569,527	2,491,326
Water	-	-	5,360,552	5,886,572	5,360,552	5,886,572
Solid Waste and Street Sweeping	-	-	6,392,221	6,630,196	6,392,221	6,630,196
Sewer and Wastewater	-	-	13,920,042	23,628,414	13,920,042	23,628,414
TOTAL EXPENSES	41,210,921	46,450,008	28,377,869	39,013,910	69,588,790	85,463,918
Increase in Net Assets Before Transfers	13,228,725	(3,605,502)	10,756,157	(2,220,922)	23,984,882	(5,826,424)
Transfers	3,305,524	-	(3,305,524)	-	-	-
Special Item - Debt Forgiveness	-	(44,258,915)	-	-	-	(44,258,915)
Increase in Net Assets	16,534,249	(47,864,417)	7,450,633	(2,220,922)	23,984,882	(50,085,339)
Net Assets, Beginning of Year, as Restated	219,417,301	235,862,515	77,576,325	85,026,958	296,993,626	320,889,473
Net Assets, End of Year	\$ 235,951,550	\$ 187,998,098	\$ 85,026,958	\$ 82,806,036	\$ 320,978,508	\$ 270,804,134

Revenue from all activities in fiscal year 2010 decreased by \$13,936,178 or 15%. Total governmental revenues for the year were \$42,844,506, which is \$11,595,140 or 21% less than in 2009 and business-type revenues decreased by \$2,341,038 or 6%. Taxes, which include property, sales, utility users, business license/franchise, and other taxes, account for \$33,356,223 or 78% of the City's governmental activities revenue and only slightly higher than 2009. Capital grants and contributions for both governmental and business-type decreased \$2,722,583 or 89% from the previous year, due mostly to a decrease in capital donated by developers or 63% decrease in development impact fees. Investment earnings decreased by \$9,870,029 or 86% mainly due from council direction to reduce the component units' interest rate from 8% to 3% and did not charge any interest to the component units for the current fiscal year.

Expenses of the City totaled \$85,463,918, an increase of \$15,875,128, which represents a 23% increase from the prior year. The largest individual categories of expense are public safety, representing 21%, and sewer/wastewater, representing 28% of total expense. General Government showed the largest increase for government activities in expenses over the prior year, with an increase of \$2,855,125. This increase in cost resulted from depreciation and interdepartment charges. The sewer/wastewater fund showed the largest increase in expenses over the prior year for the business-type activities, with an increase of \$9,708,372. This increase in costs resulted from depreciation and chemicals to treat the effluent.

As depicted in Statement of Net Assets, net assets decreased during the year. In those funds included within the Governmental Activities category, net assets decreased by \$47,864,417, a decrease of 20%. Net assets decreased in those funds included within the Business-Type Activities category by \$2,220,922, or a decrease of 2.61%.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At June 30, 2010, the City's governmental funds reported total ending fund balance of \$43,939,569, a decrease of \$13,896,476 from the beginning of the year. Approximately 60% of this total amount, \$13,208,744, is available for spending at the government's discretion (unreserved fund balance). The remainder of fund balance is "reserved" to indicate that it is not available for new spending because it has already been committed 1) for repayment from other funds (\$26,437,732) and 2) to pay debt service (\$4,293,093).

The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, unreserved fund balance of the General Fund (consisting of general fund and various capital project funds) was \$6,320,602, while total fund balance reached \$32,758,334. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Total unreserved fund balance for the General Fund represents approximately 16% of general fund expenditures.

The fund balance of the City of Tulare General Fund is \$3,088,498 lower than the prior fiscal year. The major factors in General Fund activity that resulted in this decrease are as follows:

- \$6,161,232 in decreases in other revenue compared to the prior year. This represents a 72% decrease over the prior fiscal year. This decrease is a result a down turn in new construction and the collection of development impact fees and the acceptance of contributed capital from development on completed subdivisions.
- \$9,736,109 decrease in capital outlay compared to the prior year. This represents a 53% decrease over the prior fiscal year. As mentioned above, due to the down turn in construction.

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

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

At June 30, 2010, the Financing Authority Fund had decreased its reserved fund balance by \$12,081,662 due to usage for loan proceeds on qualified projects.

Interest and fiscal charges decreased by \$294,899 and the decrease of \$330,000 in principal were due to the 1997 Lease Revenue Bonds that were defeased in the prior fiscal year.

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

The Transit Fund has total net assets of \$5,250,889 at the end of the fiscal year, an increase of \$727,802 or 16%. Total net asset include \$5,711,965 invested in capital assets, net of related debt, which are not available to cover current expenses. The increase to net assets was due to an increase to grants (\$56,447 or 5%) from the prior fiscal year. The City received \$105,000 from the County ½ cent district sales tax for starting a new route and due to the increase cost of fuel, the transit service saw an increase in ridership.

The Water Fund has total net assets of \$30,652,004 at the end of the fiscal year, a decrease of \$577,975 over the prior year. Total net assets include \$28,016,463 invested in capital assets, net of related debt, which are not available to cover current expenses. \$6,504,275 of total net assets is restricted for capital improvements (including plant and equipment replacement).

The Solid Waste Fund has total negative net assets of \$(5,429,941) at the end of the fiscal year, an increase of \$90,356 over the prior year. Total net assets include \$45,365 invested in capital assets, which are not available to cover current expenses.

The Sewer/Wastewater Fund has total net assets of \$50,000,325 at the end of the fiscal year, a decrease of \$2,815,910 over the prior year. Total net assets include \$47,214,137 invested in capital assets, which are not available to cover current expenses. \$26,242,312 of total net assets is restricted for capital improvements.

The Aviation Fund has total net assets of \$2,332,759 at the end of the fiscal year, an increase of \$535,517 or 30%. The major factor for this increase is due to grants (\$799,569) received for various capital projects that were completed in current fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City of Tulare’s investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$421,648,882 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The total increase in the City’s investment in capital assets for the current fiscal year was \$26,355,785. (Please refer to Note 4 – Capital Assets, page 46)

The majority of the increase is a result of infrastructure constructed or acquired during the fiscal year. These financial statements include infrastructure assets constructed or acquired through 2010-11 fiscal years.

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

- A variety of street construction projects, rehabilitation and maintenance for \$6,294,380.
- A dairy waste line replacement, the expansion, and various upgrades to sewer and wastewater treatment facilities for \$6,807,010.
- The completion of the expanded industrial treatment plant for \$11,071,410.
- The construction of a new library building, which will house the council chamber for \$10,667,670 which is scheduled to be completed in July 2010.

**City of Tulare
Capital Assets
As of June 30, 2009 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land, Right-of-Way, and Construction In Progress	\$ 24,076,836	\$ 40,100,882	\$ 100,429,310	\$ 12,653,935	\$ 124,506,146	\$ 52,754,817
Depreciable Buildings, Property, Equipment and Infrastructure, Net of Depreciation	137,766,350	131,551,140	133,020,620	237,342,925	270,786,970	368,894,065
Total Capital Assets	<u>\$ 161,843,186</u>	<u>\$ 171,652,022</u>	<u>\$ 233,449,930</u>	<u>\$ 249,996,860</u>	<u>\$ 395,293,116</u>	<u>\$ 421,648,882</u>

Long-Term Debt – At the end of the fiscal year, the City of Tulare had a total debt outstanding of \$230,750,028. (Please refer to Note 6 – Long Term Debt, page 48)

**City of Tulare
Outstanding Debt
As of June 30, 2009 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Lease Revenue Bonds	\$ 37,397,009	\$ 36,025,061	\$ -	\$ -	\$ 37,397,009	\$ 36,025,061
Lease Payable	1,400,851	1,285,944	8,334,263	8,108,519	9,735,114	9,394,463
Revenue Bonds Payable	-	-	187,544,091	185,330,504	187,544,091	185,330,504
Total Outstanding Debt	<u>\$ 38,797,860</u>	<u>\$ 37,311,005</u>	<u>\$ 195,878,354</u>	<u>\$ 193,439,023</u>	<u>\$ 234,676,214</u>	<u>\$ 230,750,028</u>

With respect to the Governmental Activities, the outstanding \$36,025,061 in lease revenue bonds consisted of two bonds issuance. One was issued in 2002 for \$3,690,000 for street repairs and to remodel or purchase land for the library. The other bond was issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II and preliminary work on railroad grade separation crossings.

Of the \$193,439,023 outstanding debt in the Business-Type Activities, \$185,330,504 relates to the Sewer/Wastewater fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated “Aaa” by Moody’s Investors Services and “AAA” by Standard & Poors.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflects an increase in appropriation of \$10,185,350 and can be briefly summarized as follow:

- \$10,190,000 in increase for the completion of the new library and council chamber.

The final amended budget figures were higher than actual expenditures in the General Fund by \$7,199,696 and can be briefly summarized as follows:

- \$437,291 difference between actual and final budget in community development was due to the various studies to be completed in the next fiscal year.
- \$5,784,406 difference between actual and final budget in capital outlay was due to various projects (grade separations and interchanges preliminary studies) requiring multi years to complete.
- \$351,055 difference between actual and final budget in community services was also due to various projects requiring multi years to complete and discontinued various recreation programs.

The interest and fiscal charges budget exceeded appropriations by \$456,625 due to the accrued interest due to developers for oversize agreements. (See Note 11 – Excess of Expenditures over Appropriations, page 60).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2010-11 were:

- Because of general economic slowdown property tax revenues are projected at a 14% decrease in the upcoming year.
- Sales tax revenues are projected to remain flat from 2009-10.
- City Council approved the use of around \$294,000 in reserve to balance the 2010-11 budget.
- Vacancies from employee attrition remain unfilled unless deemed critical to the operation of the City.
- The completion of the expanding of the industrial treatment plant required additional staff. The 2010-11 budget includes 7 new positions to help run the new plant.
- There's a need to upgrade the domestic wastewater treatment plant in Tulare to meet the new state requirements. The 2010-11 budget includes the upgrade of the domestic treatment plant to meet state requirements.
- Various street widening projects and preliminary study report for railroad grade separation have been budgeted for \$52,161,400 through Gas Tax Fund, Prop 1B, Measure I (½% general sales tax) and General Fund.

REQUESTS FOR INFORMATION

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

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF TULARE
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Redevelopment Agency
Assets				
Cash and Investments	\$ 26,546,084	\$ 1,187,958	\$ 27,734,042	\$ 1,737,529
Cash and Investments with Fiscal Agent	5,079,552	22,100,662	27,180,214	22,798,706
Restricted Cash and Investments	-	5,312,148	5,312,148	-
Receivables:				
Accounts	877,233	2,976,946	3,854,179	5,397
Interest	101,152	-	101,152	4,286
Taxes	2,317,172	-	2,317,172	217,484
Intergovernmental	1,486,838	1,339,783	2,826,621	304,468
Inventories	259,560	-	259,560	-
Note Receivable	14,794	-	14,794	2,947,398
Interfund Balances:				
Due from Other Funds	3,925,042	(3,925,042)	-	-
Advances to Other Funds	1,207,483	(1,207,483)	-	-
Due from Component Units	5,755,501	-	5,755,501	(5,755,501)
Advances to Component Units	16,052,848	-	16,052,848	(16,052,848)
Deferred Charges	-	4,390,958	4,390,958	-
Deferred Loans Receivable	-	-	-	8,986,250
Land Held for Resale	-	-	-	7,778,065
Nondepreciable Capital Assets	40,100,882	12,653,935	52,754,817	-
Depreciable Capital Assets, Net	131,551,140	237,342,925	368,894,065	-
Bond Issuance Costs, Net of Amortization	1,514,923	-	1,514,923	292,486
Total Assets	\$ 236,790,204	\$ 282,172,790	\$ 518,962,994	\$ 23,263,720
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7,523,974	\$ 5,079,201	\$ 12,603,175	\$ 988,580
Accrued Interest Payable	433,477	-	433,477	62,480
Deposits Payable	944,826	300,908	1,245,734	-
Unearned Revenue	123,914	-	123,914	6,973
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences Payable	207,186	33,909	241,095	2,432
Leases Payable	12,310	76,825	89,135	-
Notes Payable	-	-	-	34,000
Tax Allocation Bonds Payable	-	-	-	215,000
Revenue Bonds Payable	1,461,948	2,298,587	3,760,535	-
Total Due Within One Year	1,681,444	2,409,321	4,090,765	251,432
Due After One Year:				
Compensated Absences Payable	1,847,110	412,851	2,259,961	29,605
Leases Payable	1,273,634	8,031,694	9,305,328	-
Notes Payable	-	-	-	2,441,000
Tax Allocation Bonds Payable	-	-	-	24,460,000
Net Post Employment Benefits Obligation	400,614	100,862	501,476	8,524
Revenue Bonds Payable	34,563,113	183,031,917	217,595,030	-
Total Due After One Year	38,084,471	191,577,324	229,661,795	26,939,129
Total Liabilities	48,792,106	199,366,754	248,158,860	28,248,594
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	140,935,492	83,970,647	224,906,139	-
Restricted for Capital Improvements	5,079,552	33,428,794	38,508,346	22,798,706
Unrestricted	41,983,054	(34,593,405)	7,389,649	(27,783,580)
Total Net Assets (Deficit)	\$ 187,998,098	\$ 82,806,036	\$ 270,804,134	\$ (4,984,874)

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 7,227,222	\$ 404,289	\$ -	\$ -	\$ 404,289
Intergovernmental	22,198	261,239	-	-	261,239
Public Safety	18,150,196	1,311,651	553,387	-	1,865,038
Public Works	2,253,586	126,065	-	-	126,065
Community Development	7,548,417	1,506,687	-	182,021	1,688,708
Community Services	4,119,626	230,451	93,895	-	324,346
Library and Cultural	5,254,822	293,953	-	-	293,953
Interest on Long-Term Debt	1,873,941	-	-	-	-
Total Governmental Activities	46,450,008	4,134,335	647,282	182,021	4,963,638
Business-Type Activities:					
Aviation	377,402	113,350	799,569	-	912,919
Transit	2,491,326	1,885,297	1,291,646	-	3,176,943
Water	5,886,572	5,112,671	-	80,050	5,192,721
Solid Waste	6,630,196	6,539,840	-	-	6,539,840
Sewer	23,628,414	20,134,580	-	74,790	20,209,370
Total Business-Type Activities	39,013,910	33,785,738	2,091,215	154,840	36,031,793
Total Primary Government	\$ 85,463,918	\$ 37,920,073	\$ 2,738,497	\$ 336,861	\$ 40,995,431
Component Units:					
Redevelopment Agency	\$ 7,239,131	\$ -	\$ -	\$ 885,112	\$ 885,112

(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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Agency
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
Primary Government:				
Governmental Activities				
General Government	\$ (6,822,933)	\$ -	\$ (6,822,933)	\$ -
Intergovernmental	239,041	-	239,041	-
Public Safety	(16,285,158)	-	(16,285,158)	-
Public Works	(2,127,521)	-	(2,127,521)	-
Community Development	(5,859,709)	-	(5,859,709)	-
Community Services	(3,795,280)	-	(3,795,280)	-
Library and Cultural	(4,960,869)	-	(4,960,869)	-
Interest on Long-Term Debt	(1,873,941)	-	(1,873,941)	-
Total Governmental Activities	(41,486,370)	-	(41,486,370)	-
Business-Type Activities:				
Aviation	-	535,517	535,517	-
Transit	-	685,617	685,617	-
Water	-	(693,851)	(693,851)	-
Solid Waste	-	(90,356)	(90,356)	-
Sewer	-	(3,419,044)	(3,419,044)	-
Total Business-Type Activities	-	(2,982,117)	(2,982,117)	-
Total Primary Government	\$ (41,486,370)	\$ (2,982,117)	\$ (44,468,487)	\$ -
Component Units:				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (6,354,019)
General Revenues:				
Sales Tax	\$ 17,003,577	\$ -	\$ 17,003,577	\$ -
Property Tax	4,040,713	-	4,040,713	6,076,999
Utility Tax	5,462,182	-	5,462,182	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,701,932	-	4,701,932	-
Motel/Hotel and Franchise Tax	2,147,819	-	2,147,819	-
Grants and Contributions Not Restricted to Specific Programs	591,426	-	591,426	-
Investment Earnings - Unrestricted	897,402	719,593	1,616,995	-
Use of Money and Property	-	-	-	838,702
Miscellaneous	3,035,817	-	3,035,817	299,532
Gain on Sale of Capital Assets	-	41,602	41,602	-
Transfers	-	-	-	-
Total General Revenues and Transfers	37,880,868	761,195	38,642,063	7,215,233
Special Item - Debt Forgiveness	(44,258,915)	-	(44,258,915)	44,258,915
Change in Net Assets (Deficit)	(47,864,417)	(2,220,922)	(50,085,339)	45,120,129
Net Assets - Beginning of Year, As Restated	235,862,515	85,026,958	320,889,473	(50,105,003)
Net Assets - End of Year	\$ 187,998,098	\$ 82,806,036	\$ 270,804,134	\$ (4,984,874)

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

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**BASIC FINANCIAL
STATEMENTS**

FUND FINANCIAL STATEMENTS

**CITY OF TULARE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	Financing Authority Fund	Library Expansion Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Investments	\$ 9,024,874	\$ 924,841	\$ 94,485	\$ 6,501,855	\$ 16,546,055
Cash and Investments with Fiscal Agent	-	3,774,199	-	-	3,774,199
Receivables					
Accounts	1,308,851	-	-	2,776	1,311,627
Interest	44,355	26,263	-	30,534	101,152
Taxes	2,033,275	-	-	283,897	2,317,172
Intergovernmental	377,735	-	-	995,171	1,372,906
Due from Other Funds	4,342,786	-	-	-	4,342,786
Due from Component Units	5,755,501	-	-	-	5,755,501
Advances to Other Funds	808,329	-	-	-	808,329
Advances to Component Units	16,052,848	-	-	-	16,052,848
Total Assets	\$ 39,748,554	\$ 4,725,303	\$ 94,485	\$ 7,814,233	\$ 52,382,575
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 5,989,560	\$ 432,210	\$ 437,057	\$ 112,489	\$ 6,971,316
Deposits Payable	944,826	-	-	-	944,826
Due to Other Funds	55,834	-	-	347,116	402,950
Deferred Revenue	-	-	-	123,914	123,914
Total Liabilities	6,990,220	432,210	437,057	583,519	8,443,006
Fund Balances					
Reserved, Reported in:					
General Fund	26,437,732	-	-	-	26,437,732
Debt Service Funds	-	4,293,093	-	-	4,293,093
Unreserved, Undesignated Reported in:					
General Fund	6,320,602	-	-	-	6,320,602
Special Revenue Funds	-	-	-	7,141,590	7,141,590
Capital Projects Funds	-	-	(342,572)	89,124	(253,448)
Total Fund Balances	32,758,334	4,293,093	(342,572)	7,230,714	43,939,569
Total Liabilities and Fund Balances	\$ 39,748,554	\$ 4,725,303	\$ 94,485	\$ 7,814,233	\$ 52,382,575

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 43,939,569
 Amounts reported for Governmental Activities in the Statement of Net Assets are difference because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	157,869,485
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	1,514,923
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	24,573,684
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.	(433,477)
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	(36,025,061)
Capital Leases Payable	(1,041,591)
Compensated Absences Payable	(1,998,820)
Net Post Employment Benefits Obligation	(400,614)
Net Assets of Governmental Activities	\$ 187,998,098

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, 2010

	General Fund	Financing Authority Fund	Library Expansion Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 22,529,363	\$ -	\$ -	\$ 6,124,928	\$ 28,654,291
Intergovernmental	4,853,034	-	-	108,895	4,961,929
Licenses and Permits	600,944	-	-	-	600,944
Fines and Forfeitures	49,149	-	-	247,185	296,334
Charges for Services	2,493,574	-	-	-	2,493,574
Interest and Rentals	530,232	76,787	-	133,017	740,036
Grants	884,075	-	-	536,654	1,420,729
Meals	-	-	-	35,006	35,006
Assessments	93,655	-	-	389,831	483,486
Other	2,422,455	-	320,453	27,947	2,770,855
Total Revenues	34,456,481	76,787	320,453	7,603,463	42,457,184
Expenditures					
Current					
General Government	3,842,671	-	-	-	3,842,671
Intergovernmental	-	22,198	-	-	22,198
Public Safety	16,750,589	-	-	368,942	17,119,531
Public Works	2,014,853	-	-	-	2,014,853
Community Development	4,495,719	-	10,667,672	699,324	15,862,715
Community Services	2,783,325	-	-	1,244,265	4,027,590
Library and Cultural	745,637	-	-	77,359	822,996
Capital Outlay	8,760,354	-	-	25,024	8,785,378
Debt Service					
Principal	37,491	1,315,000	-	-	1,352,491
Interest and Fiscal Charges	511,015	1,755,383	-	-	2,266,398
Total Expenditures	39,941,654	3,092,581	10,667,672	2,414,914	56,116,821
Excess (Deficiency) of Revenues Over Expenditures	(5,485,173)	(3,015,794)	(10,347,219)	5,188,549	(13,659,637)
Other Financing Sources (Uses)					
Transfers In	8,347,888	3,092,581	10,547,672	1,156,846	23,144,987
Transfers Out	(5,951,213)	(12,158,449)	-	(5,272,164)	(23,381,826)
Total Other Financing Sources (Uses)	2,396,675	(9,065,868)	10,547,672	(4,115,318)	(236,839)
Net Change in Total Fund Balances	(3,088,498)	(12,081,662)	200,453	1,073,231	(13,896,476)
Fund Balances - Beginning	35,846,832	16,374,755	(543,025)	6,157,483	57,836,045
Fund Balances - Ending	<u>\$ 32,758,334</u>	<u>\$ 4,293,093</u>	<u>\$ (342,572)</u>	<u>\$ 7,230,714</u>	<u>\$ 43,939,569</u>

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ (13,896,476)
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	10,138,365
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-wide Statement of Activities.</p>	
This amount represents long-term debt repayments	1,672,022
This amount represents amortization of bond issuance costs	(77,739)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.</p>	
This amount represents costs of compensated absences	(230,064)
This amount represents costs of post employment benefit	(200,307)
<p>Interest expense on long-term debt is reported in the Government-wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, the interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.</p>	72,926
<p>In governmental funds, the debt forgiveness of the advance repayment from the component unit was not recognized. In government-wide statements, the debt forgiveness is recognized as a special item.</p>	(44,258,915)
<p>Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	(1,084,229)
Change in Net Assets of Governmental Activities	\$ (47,864,417)

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Assets							
Current Assets							
Cash and Investments	\$ 50	\$ -	\$ -	\$ 1,004,699	\$ 183,209	\$ 1,187,958	\$ 10,000,029
Cash and Investments with Fiscal Agent	-	-	-	22,100,662	-	22,100,662	1,305,353
Restricted Cash and Investments	-	1,232,312	-	4,079,836	-	5,312,148	-
Accounts Receivable	77,694	450,551	658,635	1,787,627	2,439	2,976,946	105,606
Intergovernmental Receivable	1,026,336	26,122	79,368	43,949	164,008	1,339,783	113,932
Inventories	-	-	-	-	-	-	259,560
Due from Other Funds	-	-	-	-	-	-	452,721
Advances to Other Funds	-	3,179,378	-	-	-	3,179,378	-
Deferred Charges	-	-	-	4,390,958	-	4,390,958	-
Total Current Assets	1,104,080	4,888,363	738,003	33,407,731	349,656	40,487,833	12,237,201
Noncurrent Assets							
Capital Assets							
Nondepreciable:							
Land	193,261	2,347,356	-	1,544,349	279,215	4,364,181	75,000
Construction in Progress	-	134,054	-	7,328,320	827,380	8,289,754	-
Depreciable:							
Buildings	4,211,998	6,900	-	396,132	161,451	4,776,481	6,187,770
Improvements Other Than Buildings	-	46,239,622	8,992	219,837,747	3,887,698	269,974,059	1,648,583
Machinery and Equipment	3,656,809	692,240	138,836	3,677,068	47,830	8,212,783	16,717,994
Accumulated Depreciation	(2,350,103)	(15,015,194)	(102,463)	(25,931,781)	(2,220,857)	(45,620,398)	(10,846,810)
Total Noncurrent Assets	5,711,965	34,404,978	45,365	206,851,835	2,982,717	249,996,860	13,782,537
Total Assets	\$ 6,816,045	\$ 39,293,341	\$ 783,368	\$ 240,259,566	\$ 3,332,373	\$ 290,484,693	\$ 26,019,738

(Continued)

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

**CITY OF TULARE
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current Liabilities							
Accounts Payable and Accrued Liabilities	\$ 120,589	\$ 711,046	\$ 207,141	\$ 3,850,145	\$ 190,280	\$ 5,079,201	\$ 552,658
Deposits Payable	-	140,950	-	159,958	-	300,908	-
Due to Other Funds	884,642	-	3,040,400	-	-	3,925,042	452,721
Compensated Absences - Current	1,405	10,957	9,293	12,178	76	33,909	55,476
Advances from Other Funds - Current	90,000	-	200,050	16,987	808,329	1,115,366	10,060
Leases Payable - Current	-	72,187	-	4,638	-	76,825	2,421
Revenue Bonds Payable - Current	-	-	-	2,298,587	-	2,298,587	-
Total Current Liabilities	1,096,636	935,140	3,456,884	6,342,493	998,685	12,829,838	1,073,336
Noncurrent Liabilities							
Advances from Other Funds	450,000	-	2,600,664	220,831	-	3,271,495	130,786
Compensated Absences Payable	17,100	133,407	113,143	148,272	929	412,851	-
Leases Payable	-	7,548,640	-	483,054	-	8,031,694	241,932
Net Post Employment Benefits Obligation	1,420	24,150	42,618	32,674	-	100,862	-
Revenue Bonds Payable	-	-	-	183,031,917	-	183,031,917	-
Total Noncurrent Liabilities	468,520	7,706,197	2,756,425	183,916,748	929	194,848,819	372,718
Total Liabilities	1,565,156	8,641,337	6,213,309	190,259,241	999,614	207,678,657	1,446,054
Net Assets							
Invested in Capital Assets, Net of Related Debt	5,711,965	28,016,463	45,365	47,214,137	2,982,717	83,970,647	13,538,184
Restricted for Capital Improvements	313,441	6,504,275	-	26,242,312	368,766	33,428,794	75,000
Unrestricted	(774,517)	(3,868,734)	(5,475,306)	(23,456,124)	(1,018,724)	(34,593,405)	10,960,500
Total Net Assets (Deficit)	\$ 5,250,889	\$ 30,652,004	\$ (5,429,941)	\$ 50,000,325	\$ 2,332,759	\$ 82,806,036	\$ 24,573,684

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

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for Services	\$ 1,803,075	\$ 4,832,740	\$ 6,465,183	\$ 18,391,312	\$ 110,128	\$ 31,602,438	\$ 8,034,446
Connection Fees	-	222,019	-	46,117	-	268,136	-
Employee Contributions	-	-	-	-	-	-	1,279,159
Other	82,222	57,912	74,657	1,697,151	3,222	1,915,164	-
Total Operating Revenues	1,885,297	5,112,671	6,539,840	20,134,580	113,350	33,785,738	9,313,605
Operating Expenses							
General Administration	-	-	-	-	-	-	14,364
Personal Services	112,848	1,219,177	1,923,646	1,919,346	18,042	5,193,059	795,809
Contractual Services	-	-	-	-	-	-	200,512
Maintenance and Supplies	2,147,601	3,516,556	4,647,811	8,866,230	261,999	19,440,197	-
Equipment Usage and Operation	-	-	-	-	-	-	2,052,365
Insurance	-	-	-	-	-	-	6,172,715
Depreciation	230,877	1,150,839	7,856	2,525,413	97,361	4,012,346	1,786,230
Total Operating Expenses	2,491,326	5,886,572	6,579,313	13,310,989	377,402	28,645,602	11,021,995
Operating Income (Loss)	(606,029)	(773,901)	(39,473)	6,823,591	(264,052)	5,140,136	(1,708,390)
Nonoperating Revenues							
Interest Income	583	115,876	-	603,134	-	719,593	157,366
Interest Expense	-	-	(50,883)	(10,317,425)	-	(10,368,308)	-
Grants	1,291,646	-	-	-	799,569	2,091,215	-
Gain on Sale of Assets	41,602	-	-	-	-	41,602	-
Other Income	-	-	-	-	-	-	229,956
Total Nonoperating Revenues	1,333,831	115,876	(50,883)	(9,714,291)	799,569	(7,515,898)	387,322
Income (Loss) Before Contributions and Transfers	727,802	(658,025)	(90,356)	(2,890,700)	535,517	(2,375,762)	(1,321,068)
Capital Contributions	-	80,050	-	74,790	-	154,840	-
Transfers In	-	-	-	-	-	-	236,839
Change in Net Assets	727,802	(577,975)	(90,356)	(2,815,910)	535,517	(2,220,922)	(1,084,229)
Net Assets, Beginning	4,523,087	31,229,979	(5,339,585)	52,816,235	1,797,242	85,026,958	25,657,913
Net Assets, Ending	\$ 5,250,889	\$ 30,652,004	\$ (5,429,941)	\$ 50,000,325	\$ 2,332,759	\$ 82,806,036	\$ 24,573,684

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

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**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Cash Received from Customers/Current Services	\$ 881,885	\$ 5,071,582	\$ 6,476,886	\$ 20,043,616	\$ 113,092	\$ 32,587,061	\$ 9,774,765
Cash Paid for Salaries and Benefits	(108,390)	(1,204,492)	(1,889,501)	(1,884,437)	(18,028)	(5,104,848)	(819,174)
Cash Paid for Services and Supplies	(2,198,802)	(3,232,768)	(4,589,991)	(11,855,021)	(16,816)	(21,893,398)	(8,366,036)
Net Cash Provided by (Used for) Operating Activities	(1,425,307)	634,322	(2,606)	6,304,158	78,248	5,588,815	589,555
Cash Flows from Non-Capital Financing Activities:							
Grants	1,291,646	-	-	-	799,569	2,091,215	-
Advances from Other Funds	(90,000)	-	-	(7,818)	121,960	24,142	-
Due to Other Funds	884,642	-	53,489	-	-	938,131	-
Other Income	41,602	-	-	-	-	41,602	-
Transfers from Other Funds	-	-	-	-	-	-	236,839
Net Cash Provided by (Used for) Non-Capital Financing Activities	2,127,890	-	53,489	(7,818)	921,529	3,095,090	236,839
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Assets	(762,903)	-	-	-	-	(762,903)	-
Capital Contribution	-	80,050	-	74,790	-	154,840	-
Payments Made on Capital Leases	-	-	-	-	-	-	(69,016)
Principal and Interest Paid on Notes Payable	-	(199,274)	(50,883)	-	(134)	(250,291)	-
Principal and Interest Paid on Revenue Bonds	-	-	-	(12,531,012)	-	(12,531,012)	-
(Acquisition) of Capital Assets	-	(1,025,019)	-	(17,900,547)	(870,806)	(19,796,372)	(1,456,701)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(762,903)	(1,144,243)	(50,883)	(30,356,769)	(870,940)	(33,185,738)	(1,525,717)
Cash Flows from Investing Activities:							
Interest Income	584	115,875	-	603,134	-	719,593	157,366
Net Increase (Decrease) in Cash and Cash Equivalents	(59,736)	(394,046)	-	(23,457,295)	128,837	(23,782,240)	(541,957)
Cash and Cash Equivalents, July 1	59,786	1,626,358	-	50,642,492	54,372	52,383,008	11,847,339
Cash and Cash Equivalents, June 30	\$ 50	\$ 1,232,312	\$ -	\$ 27,185,197	\$ 183,209	\$ 28,600,768	\$ 11,305,382

(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, 2010

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (606,029)	\$ (773,900)	\$ (39,473)	\$ 6,823,591	\$ (264,052)	\$ 5,140,137	\$ (1,708,390)
Other Income	-	-	-	-	-	-	229,957
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	230,877	1,150,839	7,855	2,525,413	97,361	4,012,345	1,786,230
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	13,214	(14,968)	(37,255)	(90,964)	(258)	(130,231)	289,640
(Increase) Decrease in Inventory	-	-	-	-	112,376	112,376	(51,116)
(Increase) Decrease in Intergovernmental Receivable	(1,016,626)	(26,122)	(25,699)	-	-	(1,068,447)	-
(Increase) Decrease in Advance to Other Fund	-	242,707	-	-	-	242,707	(434,622)
(Increase) Decrease in Due from Other Fund	-	-	-	-	-	-	376,185
(Increase) Decrease in Deferred Charges	-	-	-	26,034	-	26,034	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(51,201)	41,080	57,822	(2,996,839)	132,807	(2,816,331)	59,807
Increase (Decrease) in Deposits Payable	-	1	-	-	-	1	-
Increase (Decrease) in Due to Other Funds	-	-	-	(17,986)	-	(17,986)	76,536
Increase (Decrease) in Advance from Other Funds	-	-	-	-	-	-	(25,671)
Increase (Decrease) in Net Post Employment Benefits Obligation	710	12,075	21,309	16,337	-	50,431	-
Increase (Decrease) in Compensated Absences Payable	3,748	2,610	12,835	18,572	14	37,779	(9,001)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,425,307)</u>	<u>\$ 634,322</u>	<u>\$ (2,606)</u>	<u>\$ 6,304,158</u>	<u>\$ 78,248</u>	<u>\$ 5,588,815</u>	<u>\$ 589,555</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:							
Cash and Investments	\$ 50	\$ -	\$ -	\$ 1,004,699	\$ 183,209	\$ 1,187,958	\$ 10,000,029
Restricted Cash and Investments	-	1,232,312	-	4,079,836	-	5,312,148	-
Cash and Investments with Fiscal Agents	-	-	-	22,100,662	-	22,100,662	1,305,353
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 50</u>	<u>\$ 1,232,312</u>	<u>\$ -</u>	<u>\$ 27,185,197</u>	<u>\$ 183,209</u>	<u>\$ 28,600,768</u>	<u>\$ 11,305,382</u>

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 10,334	\$ 3,694,803
Due from Other Governments	-	475
Accounts Receivable	27	70,514
	<u>10,361</u>	<u>3,765,792</u>
Total Assets	<u>\$ 10,361</u>	<u>\$ 3,765,792</u>
Liabilities and Fund Balances		
Accounts Payable and Accrued Liabilities	\$ -	\$ 301,011
Due to Other Funds	-	14,794
Deposits Payable	-	3,449,987
	<u>-</u>	<u>3,765,792</u>
Total Liabilities	<u>-</u>	<u>3,765,792</u>
Net Assets	<u>\$ 10,361</u>	<u>\$ -</u>

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust Fund</u>
Revenues	
Interest and Rentals	<u>\$ 158</u>
Expenditures	
Books and Magazines	<u>-</u>
Change in Net Assets	158
Net Assets, July 1	<u>10,203</u>
Net Assets, June 30	<u><u>\$ 10,361</u></u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

Discretely Presented Component Unit:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Reporting Entity (Continued)

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

B. Basis of Presentation

Government-wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

The City reports the following major enterprise funds:

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

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

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

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

C. Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

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

Cash and Investments

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

Investments

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

Further cash and investment disclosures are presented in Note 2.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions

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

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

Receivables

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Statements

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

The City’s capitalization threshold, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Government-Wide Statements (Continued)

Depreciation 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 Assets. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

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

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

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations (Continued)

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

Non-Current Governmental Assets/Liabilities

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

Net Assets/Fund Equity

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

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

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

Reserved fund balances for June 30, 2010, are as follows:

	General Fund	Financing Authority Fund
	<u> </u>	<u> </u>
Advance to Other Funds and Component Units	\$ 26,437,732	\$ -
Debt Service	<u>-</u>	<u>4,932,093</u>
Total	<u>\$ 26,437,732</u>	<u>\$ 4,932,093</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

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

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

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

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2010. All unencumbered appropriations lapse at year end.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

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

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2010, the City Council approved \$8,003,930 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Equity

The Solid Waste Enterprise Fund had a deficit fund balance of \$5,429,941. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. Library expansion capital project fund had a deficit fund balance of \$342,572. The deficit is expected to be eliminated in future years through revenues or transfers from other funds. Purchasing Internal Service Fund had a deficit fund balance of \$279,356. The deficit is expected to be eliminated in future years through departmental charges. Landscape and Lighting Fund had a deficit fund balance of \$348,338. The deficit is expected to be eliminated in future years through additional grants revenue anticipated from the state.

F. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$10,138,365 difference are as follows:

Capital Outlay	\$ 17,195,948
Depreciation Expense	<u>(7,057,583)</u>
Difference	<u>\$ 10,138,365</u>

G. Reclassification and Eliminations

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

Certain reclassifications have been made to the prior year financial statements to be in conformity with fiscal year 2010 presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The City has implemented Statement No. 51, beginning with the fiscal year ending June 30, 2010.

GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new statement are effective for financial statements for periods beginning after June 15, 2009. The City has determined it is not applicable to the City's financial statements.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes 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 requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The City has elected not to early implement Statement No. 54 and has not determined its effect on the City's financial statements.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*. This statement is related to the frequency and timing of the measurements that are effective for actuarial valuations first funded to report funded status information in Other Post-Employment Benefit (OPEB) plan financial statements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011. The City has determined it is not applicable to the City's financial statements.

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement establishes retroactive application for all prior periods presented during which a government was in bankruptcy. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The City has determined it is not applicable to the City's financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Primary Government	
Cash and Investments	\$ 27,734,042
Cash and Investments with Fiscal Agent	27,180,214
Restricted Cash and Investments	5,312,148
Component Unit:	
Cash and Investments	1,737,529
Cash and Investments with Fiscal Agent	22,798,706
Fiduciary Funds:	
Cash and Investments	<u>3,705,137</u>
Total Cash and Investments	<u>\$ 88,467,776</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits and investments as of June 30, 2010, consist of the following:

Deposits:	
Cash on Hand	\$ 7,575
Cash with Financial Institutions	801,169
Investments	33,600,276
Cash and Investment with Fiscal Agents	<u>54,058,756</u>
Total Cash and Investments	<u>\$ 88,467,776</u>

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

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

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

Investments Authorized by Debt Agreements

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

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

Investment Type	Amount	Weighted Average Maturity (in years)
Federal Agency Securities	\$ 21,773,499	2.4
Certificates of Deposit	99,000	1.0
Local Agency Investment Fund (LAIF)	11,188,361	N/A
Held by Bond Trustee:		
Money Market Funds	38,814,778	0.2
Investment Contracts	13,935,125	1.5
Held by Insurance Administrator		
Pooled Investments	<u>1,305,353</u>	N/A
Total	<u>\$ 87,116,116</u>	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year End	
				AAA	Unrated
Federal Agency Securities	\$ 21,773,499	N/A	\$ -	\$ 21,773,499	\$ -
Certificates of Deposit	99,000	N/A	-	-	99,000
Local Agency Investment Fund (LAIF)	11,188,361	Collateralized	-	-	11,188,361
Held by Bond Trustee:					
Money Market Funds	38,814,778	A	38,814,778	-	-
Investment Contracts	13,935,125	N/A	13,935,125	-	-
Held by Insurance Administrator					
Pooled Investments	<u>1,305,353</u>	N/A	<u>-</u>	<u>-</u>	<u>1,305,353</u>
Total	<u>\$ 87,116,116</u>		<u>\$ 52,749,903</u>	<u>\$ 21,773,499</u>	<u>\$ 12,592,714</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan	Federal Agency Securities	\$ 8,063,186
Federal Farm Credit Banks	Federal Agency Securities	8,183,125
Federal National Mortgage	Federal Agency Securities	<u>5,527,188</u>
	Total Federal Agency Securities	<u>\$ 21,773,499</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: At June 30, 2010, \$626,105 of the City's deposits with a financial institution were in excess of federal depository insurance limits. However, the financial institution participates in the FDIC's Temporary Liquidity Guarantee Program, whereby unlimited deposit insurance coverage is available through December 31, 2009 for non-interest bearing transaction accounts. As of June 30, 2010, \$87,017,116 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The 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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – NOTES RECEIVABLE

Notes receivable for the component unit consist of:

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

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

Secured note receivable from Tulare Family Housing Partners, L.P., a third party, dated October 23, 2007, bearing simple interest at the rate of three percent (3%) per annum, for construction of a multi-family tax credit low-income apartment complex project in Tulare, California. For the first thirty (30) years from the date a Certificate of Occupancy is issued for the Apartment Complex, the note amount will be paid by the borrower's annual payment to the Agency of the interest which has accrued on the note amount during the previous year. After the thirtieth (30th) annual payment is made, the parties shall calculate the amount of annual payments necessary to fully repay the note amount through twenty-five (25) annual, fully amortized level payments, and Borrower shall make such payments annually beginning upon the thirty-first (31st) anniversary of the date a Certificate of Occupancy is issued for the Apartment Complex. Any remaining portion of the note amount shall be due and payable on the fifty-fifth (55th) anniversary of the date a Certificate of Occupancy is granted for the Apartment Complex. 1,550,000

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

Secured Note Receivable from Kaweah Management Company, a non-profit organization, a third party, dated September 21, 2009 bearing no interest and due in 55 years. Kaweah Management Company will use the loan proceeds to rehab a 20 unit apartment complex located at 301-445 W Oakwood, Tulare, California. 103,951

Secured Note Receivable fro Habitat for Humanity of Tulare County, a California nonprofit public benefit corporation, a third party, dated October 20, 2009 bearing no interest for house purchased at 161 North A Street, Tulare, California. Habitat for Humanity will use the loan proceeds to obtain title to said property in order to rehab and reuse to another low income homeowner. 47,045

Total \$ 2,947,398

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Adjustments	Additions	Deletions	Balance June 30, 2010
Governmental Activities					
Nondepreciable Capital Assets:					
Land	\$ 8,691,099	\$ -	\$ 1,128,287	\$ (16,000)	\$ 9,803,386
Right-of-Way	-	7,712,642	-	-	7,712,642
Construction in Progress	15,385,737	-	8,909,240	(1,710,123)	22,584,854
Subtotal	24,076,836	7,712,642	10,037,527	(1,726,123)	40,100,882
Depreciable Capital Assets:					
Infrastructure	183,747,255	(7,712,642)	3,058,062	(318,826)	178,773,849
Structures and Improvements	31,723,133	-	6,739,645	(859,218)	37,603,560
Equipment	20,163,577	-	1,793,649	(244,427)	21,712,799
Subtotal	235,633,965	(7,712,642)	11,591,356	(1,422,471)	238,090,208
Accumulated Depreciation:					
Infrastructure	(76,860,012)	-	(5,846,899)	167,868	(82,539,043)
Structures and Improvements	(9,085,683)	-	(1,612,367)	233,364	(10,464,686)
Equipment	(11,921,920)	-	(1,843,268)	229,849	(13,535,339)
Subtotal	(97,867,615)	-	(9,302,534)	631,081	(106,539,068)
Net Capital Assets	\$ 161,843,186	\$ -	\$ 12,326,349	\$ (2,517,513)	\$ 171,652,022
Business Activities					
Nondepreciable Capital Assets:					
Land	\$ 4,364,181	\$ -	\$ -	\$ -	\$ 4,364,181
Construction in Progress	96,065,129	-	7,430,661	(95,206,036)	8,289,754
Subtotal	100,429,310	-	7,430,661	(95,206,036)	12,653,935
Depreciable Capital Assets:					
Buildings	4,776,481	-	-	-	4,776,481
Improvements Other Than Building	162,402,312	-	107,571,747	-	269,974,059
Equipment	7,836,239	-	831,201	(454,657)	8,212,783
Subtotal	175,015,032	-	108,402,948	(454,657)	282,963,323
Accumulated Depreciation:					
Buildings	(836,704)	-	(101,858)	-	(938,562)
Improvements Other Than Building	(35,113,002)	-	(3,646,526)	-	(38,759,528)
Equipment	(6,044,706)	-	(263,962)	386,360	(5,922,308)
Subtotal	(41,994,412)	-	(4,012,346)	386,360	(45,620,398)
Net Capital Assets	\$ 233,449,930	\$ -	\$ 111,821,263	\$ (95,274,333)	\$ 249,996,860

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ending June 30, 2010, was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,148,365
Public Safety	950,063
Public Works	220,063
Community Development	2,813,965
Community Services	84,838
Library and Cultural	<u>4,085,240</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,302,534</u>
Business Activities:	
Aviation	\$ 97,361
Transit	230,877
Water	1,150,839
Solid Waste	7,856
Sewer	<u>2,525,413</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 4,012,346</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2010, for the major funds, nonmajor funds and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 5,989,560
Financing Authority Fund	432,210
Library Expansion Fund	437,057
Other Governmental Funds	112,489
Internal Service Funds	<u>552,658</u>
Total Governmental Activities	<u>\$ 7,523,974</u>
Business-Type Activities:	
Transit	\$ 120,589
Water	711,046
Solid Waste	207,141
Sewer	3,850,145
Aviation	<u>190,280</u>
Total Business-Type Activities	<u>\$ 5,079,201</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2010:

Type of Debt	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 35,755,000	\$ -	\$ 1,315,000	\$ 34,440,000	\$ 1,405,000
Bond Premium	1,642,009	-	56,948	1,585,061	56,948
Leases Payable	1,400,851	-	114,907	1,285,944	12,310
Net Post Employment Benefits Obligation	200,307	200,307	-	400,614	-
Compensated Absences Payable	2,069,316	230,065	245,085	2,054,296	207,186
Total Governmental Activities	\$ 41,067,483	\$ 430,372	\$ 1,731,940	\$ 39,765,915	\$ 1,681,444
Business-Type Activities:					
Revenue Bonds Payable	\$ 187,544,091	\$ -	\$ 2,213,587	\$ 185,330,504	\$ 2,298,587
Leases Payable	8,334,263	-	225,744	8,108,519	76,825
Net Post Employment Benefits Obligation	50,431	50,431	-	100,862	-
Compensated Absences Payable	391,463	57,700	2,403	446,760	33,909
Total Business-Type Activities	\$ 196,320,248	\$ 108,131	\$ 2,441,734	\$ 193,986,645	\$ 2,409,321
Primary Government:					
Revenue Bonds Payable	\$ 223,299,091	\$ -	\$ 3,528,587	\$ 219,770,504	\$ 3,703,587
Bond Premium	1,642,009	-	56,948	1,585,061	56,948
Leases Payable	9,735,114	-	340,651	9,394,463	89,135
Net Post Employment Benefits Obligation	250,738	250,738	-	501,476	-
Compensated Absences Payable	2,460,779	287,765	247,488	2,501,056	241,095
Total Primary Government:	\$ 237,387,731	\$ 538,503	\$ 4,173,674	\$ 233,752,560	\$ 4,090,765
Discretely Presented Component Unit:					
Tax Allocation Bonds	\$ 1,530,000	\$ 23,350,000	\$ 205,000	\$ 24,675,000	\$ 215,000
Notes Payable	2,871,598	-	396,598	2,475,000	34,000
Net Post Employment Benefits Obligation	4,262	4,262	-	8,524	-
Compensated Absences Payable	27,304	4,733	-	32,037	2,432
Total Discretely Presented Component Unit:	\$ 4,433,164	\$ 23,358,995	\$ 601,598	\$ 27,190,561	\$ 251,432

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

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities -

Governmental Activities -

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

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

\$ 2,410,000

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

\$ 33,615,061

Compensated Absences:

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

\$ 2,054,296

Net Post Employment Benefits Obligation:

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

\$ 400,614

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.

\$ 1,285,944

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$440,601 are as follows:

Year Ending June 30,	Citi Capital Muni
2011	\$ 69,682
2012	103,281
2013	147,960
2014	147,960
2015	147,960
2016-2020	739,801
2021-2023	<u>369,901</u>
	1,726,545
Less Interest	<u>440,601</u>
Total	<u><u>\$ 1,285,944</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, 2010, the outstanding balance was \$8,108,519.

The annual requirements to amortize the lease payable outstanding, including interest of \$2,774,815 are as follows:

Year Ending June 30,	Citi Capital Muni
2011	\$ 439,241
2012	651,038
2013	932,672
2014	932,672
2015	932,672
2016-2020	4,663,360
2021-2023	<u>2,331,679</u>
	10,883,334
Less Interest	<u>2,774,815</u>
Total	<u><u>\$ 8,108,519</u></u>

2003 Sewer Revenue Bonds:

On December 18, 2003, the City Issued \$42,700,000 in Sewer Revenue Bonds. Serial bonds totaling \$32,035,000 are payable in amounts ranging from \$825,000 to \$2,085,000 per year on November 15, each year, commencing November 15, 2004 through November 15, 2024 and bear interest rates from 1.0% to 4.6%. Term bonds totaling \$4,145,000 are due November 15, 2028 at an interest rate of 4.75%. Other term bonds totaling \$6,520,000 are due November 15, 2033 at an interest rate of 4.875%. At June 30, 2010, the outstanding balance was \$34,335,000.

NOTE 6 – LONG-TERM DEBT (Continued)

On September 1, 2001, the City issued \$20,000,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15, each year, commencing November 15, 2002 through November 15, 2031 and bear interest rates from 4.375% to 4.750%. At June 30, 2010, the outstanding balance was \$17,035,000.

2006 Sewer Revenue Bonds:

On December 7, 2006, the City issued \$78,900,000 in sewer revenue bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15, each year, commencing 2008 through 2042 and bear interest rates from 3.33% to 4.39%. At June 30, 2010, the outstanding balance, including the related bond premium, was \$79,185,504.

2009 Sewer Revenue Bonds:

On June 30, 2010, 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, 2010, the outstanding balance was \$54,775,000.

Net Post Employment Benefits Obligation:

The City accounts for net post employment benefits obligation in accordance with GASB Statement No. 45. Unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-wide Statement of Net Assets. At June 30, 2010, the net post employment benefits obligation totaled \$100,862.

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with GASB Code Sec. C60. At June 30, 2010, the compensated absences payable totaled \$446,760 for business-type activities.

Discretely Presented Component Unit -

Compensated Absences:

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

\$ 32,037

Net Post Employment Benefits Obligation:

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

\$ 8,524

NOTE 6 – LONG-TERM DEBT (Continued)

Tax Allocation Bonds:

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

\$ 1,325,000

On June 30, 2010, the Tulare 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 per semiannual year 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 Tulare 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 per semiannual year on August 1 and February 1, commencing August 1, 2010 through August 1, 2023 and bear interest at rates from 4.125% to 7.70%. Term Bonds of \$350,000 are due August 1, 2013 at interest rate 4.125%. Term Bonds of \$365,000 are due August 1, 2014 at interest rate 4.50%. Term Bonds of \$380,000 are due August 1, 2015 at interest rate 5.00%. Term Bonds of \$3,820,000 are due August 1, 2023 at interest rate 7.70%.

\$ 4,915,000

On June 30, 2010, the Tulare 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 per semiannual year 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%.

\$ 9,830,000

Notes Payable:

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

\$ 325,000

NOTE 6 – LONG-TERM DEBT (Continued)

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

\$ 1,650,000

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

\$ 500,000

The annual requirements to amortize long-term debt, other than lease payable, primary government advance, and compensated absences, including interest of \$318,926,981 are as follows:

Year Ending June 30,	Primary Government							
	Governmental Activities			Business-Type Activities				
	2002 Lease Revenue Bonds	2008 Lease Revenue Bonds	2008 Lease Revenue Bonds - Premium	2001 Sewer Revenue Bonds	2003 Sewer Revenue Bonds	2006 Sewer Revenue Bonds	2006 Sewer Revenue Bonds - Premium	2009 Sewer Revenue Bonds
2011	\$ 806,140	\$ 2,327,700	\$ 56,948	\$ 1,229,825	\$ 2,981,575	\$ 3,934,825	\$ 18,587	\$ 4,792,813
2012	854,240	2,327,325	56,948	1,229,350	2,977,675	3,941,625	18,587	4,792,813
2013	909,040	2,324,125	56,948	1,227,975	2,981,038	3,947,625	18,587	4,792,813
2014	-	2,324,925	56,948	1,225,700	2,978,088	3,952,825	18,587	4,792,813
2015	-	2,325,725	56,948	1,227,412	2,979,288	3,957,225	18,587	4,792,813
2016-2020	-	11,622,062	284,741	6,161,014	14,402,855	20,729,525	92,935	23,964,063
2021-2025	-	11,628,635	284,741	6,244,563	9,243,995	25,632,350	92,935	23,964,063
2026-2030	-	10,267,744	284,741	6,343,493	7,286,615	27,586,688	92,935	23,964,063
2031-2035	-	9,369,863	284,741	2,578,275	5,882,835	27,812,000	92,935	25,244,843
2036-2040	-	5,615,400	161,357	-	-	28,018,750	92,935	33,837,062
2041-2045	-	-	-	-	-	10,950,625	27,894	48,602,810
	2,569,420	60,133,504	1,585,061	27,467,607	51,713,964	160,464,063	585,504	203,540,969
Less Interest	159,420	28,103,504	-	10,432,607	17,378,964	81,864,063	-	148,765,969
Total	<u>\$ 2,410,000</u>	<u>\$ 32,030,000</u>	<u>\$ 1,585,061</u>	<u>\$ 17,035,000</u>	<u>\$ 34,335,000</u>	<u>\$ 78,600,000</u>	<u>\$ 585,504</u>	<u>\$ 54,775,000</u>

Year Ending June 30,	Component Unit						
	1997 Tax Allocation Bonds	2010 Tax Allocation Bonds - Series A	2010 Tax Allocation Bonds - Series B	2010 Tax Allocation Bonds - Series C	Section 108 Loan	2006 Help Loan	2007 Help Loan
2011	\$ 282,889	\$ 310,119	\$ 201,624	\$ 468,647	\$ 34,119	\$ 49,500	\$ 17,500
2012	285,984	529,113	344,003	848,275	35,122	49,500	17,500
2013	283,301	529,113	344,003	845,650	37,129	49,500	17,500
2014	284,759	529,113	686,784	847,894	39,136	49,500	17,500
2015	51,906	529,113	686,353	854,744	41,143	1,699,500	17,500
2016-2020	257,250	2,645,563	3,426,663	5,029,031	139,486	-	587,500
2021-2025	184,769	3,544,213	2,268,165	5,000,819	-	-	-
2026-2030	31,450	3,220,963	-	3,675,531	-	-	-
2031-2035	-	3,921,634	-	3,676,850	-	-	-
2036-2040	-	4,546,166	-	3,674,375	-	-	-
2041-2045	-	892,028	-	734,962	-	-	-
	1,662,308	21,197,138	7,957,595	25,656,778	326,135	1,897,500	675,000
Less Interest	337,308	12,592,138	3,042,595	15,826,778	1,135	247,500	175,000
Total	<u>\$ 1,325,000</u>	<u>\$ 8,605,000</u>	<u>\$ 4,915,000</u>	<u>\$ 9,830,000</u>	<u>\$ 325,000</u>	<u>\$ 1,650,000</u>	<u>\$ 500,000</u>

NOTE 7 – PENSION PLAN

Plan Description:

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

Funding Policy:

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

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits Under article 21252.02	8% Modified (July 1, 2001 - December 31, 2001, Bi-weekly contributions = 8% X Earnings - \$109.84) 9% (January 1, 2002 - June 30, 2010)

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2010, was 14.436% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 29.027% for the period July 1, 2009 through June 30, 2010. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

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

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

NOTE 7 – PENSION PLAN (Continued)

Annual Pension Cost:

For the fiscal year ended June 30, 2010, the City's annual pension cost of \$5,655,521 for PERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2010, was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 3.75% to 11.59% for safety members), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial values of the Miscellaneous and the Safety Plans of the City of Tulare's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a two-to five year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City of Tulare's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 17 years for miscellaneous and 6 years for safety.

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 4,805	100%	\$ -
6/30/09	\$ 5,221	100%	\$ -
6/30/10	\$ 5,656	100%	\$ -

Three-Year Funding Status (dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>(A) Entry Age Actuarial Accrued Liability</u>	<u>(B) Actuarial Asset Value</u>	<u>(C) Unfunded Liability (Excess Assets) (A)-(B)</u>	<u>(D) Funded Ratio (B)/(A)</u>	<u>(E) Covered Payroll</u>	<u>(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)</u>
6/30/07						
Misc.	\$ 59,522	\$ 52,404	\$ 7,118	88.0%	\$ 12,070	59.0%
Safety	50,510	43,186	7,324	85.5%	5,254	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 95,590</u>	<u>\$ 14,442</u>	86.9%	<u>\$ 17,324</u>	83.4%
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	55,022	47,214	7,808	85.8%	5,781	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%
6/30/09						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	1,803	1,520	283	84.3%	222	127.5%
Total	<u>\$ 95,056</u>	<u>\$ 78,259</u>	<u>\$ 16,797</u>	82.3%	<u>\$ 16,153</u>	104.0%

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

NOTE 8 – RISK MANAGEMENT

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

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

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

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

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

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

NOTE 9 – INTERFUND TRANSACTIONS

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

Interfund due from/to other funds at June 30, 2010, were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	General Operations	\$ 4,342,786	\$ 55,834
Nonmajor Governmental Funds	General Operations	-	347,116
Enterprise Funds - Transit	General Operations	-	884,642
Enterprise Funds - Solid Waste	General Operations	-	3,040,400
Internal Service Funds	General Operations	452,721	452,721
Fiduciary Funds - Agency Fund	General Operations	-	14,794
		<u>\$ 4,795,507</u>	<u>\$ 4,795,507</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 2009-10 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
General Fund			
Nonmajor Governmental Funds	To purchase equipment	\$ -	\$ 45,015
Nonmajor Governmental Funds	To pay unemployment claims	-	42,444
Nonmajor Governmental Funds	General fund contribution	-	440,729
Financing Authority Fund	For lease revenue bond payment	-	3,092,581
General Fund CIP	To fund construction in progress activity	6,566,481	2,330,444
Financing Authority Fund	To fund construction in progress activity	1,610,777	-
Nonmajor Governmental Funds	For traffic safety activity	144,497	-
Nonmajor Governmental Funds	To reimburse General Fund	26,133	-
	Total General Fund	<u>8,347,888</u>	<u>5,951,213</u>
Financing Authority Fund			
Nonmajor Governmental Funds	To fund construction in progress activity	-	12,158,449
General Fund	For lease revenue bond payment	3,092,581	-
	Total Internal Service Funds	<u>3,092,581</u>	<u>12,158,449</u>
Library Expansion Fund			
Financing Authority Fund	To fund construction in progress activity	10,547,672	-
Nonmajor Capital Project Funds			
General Fund	To fund construction in progress activity	699,324	-
Nonmajor Special Revenue Funds			
General Fund	To fund construction in progress activity	-	4,952,154
General Fund	For traffic safety activity	-	144,497
General Fund	General Fund contribution	63,895	26,133
General Fund	To reimburse Senior Services	393,627	-
Nonmajor Governmental Funds	To purchase equipment	-	149,380
	Total Special Revenue Funds	<u>457,522</u>	<u>5,272,164</u>
Internal Service Funds			
Nonmajor Governmental Funds	To pay for unemployment claims	42,444	-
General Fund	To purchase equipment	45,015	-
Nonmajor Governmental Funds	To purchase equipment	149,380	-
	Total Internal Service Funds	<u>236,839</u>	<u>-</u>
Totals		<u>\$ 23,381,826</u>	<u>\$ 23,381,826</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund advances to/from at June 30, 2010, were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
General Fund	For General Operations - Airport	\$ -	\$ 808,329
	For General Operations - Transit	-	540,000
Water Fund	To Construct LNG Fuel and Corporate Maintenance Facility	-	3,179,378
Solid Waste Fund	To Construct Corporation Maintenance Facility	2,800,714	-
Sewer Fund	For General Operations	237,818	-
Aviation Enterprise Funds	For General Operations	808,329	-
Transit Enterprise Fund	For General Operations	540,000	-
Internal Service Funds	Fleet Maintenance	140,846	-
		<u>\$ 4,527,707</u>	<u>\$ 4,527,707</u>

Advance from General Fund:

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

\$ 16,052,848

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

\$ 2,800,714

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

\$ 237,818

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

\$ 808,329

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

\$ 540,000

A loan from the Water Fund to the Fleet Maintenance Fund in June 2009 for the construction of a new Corporation Maintenance Facility: \$150,907 original loan; 15 annual installment payments of \$10,060 including interest of 3.00%.

\$ 140,846

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

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

The cost of the retiree health care insurance benefits is recognized as an expenditure as insurance premiums are paid on a monthly basis in advance. For the fiscal year ended June 30, 2010, those costs approximated \$469,984. Sixty-five (65) retired employees were affected by the provisions of these benefits at the end of the 2009-10 fiscal year.

B. Funding Policy

As required by GASB 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

The City has not established a separate irrevocable trust for its postretirement benefits plan as of June 30, 2010, and plans to use the pay-as-you-go method to fund the current cost.

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

The following table shows the City's postemployment benefit plan assets/liabilities at June 30, 2010:

<u>Item</u>	<u>June 30, 2010</u>
Annual Required Contributions	\$ 255,000
Interest on Net OPEB Obligation/(Asset)	-
Adjustment to Annual Required Contributions	-
Annual OPEB Cost (Expense)	255,000
Contributions Made	-
Increase in Net OPEB Obligation/(Asset)	255,000
Net OPEB Obligation/(Asset) - Beginning of Year	255,000
Net OPEB Obligation/(Asset) - End of Year	<u>\$ 510,000</u>

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2009 and 2010, 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/(Asset)</u>
6/30/09	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 255,000
6/30/10	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 510,000

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, the end of the first year of GASB 45 applicability, was as follows:

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

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

E. Actuarial Methods and Assumptions

GASB 45 allows the use of one of several actuarial cost methods. These cost methods allocate the OPEB costs differently. The method used in this valuation is the **Unit Credit**. This method is the only method allowed under the Financial Accounting Standards Board's corresponding statement, *Statement of Financial Accounting Standards No. 106*.

The valuation results are developed assuming a **discount rate** of 5.00%. Under GASB 45, the discount rate to be used for the valuation is determined based on the long term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that postemployment benefits are paid from general assets which generally consist of short-term investments. If the City is considering prefunding or transferring assets to a trust, or equivalent arrangement, in which plan assets are established and dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan, the determination of the discount rate would be based on the nature and mix of current and expected investments. The City should consult with its auditors in selecting an appropriate discount rate. Alternative valuation results are provided in Section 5 assuming discount rates of 6.00% and 8.00% in the event the City wishes to determine the impact of a change in the discount rate on its annual OPEB expense.

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

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Actuarial Methods and Assumptions (Continued)

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

The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over 20 years. The remaining amortization period as of June 30, 2010, was 20 years.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2010, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>General Fund</u>	
Public Works	\$ 17,873
Library and Cultural	5,827
Interest and Fiscal Charges	456,625

NOTE 12 – SPECIAL ITEM

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

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

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

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

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

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

Beginning net assets in the Governmental Activities were restated as follows:

<u>Activity</u>	<u>Net Assets</u>		
	<u>Beginning, as previously reported</u>	<u>Adjustment for Overstatement of Bond Issuance Costs</u>	<u>Beginning, as restated</u>
Governmental Activities	\$ 235,951,550	\$ (89,035)	\$ 235,862,515

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 22,176,760	\$ 22,176,760	\$ 22,529,363	\$ 352,603
Intergovernmental	6,516,820	9,716,820	4,853,034	(4,863,786)
Licenses and Permits	453,720	453,720	600,944	147,224
Fines and Forfeitures	125,000	125,000	49,149	(75,851)
Charges for Services	2,491,810	2,522,610	2,493,574	(29,036)
Interest and Rentals	715,980	736,880	530,232	(206,648)
Grants	531,870	1,150,970	884,075	(266,895)
Assessments	88,000	88,000	93,655	5,655
Other	1,336,840	2,518,950	2,422,455	(96,495)
Total Revenues	34,436,800	39,489,710	34,456,481	(5,033,229)
Expenditures				
Current				
General Government	3,763,110	4,152,160	3,842,671	309,489
Public Safety	16,972,730	16,979,600	16,750,589	229,011
Public Works	1,903,280	1,996,980	2,014,853	(17,873)
Community Development	4,731,250	4,933,010	4,495,719	437,291
Community Services	2,979,570	3,134,380	2,783,325	351,055
Library and Cultural	783,360	739,810	745,637	(5,827)
Capital Outlay	7,790,720	14,544,760	8,760,354	5,784,406
Debt Service				
Principal	159,010	608,760	37,491	571,269
Interest and Fiscal Charges	54,390	54,390	511,015	(456,625)
Total Expenditures	39,137,420	47,143,850	39,941,654	7,202,196
Excess (Deficiency) of Revenues Over Expenditures	(4,700,620)	(7,654,140)	(5,485,173)	2,168,967
Other Financing Sources (Uses)				
Transfers In	39,480	7,403,910	8,347,888	943,978
Transfers Out	(4,800,840)	(6,982,260)	(5,951,213)	1,031,047
Total Other Financing Sources (Uses)	(4,761,360)	421,650	2,396,675	1,975,025
Net Change in Total Fund Balances	(9,461,980)	(7,232,490)	(3,088,498)	4,143,992
Fund Balances, July 1	35,846,832	35,846,832	35,846,832	-
Fund Balances, June 30	\$ 26,384,852	\$ 28,614,342	\$ 32,758,334	\$ 4,143,992

**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)
Retirement Program						
6/30/04						
Misc.	\$ 40,858	\$ 38,848	\$ 2,010	95.1%	\$ 9,740	20.6%
Safety	<u>34,673</u>	<u>28,501</u>	<u>6,172</u>	82.2%	<u>3,700</u>	166.8%
Total	<u>\$ 75,531</u>	<u>\$ 67,349</u>	<u>\$ 8,182</u>	89.2%	<u>\$ 13,440</u>	60.9%
6/30/05						
Misc.	\$ 46,886	\$ 41,615	\$ 5,271	88.8%	\$ 10,141	52.0%
Safety	<u>39,788</u>	<u>33,104</u>	<u>6,684</u>	83.2%	<u>4,141</u>	161.4%
Total	<u>\$ 86,674</u>	<u>\$ 74,719</u>	<u>\$ 11,955</u>	86.2%	<u>\$ 14,282</u>	83.7%
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>43,462</u>	<u>36,465</u>	<u>6,997</u>	83.9%	<u>4,494</u>	155.7%
Total	<u>\$ 94,678</u>	<u>\$ 81,973</u>	<u>\$ 12,705</u>	86.6%	<u>\$ 15,983</u>	79.5%
6/30/07						
Misc.	\$ 59,522	\$ 52,404	\$ 7,118	88.0%	\$ 12,070	59.0%
Safety	<u>50,510</u>	<u>43,186</u>	<u>7,324</u>	85.5%	<u>5,254</u>	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 95,590</u>	<u>\$ 14,442</u>	86.9%	<u>\$ 17,324</u>	83.4%
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	<u>55,022</u>	<u>47,214</u>	<u>7,808</u>	85.8%	<u>5,781</u>	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%
6/30/09						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	<u>1,803</u>	<u>1,520</u>	<u>283</u>	84.3%	<u>222</u>	127.5%
Total	<u>\$ 95,056</u>	<u>\$ 78,259</u>	<u>\$ 16,797</u>	82.3%	<u>\$ 16,153</u>	104.0%

**CITY OF TULARE
REQUIRED SUPPLEMENTAL INFORMATION
FOR OTHER POSTEMPLOYMENT BENEFIT PLAN**

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Actuarial Accrued Liability (AAL)	(C) Unfunded AAL (UAAL) (B)-(A)	(D) Funded Ratio (A)/(B)	(E) Covered Payroll	(F) UAAL as a Percentage of Covered Payroll (C)/(E)
7/1/2007	\$ -	\$ 5,600,000	\$ 5,600,000	0.0%	\$ 24,938,000	22.5%

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Investments	\$ 6,412,964	\$ 88,891	\$ 6,501,855
Receivables			
Accounts	2,776	-	2,776
Interest	30,301	233	30,534
Taxes	283,897	-	283,897
Intergovernmental	995,171	-	995,171
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 7,725,109</u>	<u>\$ 89,124</u>	<u>\$ 7,814,233</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 112,489	\$ -	\$ 112,489
Due to Other Funds	347,116	-	347,116
Deferred Revenue	123,914	-	123,914
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>583,519</u>	<u>-</u>	<u>583,519</u>
Fund Balances			
Special Revenue Funds	7,141,590	-	7,141,590
Capital Projects Funds	-	89,124	89,124
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,141,590</u>	<u>89,124</u>	<u>7,230,714</u>
Total Liabilities and Fund Balances	<u>\$ 7,725,109</u>	<u>\$ 89,124</u>	<u>\$ 7,814,233</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 6,124,928	\$ -	\$ 6,124,928
Intergovernmental	108,895	-	108,895
Fines and Forfeitures	247,185	-	247,185
Interest and Rentals	131,662	1,355	133,017
Grants	536,654	-	536,654
Meals	35,006	-	35,006
Assessments	389,831	-	389,831
Other	27,947	-	27,947
Total Revenues	<u>7,602,108</u>	<u>1,355</u>	<u>7,603,463</u>
Expenditures			
Current			
Public Safety	368,942	-	368,942
Community Development	-	699,324	699,324
Community Services	1,244,265	-	1,244,265
Library and Cultural	77,359	-	77,359
Capital Outlay	25,024	-	25,024
Total Expenditures	<u>1,715,590</u>	<u>699,324</u>	<u>2,414,914</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,886,518</u>	<u>(697,969)</u>	<u>5,188,549</u>
Other Financing Sources (Uses)			
Transfers In	457,522	699,324	1,156,846
Transfers Out	<u>(5,272,164)</u>	<u>-</u>	<u>(5,272,164)</u>
Total Other Financing Sources (Uses)	<u>(4,814,642)</u>	<u>699,324</u>	<u>(4,115,318)</u>
Net Change in Total Fund Balances	1,071,876	1,355	1,073,231
Fund Balances - Beginning	<u>6,069,714</u>	<u>87,769</u>	<u>6,157,483</u>
Fund Balances - Ending	<u>\$ 7,141,590</u>	<u>\$ 89,124</u>	<u>\$ 7,230,714</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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.

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Senior Services	Gas Tax	Traffic Safety	COPS - State Grant
Assets				
Cash and Investments	\$ 7,439	\$ 4,552,739	\$ -	\$ 128,184
Receivables				
Accounts	-	-	-	-
Interest	-	17,888	380	337
Taxes	-	239,297	31,675	-
Intergovernmental	7,831	-	-	9,651
Total Assets	<u>\$ 15,270</u>	<u>\$ 4,809,924</u>	<u>\$ 32,055</u>	<u>\$ 138,172</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 15,270	\$ -	\$ -	\$ 21,528
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	116,644
Total Liabilities	<u>15,270</u>	<u>-</u>	<u>-</u>	<u>138,172</u>
Fund Balances				
Unreserved Undesignated	-	4,809,924	32,055	-
Total Liabilities and Fund Balances	<u>\$ 15,270</u>	<u>\$ 4,809,924</u>	<u>\$ 32,055</u>	<u>\$ 138,172</u>

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture
Assets					
Cash and Investments	\$ -	\$ -	\$ 1,067	\$ 10,751	\$ 111,923
Receivables					
Accounts	-	2,676	100	-	-
Interest	-	-	72	28	294
Taxes	-	12,925	-	-	-
Intergovernmental	14,594	-	-	-	-
	<u>14,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,594</u>	<u>\$ 15,601</u>	<u>\$ 1,239</u>	<u>\$ 10,779</u>	<u>\$ 112,217</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and					
Accrued Liabilities	\$ 3,045	\$ 49,545	\$ 1,239	\$ -	\$ 8,757
Due to Other Funds	4,279	314,394	-	-	-
Deferred Revenue	7,270	-	-	-	-
	<u>14,594</u>	<u>363,939</u>	<u>1,239</u>	<u>-</u>	<u>8,757</u>
Total Liabilities	<u>14,594</u>	<u>363,939</u>	<u>1,239</u>	<u>-</u>	<u>8,757</u>
Fund Balances					
Unreserved					
Undesignated	-	(348,338)	-	10,779	103,460
	<u>-</u>	<u>(348,338)</u>	<u>-</u>	<u>10,779</u>	<u>103,460</u>
Total Liabilities and Fund Balances	<u>\$ 14,594</u>	<u>\$ 15,601</u>	<u>\$ 1,239</u>	<u>\$ 10,779</u>	<u>\$ 112,217</u>

(Continued)

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Vehicle Abatement	2009 COPS Hiring Recovery Program	Library Literacy Grant	Measure R	Total
Assets					
Cash and Investments	\$ 127,016	\$ -	\$ 2,457	\$ 1,471,388	\$ 6,412,964
Receivables					
Accounts	-	-	-	-	2,776
Interest	334	-	-	10,968	30,301
Taxes	-	-	-	-	283,897
Intergovernmental	7,644	38,361	-	917,090	995,171
Total Assets	<u>\$ 134,994</u>	<u>\$ 38,361</u>	<u>\$ 2,457</u>	<u>\$ 2,399,446</u>	<u>\$ 7,725,109</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 730	\$ 9,918	\$ 2,457	\$ -	\$ 112,489
Due to Other Funds	-	28,443	-	-	347,116
Deferred Revenue	-	-	-	-	123,914
Total Liabilities	<u>730</u>	<u>38,361</u>	<u>2,457</u>	<u>-</u>	<u>583,519</u>
Fund Balances					
Unreserved Undesignated	<u>134,264</u>	<u>-</u>	<u>-</u>	<u>2,399,446</u>	<u>7,141,590</u>
Total Liabilities and Fund Balances	<u>\$ 134,994</u>	<u>\$ 38,361</u>	<u>\$ 2,457</u>	<u>\$ 2,399,446</u>	<u>\$ 7,725,109</u>

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CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Senior Services	Gas Tax	Traffic Safety	COPS - State Grant
Revenues				
Taxes	\$ -	\$ 2,312,080	\$ -	\$ -
Intergovernmental	108,895	-	-	-
Fines and Forfeitures	-	-	174,985	-
Interest and Rentals	-	82,178	906	1,409
Grants	-	-	-	64,428
Meals	35,006	-	-	-
Assessments	-	-	-	-
Other	18,462	-	-	-
Total Revenues	162,363	2,394,258	175,891	65,837
Expenditures				
Current				
Public Safety	-	-	-	49,706
Community Services	555,990	-	-	-
Library and Cultural	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	555,990	-	-	49,706
Excess (Deficiency) of Revenues Over Expenditures	(393,627)	2,394,258	175,891	16,131
Other Financing Sources (Uses)				
Transfers In	393,627	-	-	-
Transfers Out	-	(2,251,336)	(144,497)	(16,131)
Total Other Financing Sources (Uses)	393,627	(2,251,336)	(144,497)	(16,131)
Net Change in Fund Balances	-	142,922	31,394	-
Fund Balances - Beginning	-	4,667,002	661	-
Fund Balances - Ending	\$ -	\$ 4,809,924	\$ 32,055	\$ -

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Local Law Enforcement Block Grant	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and Forfeitures	-	-	72,200	-	-
Interest and Rentals	773	-	224	514	1,830
Grants	191,494	-	-	9,600	3,955
Meals	-	-	-	-	-
Assessments	-	389,831	-	-	-
Other	3	2,883	-	-	6,599
Total Revenues	<u>192,270</u>	<u>392,714</u>	<u>72,424</u>	<u>10,114</u>	<u>12,384</u>
Expenditures					
Current					
Public Safety	32,501	-	-	-	31,043
Community Services	38,746	602,017	46,291	1,221	-
Library and Cultural	-	-	-	-	-
Capital Outlay	25,024	-	-	-	-
Total Expenditures	<u>96,271</u>	<u>602,017</u>	<u>46,291</u>	<u>1,221</u>	<u>31,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>95,999</u>	<u>(209,303)</u>	<u>26,133</u>	<u>8,893</u>	<u>(18,659)</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	-
Transfers Out	(95,999)	-	(26,133)	(37,250)	-
Total Other Financing Sources (Uses)	<u>(95,999)</u>	<u>-</u>	<u>(26,133)</u>	<u>(37,250)</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(209,303)</u>	<u>-</u>	<u>(28,357)</u>	<u>(18,659)</u>
Fund Balances - Beginning	<u>-</u>	<u>(139,035)</u>	<u>-</u>	<u>39,136</u>	<u>122,119</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ (348,338)</u>	<u>\$ -</u>	<u>\$ 10,779</u>	<u>\$ 103,460</u>

(Continued)

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Vehicle Abatement	2009 COPS Hiring Recovery Program	Library Literacy Grant	Measure R	Total
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 3,812,848	\$ 6,124,928
Intergovernmental	-	-	-	-	108,895
Fines and Forfeitures	-	-	-	-	247,185
Interest and Rentals	1,965	-	-	41,863	131,662
Grants	25,691	211,229	30,257	-	536,654
Meals	-	-	-	-	35,006
Assessments	-	-	-	-	389,831
Other	-	-	-	-	27,947
Total Revenues	<u>27,656</u>	<u>211,229</u>	<u>30,257</u>	<u>3,854,711</u>	<u>7,602,108</u>
Expenditures					
Current					
Public Safety	27,670	228,022	-	-	368,942
Community Services	-	-	-	-	1,244,265
Library and Cultural	-	-	77,359	-	77,359
Capital Outlay	-	-	-	-	25,024
Total Expenditures	<u>27,670</u>	<u>228,022</u>	<u>77,359</u>	<u>-</u>	<u>1,715,590</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(14)</u>	<u>(16,793)</u>	<u>(47,102)</u>	<u>3,854,711</u>	<u>5,886,518</u>
Other Financing Sources (Uses)					
Transfers In	-	16,793	47,102	-	457,522
Transfers Out	-	-	-	(2,700,818)	(5,272,164)
Total Other Financing Sources (Uses)	<u>-</u>	<u>16,793</u>	<u>47,102</u>	<u>(2,700,818)</u>	<u>(4,814,642)</u>
Net Change in Fund Balances	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>1,153,893</u>	<u>1,071,876</u>
Fund Balances - Beginning	<u>134,278</u>	<u>-</u>	<u>-</u>	<u>1,245,553</u>	<u>6,069,714</u>
Fund Balances - Ending	<u>\$ 134,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,399,446</u>	<u>\$ 7,141,590</u>

**CITY OF TULARE
 SENIOR SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 86,240	\$ 108,895	\$ 22,655
Grants	12,970	-	(12,970)
Meals	56,630	35,006	(21,624)
Other	16,830	18,462	1,632
Total Revenues	172,670	162,363	(10,307)
Expenditures			
Current			
Community Services	604,710	555,990	48,720
Capital Outlay	5,000	-	5,000
Total Expenditures	609,710	555,990	53,720
Excess (Deficiency) of Revenues Over Expenditures	(437,040)	(393,627)	43,413
Other Financing Sources (Uses)			
Transfers In	415,760	393,627	(22,133)
Net Change in Fund Balances	(21,280)	-	21,280
Fund Balances, July 1	-	-	-
Fund Balances, June 30	\$ (21,280)	\$ -	\$ 21,280

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 3,056,500	\$ 2,312,080	\$ (744,420)
Interest and Rentals	130,000	82,178	(47,822)
	<u>3,186,500</u>	<u>2,394,258</u>	<u>(792,242)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(7,108,900)</u>	<u>(2,251,336)</u>	<u>4,857,564</u>
Net Change in Fund Balances	(3,922,400)	142,922	4,065,322
Fund Balances, July 1	<u>4,667,002</u>	<u>4,667,002</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 744,602</u></u>	<u><u>\$ 4,809,924</u></u>	<u><u>\$ 4,065,322</u></u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 20,000	\$ 174,985	\$ 154,985
Interest and Rentals	-	906	906
	<u>20,000</u>	<u>175,891</u>	<u>155,891</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(20,000)</u>	<u>(144,497)</u>	<u>(124,497)</u>
Net Change in Fund Balances	-	31,394	31,394
Fund Balances, July 1	<u>661</u>	<u>661</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 661</u></u>	<u><u>\$ 32,055</u></u>	<u><u>\$ 31,394</u></u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 1,409	\$ 1,409
Grants	180,540	64,428	(116,112)
Total Revenues	<u>180,540</u>	<u>65,837</u>	<u>(114,703)</u>
Expenditures			
Current			
Public Safety	<u>93,540</u>	<u>49,706</u>	<u>43,834</u>
Total Expenditures	<u>93,540</u>	<u>49,706</u>	<u>43,834</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>87,000</u>	<u>16,131</u>	<u>(70,869)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(20,000)</u>	<u>(16,131)</u>	<u>3,869</u>
Net Change in Fund Balances	<u>67,000</u>	<u>-</u>	<u>(67,000)</u>
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 67,000</u>	<u>\$ -</u>	<u>\$ (67,000)</u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 773	\$ 773
Grants	251,820	191,494	(60,326)
Other	-	3	3
	<u>251,820</u>	<u>192,270</u>	<u>(59,550)</u>
Total Revenues	<u>251,820</u>	<u>192,270</u>	<u>(59,550)</u>
Expenditures			
Current			
Public Safety	55,360	32,501	22,859
Community Services	41,630	38,746	2,884
Capital Outlay	58,830	25,024	33,806
	<u>155,820</u>	<u>96,271</u>	<u>59,549</u>
Total Expenditures	<u>155,820</u>	<u>96,271</u>	<u>59,549</u>
Excess (Deficiency) of Revenues Over Expenditures	96,000	95,999	(1)
Other Financing Sources (Uses) Operating Transfers Out	<u>(96,000)</u>	<u>(95,999)</u>	<u>1</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
LANDSCAPE AND LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Assessments	\$ 572,070	\$ 389,831	\$ (182,239)
Other	-	2,883	2,883
	<u>572,070</u>	<u>392,714</u>	<u>(179,356)</u>
Total Revenues			
	<u>572,070</u>	<u>392,714</u>	<u>(179,356)</u>
Expenditures			
Community Services	<u>685,480</u>	<u>602,017</u>	<u>83,463</u>
Net Change in Fund Balances	(113,410)	(209,303)	(95,893)
Fund Balances, July 1	<u>(139,035)</u>	<u>(139,035)</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ (252,445)</u></u>	<u><u>\$ (348,338)</u></u>	<u><u>\$ (95,893)</u></u>

**CITY OF TULARE
OTS GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 57,000	\$ 72,200	\$ 15,200
Interest and Rentals	200	224	24
	<u>57,200</u>	<u>72,424</u>	<u>15,224</u>
Total Revenues	<u>57,200</u>	<u>72,424</u>	<u>15,224</u>
Expenditures			
Current			
Community Services	52,440	46,291	6,149
	<u>52,440</u>	<u>46,291</u>	<u>6,149</u>
Excess (Deficiency) of Revenue Over Expenditures	4,760	26,133	21,373
Other Financing Sources (Uses)			
Transfers Out	-	(26,133)	(26,133)
	<u>-</u>	<u>(26,133)</u>	<u>(26,133)</u>
Net Change in Fund Balances	4,760	-	(4,760)
Fund Balances, July 1	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 4,760</u>	<u>\$ -</u>	<u>\$ (4,760)</u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 514	\$ 514
Grants	9,600	9,600	-
Total Revenues	<u>9,600</u>	<u>10,114</u>	<u>514</u>
Expenditures			
Current			
Community Services	<u>1,500</u>	<u>1,221</u>	<u>279</u>
Total Expenditures	<u>1,500</u>	<u>1,221</u>	<u>279</u>
Excess (Deficiency) of Revenues Over Expenditures	8,100	8,893	793
Other Financing Sources (Uses)			
Transfers Out	<u>(44,000)</u>	<u>(37,250)</u>	<u>6,750</u>
Net Change in Fund Balances	<u>(35,900)</u>	<u>(28,357)</u>	<u>7,543</u>
Fund Balances, July 1	<u>39,136</u>	<u>39,136</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,236</u>	<u>\$ 10,779</u>	<u>\$ 7,543</u>

**CITY OF TULARE
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 100	\$ 1,830	\$ 1,730
Grants	9,670	3,955	(5,715)
Other	6,600	6,599	(1)
Total Revenues	<u>16,370</u>	<u>12,384</u>	<u>(3,986)</u>
Expenditures			
Current			
Public Safety	71,170	31,043	40,127
Capital Outlay	8,100	-	8,100
Total Expenditures	<u>79,270</u>	<u>31,043</u>	<u>48,227</u>
Net Change in Fund Balances	(62,900)	(18,659)	44,241
Fund Balances, July 1	<u>122,119</u>	<u>122,119</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 59,219</u></u>	<u><u>\$ 103,460</u></u>	<u><u>\$ 44,241</u></u>

**CITY OF TULARE
VEHICLE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 500	\$ 1,965	\$ 1,465
Grants	25,000	25,691	691
	<u>25,500</u>	<u>27,656</u>	<u>2,156</u>
Total Revenues			
	<u>25,500</u>	<u>27,656</u>	<u>2,156</u>
Expenditures			
Current			
Public Safety	30,380	27,670	2,710
	<u>30,380</u>	<u>27,670</u>	<u>2,710</u>
Net Change in Fund Balances	(4,880)	(14)	4,866
Fund Balances, July 1	<u>134,278</u>	<u>134,278</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 129,398</u>	<u>\$ 134,264</u>	<u>\$ 4,866</u>

CITY OF TULARE
2009 COPS HIRING RECOVERY PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 211,230	\$ 211,229	\$ (1)
Total Revenues	<u>211,230</u>	<u>211,229</u>	<u>(1)</u>
Expenditures			
Current			
Public Safety	<u>228,030</u>	<u>228,022</u>	<u>8</u>
Total Expenditures	<u>228,030</u>	<u>228,022</u>	<u>8</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,800)</u>	<u>(16,793)</u>	<u>7</u>
Other Financing Sources (Uses)			
Transfers In	<u>16,800</u>	<u>16,793</u>	<u>(7)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
LIBRARY LITERACY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 29,800	\$ 30,257	\$ 457
Total Revenues	<u>29,800</u>	<u>30,257</u>	<u>457</u>
Expenditures			
Current			
Library and Cultural	<u>78,980</u>	<u>77,359</u>	<u>1,621</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49,180)</u>	<u>(47,102)</u>	<u>2,078</u>
Other Financing Sources (Uses) Transfers In	<u>49,180</u>	<u>47,102</u>	<u>(2,078)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
MEASURE R FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 3,869,180	\$ 3,812,848	\$ (56,332)
Interest and Rentals	40,000	41,863	1,863
	<u>3,909,180</u>	<u>3,854,711</u>	<u>(54,469)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	(4,438,430)	(2,700,818)	1,737,612
	<u>(4,438,430)</u>	<u>(2,700,818)</u>	<u>1,737,612</u>
Net Change in Fund Balances	(529,250)	1,153,893	1,683,143
Fund Balances, July 1	-	1,245,553	1,245,553
	<u>-</u>	<u>1,245,553</u>	<u>1,245,553</u>
Fund Balances, June 30	<u>\$ (529,250)</u>	<u>\$ 2,399,446</u>	<u>\$ 2,928,696</u>

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CAPITAL PROJECTS FUNDS

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010**

	Fire Station #2	Fire Station #3	Fire Station #4	Total
Assets				
Cash and Investments	\$ 81,779	\$ 7,112	\$ -	\$ 88,891
Interest Receivables	215	18	-	233
Total Assets	\$ 81,994	\$ 7,130	\$ -	\$ 89,124
Liabilities and Fund Balances				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances				
Unreserved - Undesignated	81,994	7,130	-	89,124
Total Liabilities and Fund Balances	\$ 81,994	\$ 7,130	\$ -	\$ 89,124

**CITY OF TULARE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010**

	Fire Station #2	Fire Station #3	Fire Station #4	Total
Revenues				
Interest and Rentals	\$ 1,247	\$ 108	\$ -	\$ 1,355
Other	-	-	-	-
Total Revenues	1,247	108	-	1,355
Expenditures				
Current				
Community Development	-	-	699,324	699,324
Excess (Deficiency) of Revenues Over Expenditures	1,247	108	(699,324)	(697,969)
Other Financing Sources				
Transfers In	-	-	699,324	699,324
Net Change in Fund Balances	1,247	108	-	1,355
Fund Balances - Beginning	80,747	7,022	-	87,769
Fund Balances - Ending	\$ 81,994	\$ 7,130	\$ -	\$ 89,124

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2010**

Assets	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Current Assets			
Cash and Investments	\$ 3,975,983	\$ 2,618,408	\$ 3,124,533
Cash and Investments with Fiscal Agent	-	2,394	613,610
Accounts Receivable	34,884	61,769	8,214
Other Receivables	113,932	-	-
Inventories	-	-	-
Due from Other Funds	452,721	-	-
Total Current Assets	<u>4,577,520</u>	<u>2,682,571</u>	<u>3,746,357</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	16,704,575	-	-
Accumulated Depreciation	(10,833,391)	-	-
Total Noncurrent Assets	<u>13,782,537</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 18,360,057</u>	<u>\$ 2,682,571</u>	<u>\$ 3,746,357</u>
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 137,072	\$ 328,907	\$ 2,140
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	10,060	-	-
Compensated Absences Payable -- Current	37,328	4,847	4,855
Capital Leases Payable -- Current	2,421	-	-
Total Current Liabilities	<u>186,881</u>	<u>333,754</u>	<u>6,995</u>
Noncurrent Liabilities			
Advances from Other Funds	130,786	-	-
Capital Leases Payable	241,932	-	-
Total Noncurrent Liabilities	<u>372,718</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>559,599</u>	<u>333,754</u>	<u>6,995</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,538,184	-	-
Restricted for Capital Improvements	75,000	-	-
Unrestricted	4,187,274	2,348,817	3,739,362
Total Net Assets	<u>\$ 17,800,458</u>	<u>\$ 2,348,817</u>	<u>\$ 3,739,362</u>

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 281,105	\$ -	\$ -	\$ 10,000,029
689,349	-	-	1,305,353
739	-	-	105,606
-	-	-	113,932
-	-	259,560	259,560
-	-	-	452,721
<u>971,193</u>	<u>-</u>	<u>259,560</u>	<u>12,237,201</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,648,583
-	-	13,419	16,717,994
-	-	(13,419)	(10,846,810)
-	-	-	13,782,537
<u>\$ 971,193</u>	<u>\$ -</u>	<u>\$ 259,560</u>	<u>\$ 26,019,738</u>
\$ 1,943	\$ -	\$ 82,596	\$ 552,658
-	-	452,721	452,721
-	-	-	10,060
4,847	-	3,599	55,476
-	-	-	2,421
<u>6,790</u>	<u>-</u>	<u>538,916</u>	<u>1,073,336</u>
-	-	-	130,786
-	-	-	241,932
-	-	-	372,718
<u>6,790</u>	<u>-</u>	<u>538,916</u>	<u>1,446,054</u>
-	-	-	13,538,184
-	-	-	75,000
964,403	-	(279,356)	10,960,500
<u>\$ 964,403</u>	<u>\$ -</u>	<u>\$ (279,356)</u>	<u>\$ 24,573,684</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Revenues			
Departmental Charges	\$ 2,272,020	\$ 2,675,629	\$ 1,670,460
Employee Contributions	-	1,279,159	-
Total Operating Revenues	<u>2,272,020</u>	<u>3,954,788</u>	<u>1,670,460</u>
Operating Expenses			
General Administration	621	1,638	1,306
Personal Services	528,821	98,742	59,770
Contractual Services	199,582	-	930
Equipment Usage and Operation	895,110	-	-
Insurance	106,977	4,370,411	983,738
Depreciation	1,786,230	-	-
Total Operating Expenses	<u>3,517,341</u>	<u>4,470,791</u>	<u>1,045,744</u>
Operating Income (Loss)	<u>(1,245,321)</u>	<u>(516,003)</u>	<u>624,716</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense)	72,049	38,720	42,732
Other Income	114,115	40,309	-
Total Nonoperating Revenues	<u>186,164</u>	<u>79,029</u>	<u>42,732</u>
Income (Loss) Before Transfers	<u>(1,059,157)</u>	<u>(436,974)</u>	<u>667,448</u>
Transfers In	<u>194,395</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(864,762)	(436,974)	667,448
Net Assets (Deficit), Beginning	<u>18,665,220</u>	<u>2,785,791</u>	<u>3,071,914</u>
Net Assets (Deficit), Ending	<u>\$ 17,800,458</u>	<u>\$ 2,348,817</u>	<u>\$ 3,739,362</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 500,310	\$ -	\$ 916,027	\$ 8,034,446
-	-	-	1,279,159
<u>500,310</u>	<u>-</u>	<u>916,027</u>	<u>9,313,605</u>
7,163	-	3,636	14,364
59,848	-	48,628	795,809
-	-	-	200,512
-	-	1,157,255	2,052,365
669,145	42,444	-	6,172,715
-	-	-	1,786,230
<u>736,156</u>	<u>42,444</u>	<u>1,209,519</u>	<u>11,021,995</u>
<u>(235,846)</u>	<u>(42,444)</u>	<u>(293,492)</u>	<u>(1,708,390)</u>
3,865	-	-	157,366
-	-	75,532	229,956
<u>3,865</u>	<u>-</u>	<u>75,532</u>	<u>387,322</u>
<u>(231,981)</u>	<u>(42,444)</u>	<u>(217,960)</u>	<u>(1,321,068)</u>
-	42,444	-	236,839
(231,981)	-	(217,960)	(1,084,229)
<u>1,196,384</u>	<u>-</u>	<u>(61,396)</u>	<u>25,657,913</u>
<u>\$ 964,403</u>	<u>\$ -</u>	<u>\$ (279,356)</u>	<u>\$ 24,573,684</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 1,966,275	\$ 4,135,347	\$ 1,670,101
Cash paid for salaries and benefits	(525,599)	(100,747)	(61,442)
Cash paid for services and supplies	(1,167,977)	(4,440,653)	(984,129)
Net Cash Provided by (Used for) Operating Activities	<u>272,699</u>	<u>(406,053)</u>	<u>624,530</u>
Cash Flows from Non-Capital Financing Activities:			
Grants	-	-	-
Operating transfers from other funds	194,395	-	-
Operating transfers to other funds	-	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>194,395</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Payments made on capital leases	(69,016)	-	-
Acquisition of fixed assets	(1,456,701)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,525,717)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Income	72,049	38,720	42,732
Net Cash Provided by Investing Activities	<u>72,049</u>	<u>38,720</u>	<u>42,732</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(986,574)	(367,333)	667,262
Cash and Cash Equivalents, July 1	<u>4,962,557</u>	<u>2,988,135</u>	<u>3,070,881</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,975,983</u>	<u>\$ 2,620,802</u>	<u>\$ 3,738,143</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 877,004	\$ -	\$ 1,126,038	\$ 9,774,765
(67,378)	-	(64,008)	(819,174)
<u>(668,803)</u>	<u>(42,444)</u>	<u>(1,062,030)</u>	<u>(8,366,036)</u>
140,823	(42,444)	-	589,555
-	-	-	-
-	42,444	-	236,839
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	42,444	-	236,839
-	-	-	(69,016)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,456,701)</u>
-	-	-	(1,525,717)
3,865	-	-	157,366
3,865	-	-	157,366
144,688	-	-	(541,957)
825,766	-	-	11,847,339
<u>\$ 970,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,305,382</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Income (Loss)	\$ (1,245,321)	\$ (516,003)	\$ 624,716
Other Income	114,115	40,309	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,786,230	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	14,762	140,250	(359)
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in advances to other funds	(434,622)	-	-
(Increase) Decrease in due from other funds	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	59,363	(70,242)	539
Increase in due to other funds	-	-	-
Increase in advance from other funds	(25,671)	-	-
Increase (Decrease) in compensated absences payable	3,843	(367)	(366)
Net Cash Provided by (Used for) Operating Activities	<u>272,699</u>	<u>(406,053)</u>	<u>624,530</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and investments	3,975,983	2,618,408	3,124,533
Cash and investments with fiscal agents	-	2,394	613,610
Cash and Cash Equivalents per Statement of Cash Flows	<u><u>\$ 3,975,983</u></u>	<u><u>\$ 2,620,802</u></u>	<u><u>\$ 3,738,143</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ (235,846)	\$ (42,444)	\$ (293,492)	\$ (1,708,390)
-	-	75,533	229,957
-	-	-	1,786,230
504	5	134,478	289,640
-	-	(51,116)	(51,116)
-	-	-	(434,622)
376,190	(5)	-	376,185
342	-	69,805	59,807
-	-	76,536	76,536
-	-	-	(25,671)
(367)	-	(11,744)	(9,001)
<u>140,823</u>	<u>(42,444)</u>	<u>-</u>	<u>589,555</u>
281,105	-	-	10,000,029
689,349	-	-	1,305,353
<u>\$ 970,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,305,382</u>

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FIDUCIARY FUNDS

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

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

**CITY OF TULARE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

AGENCY FUND	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
AGENCY FUND				
Assets				
Cash and Investments	\$ 1,827,471	\$ 5,476,961	\$ 6,333,169	\$ 971,263
Due from Other Governments	509,827	475	509,827	475
Accounts Receivable	80,934	508	55,233	26,209
Total Assets	<u>\$ 2,418,232</u>	<u>\$ 5,477,944</u>	<u>\$ 6,898,229</u>	<u>\$ 997,947</u>
Liabilities				
Accounts Payable	\$ 459,131	\$ 6,487,125	\$ 6,645,245	\$ 301,011
Deposits Payable	1,959,101	12,147,405	13,409,570	696,936
Total Liabilities	<u>\$ 2,418,232</u>	<u>\$ 18,634,530</u>	<u>\$ 20,054,815</u>	<u>\$ 997,947</u>
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 2,801,139	\$ 1,472,154	\$ 1,549,753	\$ 2,723,540
Accounts Receivable	24,574	52,558	32,827	44,305
Total Assets	<u>\$ 2,825,713</u>	<u>\$ 1,524,712</u>	<u>\$ 1,582,580</u>	<u>\$ 2,767,845</u>
Liabilities				
Due to Other Funds	\$ 14,805	\$ 14,795	\$ 14,806	\$ 14,794
Deposits Payable	2,810,908	4,315,056	4,372,913	2,753,051
Total Liabilities	<u>\$ 2,825,713</u>	<u>\$ 4,329,851</u>	<u>\$ 4,387,719</u>	<u>\$ 2,767,845</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 4,628,610	\$ 6,949,115	\$ 7,882,922	\$ 3,694,803
Due from Other Governments	509,827	475	509,827	475
Accounts Receivable	105,508	53,066	88,060	70,514
Total Assets	<u>\$ 5,243,945</u>	<u>\$ 7,002,656</u>	<u>\$ 8,480,809</u>	<u>\$ 3,765,792</u>
Liabilities				
Accounts Payable	\$ 459,131	\$ 6,487,125	\$ 6,645,245	\$ 301,011
Due to Other Funds	14,805	14,795	14,806	14,794
Deposits Payable	4,770,009	16,462,461	17,782,483	3,449,987
Total Liabilities	<u>\$ 5,243,945</u>	<u>\$ 22,964,381</u>	<u>\$ 24,442,534</u>	<u>\$ 3,765,792</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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 63,220	\$ 63,220	\$ 53,965	\$ 9,255
City Manager	445,450	438,230	467,231	(29,001)
Finance	1,013,280	947,360	909,864	37,496
Economic Development	325,310	325,310	281,374	43,936
Personnel	316,450	314,850	273,870	40,980
Non-departmental	987,980	1,448,210	1,290,380	157,830
Animal Control	611,420	614,980	565,987	48,993
Total General Government	<u>3,763,110</u>	<u>4,152,160</u>	<u>3,842,671</u>	<u>309,489</u>
Public Safety				
Police	9,205,740	9,123,910	9,093,753	30,157
Fire	7,766,990	7,855,690	7,656,836	198,854
Total Public Safety	<u>16,972,730</u>	<u>16,979,600</u>	<u>16,750,589</u>	<u>229,011</u>
Public Works				
Streets	1,820,680	1,834,680	1,850,343	(15,663)
Storm Drains	82,600	162,300	164,510	(2,210)
Total Public Works	<u>1,903,280</u>	<u>1,996,980</u>	<u>2,014,853</u>	<u>(17,873)</u>
Community Development				
Planning	509,930	699,320	517,187	182,133
Building Services	1,189,840	1,163,150	1,123,935	39,215
Engineering Administration	2,216,090	2,232,050	2,091,980	140,070
Building Inspection	727,390	700,490	632,143	68,347
Parking and Business Improvement	88,000	88,000	93,655	(5,655)
Dangerous Building Abatement	-	50,000	36,819	13,181
Total Community Development	<u>4,731,250</u>	<u>4,933,010</u>	<u>4,495,719</u>	<u>437,291</u>
Community Services				
Parks	1,918,500	1,862,500	1,772,156	90,344
Community Services	1,002,350	988,590	864,504	124,086
Cycle Park	58,720	283,290	146,665	136,625
Total Community Services	<u>2,979,570</u>	<u>3,134,380</u>	<u>2,783,325</u>	<u>351,055</u>
Library and Cultural	<u>783,360</u>	<u>739,810</u>	<u>745,637</u>	<u>(5,827)</u>
Capital Outlay	<u>7,790,720</u>	<u>14,544,760</u>	<u>8,760,354</u>	<u>5,784,406</u>
Debt Service				
Principal	159,010	608,760	37,491	571,269
Interest	54,390	54,390	511,015	(456,625)
Total Debt Service	<u>213,400</u>	<u>663,150</u>	<u>548,506</u>	<u>114,644</u>
Transfers Out	<u>4,800,840</u>	<u>6,982,260</u>	<u>5,951,213</u>	<u>1,031,047</u>
Total General Fund Expenditures	<u>\$ 43,938,260</u>	<u>\$ 54,126,110</u>	<u>\$ 45,892,867</u>	<u>\$ 8,233,243</u>

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 3,747,660	\$ 3,738,987	\$ (8,673)
Expenditures			
Measure I - Police	2,851,700	2,745,256	106,444
Measure I - Fire	1,912,180	1,841,892	70,288
Measure I - Code Enforcement	238,380	211,577	26,803
Measure I - Streets	39,410	4,900	34,510
Total Expenditures	5,041,670	4,803,625	238,045
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,294,010)</u>	<u>\$ (1,064,638)</u>	<u>\$ 229,372</u>

Statistical Section

Tulare Rotary Skatepark



STATISTICAL SECTION

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**CITY OF TULARE
STATISTICAL SECTION
FOR THE YEAR ENDED JUNE 30, 2010**

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.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	114 – 123
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	124 – 131
Debt Capacity	
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.	132 – 139
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	140 – 142
Operating Information	
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.	143 – 147

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Governmental Activities:</u>				
Invested in capital assets, net of related debt	\$ 23,156,238	\$ 26,833,821	\$ 33,166,653	\$110,129,292
Restricted	-	-	-	-
Unrestricted	58,442,530	65,408,770	71,510,372	84,457,595
Total governmental activities net assets	<u>\$ 81,598,768</u>	<u>\$ 92,242,591</u>	<u>\$ 104,677,025</u>	<u>\$194,586,887</u>
<u>Business-type Activities:</u>				
Invested in capital assets, net of related debt	\$ 37,076,953	\$ 41,321,330	\$ 57,986,627	\$ 52,468,556
Restricted	19,520,605	15,561,699	15,721,361	85,998,650
Unrestricted	(27,505,575)	(3,362,494)	(14,315,941)	(74,574,833)
Total business-type activities net assets	<u>\$ 29,091,983</u>	<u>\$ 53,520,535</u>	<u>\$ 59,392,047</u>	<u>\$ 63,892,373</u>
<u>Primary Government:</u>				
Invested in capital assets, net of related debt	\$ 60,233,191	\$ 68,155,151	\$ 91,153,280	\$162,597,848
Restricted	19,520,605	15,561,699	15,721,361	85,998,650
Unrestricted	30,936,955	62,046,276	57,194,431	9,882,762
Total primary government net assets	<u>\$ 110,690,751</u>	<u>\$ 145,763,126</u>	<u>\$ 164,069,072</u>	<u>\$258,479,260</u>

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

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

Fiscal Year		
2008	2009	2010
\$ 129,555,443	\$ 142,261,018	\$ 134,341,017
23,652,940	19,215,692	5,079,552
66,208,918	74,474,840	48,577,529
<u>\$ 219,417,301</u>	<u>\$ 235,951,550</u>	<u>\$ 187,998,098</u>
\$ 107,113,034	\$ 86,649,558	\$ 83,970,647
44,617,222	51,229,220	33,428,794
(74,352,100)	(52,851,820)	(34,593,405)
<u>\$ 77,378,156</u>	<u>\$ 85,026,958</u>	<u>\$ 82,806,036</u>
\$236,668,477	\$228,910,576	\$ 218,311,664
68,270,162	70,444,912	38,508,346
(8,143,182)	21,623,020	13,984,124
<u>\$ 296,795,457</u>	<u>\$ 320,978,508</u>	<u>\$ 270,804,134</u>

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

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

(Continued)

Fiscal Year		
2008	2009	2010
\$ 2,855,538	\$ 4,372,097	\$ 7,227,222
28,228	3,904	22,198
17,234,653	17,919,518	18,150,196
2,816,141	2,655,054	2,253,586
7,791,822	5,367,023	7,548,417
4,075,367	4,161,627	4,119,626
3,331,468	4,082,194	5,254,822
668,323	2,649,504	1,873,941
<u>38,801,540</u>	<u>41,210,921</u>	<u>46,450,008</u>
149,838	135,527	377,402
2,373,838	2,569,527	2,491,326
5,774,160	5,360,552	5,886,572
6,828,700	6,392,221	6,630,196
12,797,031	13,920,042	23,628,414
<u>27,923,567</u>	<u>28,377,869</u>	<u>39,013,910</u>
<u>66,725,107</u>	<u>69,588,790</u>	<u>85,463,918</u>
307,426	465,136	404,289
180,370	176,350	261,239
2,079,850	2,139,721	1,311,651
301,977	282,465	126,065
2,428,421	1,692,768	1,506,687
436,384	442,745	230,451
363,663	434,294	293,953
153,895	153,891	647,282
931,941	150,871	182,021
<u>7,183,927</u>	<u>5,938,241</u>	<u>4,963,638</u>
103,064	111,999	113,350
1,507,696	2,131,920	1,885,297
6,383,693	4,673,549	5,112,671
6,513,112	5,946,594	6,539,840
18,812,643	16,887,266	20,134,580
7,543,285	4,604,955	2,246,055
<u>40,863,493</u>	<u>34,356,283</u>	<u>36,031,793</u>
<u>48,047,420</u>	<u>40,294,524</u>	<u>40,995,431</u>

(Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
Net Revenues (Expenses):				
Governmental Activities	(15,360,243)	(16,961,335)	(18,017,577)	(26,588,442)
Business-Type Activities	(644,991)	2,974,801	5,091,056	3,083,042
Total Net Revenues (Expenses)	<u>(16,005,234)</u>	<u>(13,986,534)</u>	<u>(12,926,521)</u>	<u>(23,505,400)</u>
<u>General Revenues and Other Changes in Net Assets:</u>				
Governmental Activities:				
Taxes:				
Sales Tax	5,725,592	6,209,806	7,220,399	11,859,889
Property Tax	2,355,252	2,170,347	2,553,998	3,577,111
Utility Tax	4,156,796	4,405,682	4,891,749	5,370,352
Motel/Hotel and Franchise Tax	1,876,881	2,059,010	2,327,371	2,515,731
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	2,116,429	3,638,093	3,561,218	4,042,805
Investment Income	3,739,334	4,280,463	4,610,583	5,644,508
Other General Revenues	3,235,016	4,784,368	4,340,440	8,458,768
Grants and Contributions Not Restricted to Specific Programs	-	-	883,803	349,443
Gain on Sale of Capital Assets	-	-	56,456	76,882
Transfers	77,468	57,389	5,994	289,624
Total Governmental Activities	<u>23,282,768</u>	<u>27,605,158</u>	<u>30,452,011</u>	<u>42,185,113</u>
Business-Type Activities:				
Investment Income	642,787	968,326	786,450	1,706,908
Gain on Sale of Capital Assets	-	-	-	-
Transfers	(77,468)	(57,389)	(5,994)	(289,624)
Total Business-Type Activities	<u>565,319</u>	<u>910,937</u>	<u>780,456</u>	<u>1,417,284</u>
Total Primary Government	<u>23,848,087</u>	<u>28,516,095</u>	<u>31,232,467</u>	<u>43,602,397</u>
<u>Special Item - Debt Forgiveness</u>				
Governmental Activities:	-	-	-	-
Changes in Net Assets				
Governmental Activities	7,922,525	10,643,823	12,434,434	15,596,671
Business-Type Activities	(79,672)	3,885,738	5,871,512	4,500,326
Total Primary Government	<u>\$ 7,842,853</u>	<u>\$ 14,529,561</u>	<u>\$ 18,305,946</u>	<u>\$ 20,096,997</u>

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

Source:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

Fiscal Year		
2008	2009	2010
(31,617,613)	(35,272,680)	(41,486,370)
<u>12,939,926</u>	<u>5,978,414</u>	<u>(2,982,117)</u>
<u>(18,677,687)</u>	<u>(29,294,266)</u>	<u>(44,468,487)</u>
16,163,788	14,466,030	17,003,577
4,279,124	4,583,226	4,040,713
5,348,107	5,295,978	5,462,182
2,524,436	2,548,329	2,147,819
4,580,676	4,819,229	4,701,932
6,504,081	6,709,281	897,402
15,202,114	9,123,660	3,035,817
1,285,206	955,672	591,426
30,055	-	-
<u>530,440</u>	<u>3,305,524</u>	<u>-</u>
<u>56,448,027</u>	<u>51,806,929</u>	<u>37,880,868</u>
1,076,297	4,777,743	719,593
-	-	41,602
<u>(530,440)</u>	<u>(3,305,524)</u>	<u>-</u>
<u>545,857</u>	<u>1,472,219</u>	<u>761,195</u>
<u>56,993,884</u>	<u>53,279,148</u>	<u>38,642,063</u>
<u>-</u>	<u>-</u>	<u>(44,258,915)</u>
24,830,414	16,534,249	(47,864,417)
<u>13,485,783</u>	<u>7,450,633</u>	<u>(2,220,922)</u>
<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>	<u>\$ (50,085,339)</u>

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

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

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

Source:

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

Fiscal Year		
2008	2009	2010
\$ 25,285,362	\$ 26,437,732	\$ 26,437,732
<u>10,431,701</u>	<u>9,409,100</u>	<u>6,320,602</u>
<u>\$ 35,717,063</u>	<u>\$ 35,846,832</u>	<u>\$ 32,758,334</u>
\$ 23,427,969	\$ 16,374,755	\$ 4,293,093
5,119,028	6,069,714	7,141,590
<u>(297,431)</u>	<u>(455,256)</u>	<u>(253,448)</u>
<u>\$ 28,249,566</u>	<u>\$ 21,989,213</u>	<u>\$ 11,181,235</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 16,230,950	\$ 18,482,938	\$ 20,554,735	\$ 27,365,888
Intergovernmental	1,110,321	1,308,261	2,795,298	2,738,351
Licenses and Permits	466,566	958,444	1,505,099	1,652,910
Fines and Forfeitures	129,994	172,139	126,287	192,294
Charges for Services	3,180,777	3,604,812	4,678,772	4,148,235
Interest and Rentals	829,613	855,938	890,924	1,686,320
Grants	1,042,574	2,015,872	924,397	677,378
Meals	75,032	68,119	70,776	67,150
Assessments	109,687	129,232	192,338	312,148
Other	1,423,001	2,580,549	3,644,967	7,464,240
Total Revenues	24,598,515	30,176,304	35,383,593	46,304,914
Expenditures:				
Current:				
General Government	2,160,093	2,251,173	2,550,663	4,238,567
Intergovernmental	3,895	3,896	3,895	3,896
Public Safety	9,856,627	11,482,782	13,154,240	14,319,066
Public Works	1,688,288	1,849,499	2,012,500	2,251,300
Community Development	3,320,630	3,836,553	3,231,634	3,927,092
Community Services	2,620,962	2,838,583	2,975,889	3,384,773
Library and Cultural	649,204	662,982	694,063	763,357
Capital Outlay	5,001,038	2,687,696	6,099,406	8,231,702
Debt Service:				
Principal	589,802	642,795	662,245	1,164,169
Interest and Fiscal Charges	502,247	482,525	530,781	558,445
Total Expenditures	26,392,786	26,738,484	31,915,316	38,842,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,794,271)	3,437,820	3,468,277	7,462,547
Other Financing Sources (Uses):				
Transfers In	4,595,118	2,207,877	4,160,480	6,428,333
Transfers Out	(4,608,303)	(2,547,171)	(3,938,352)	(6,189,421)
Issuance of Bonds	-	-	-	-
Total Other Financing Sources (Uses)	(13,185)	(339,294)	222,128	238,912
Net Change in Fund Balances	\$ (1,807,456)	\$ 3,098,526	\$ 3,690,405	\$ 7,701,459
Debt Service as a Percentage of Non-Capital Expenditures	5.11%	4.68%	4.63%	5.63%

Fiscal Year		
2008	2009	2010
\$ 32,896,131	\$ 31,712,792	\$ 33,356,223
177,349	317,124	259,997
1,218,021	640,257	600,944
233,436	233,308	296,334
4,098,683	4,102,455	2,493,574
1,962,211	2,893,221	740,036
2,044,042	1,232,934	1,420,729
65,411	57,093	35,006
370,602	481,527	483,486
<u>14,837,908</u>	<u>8,620,736</u>	<u>2,770,855</u>
<u>57,903,794</u>	<u>50,291,447</u>	<u>42,457,184</u>
3,798,782	4,194,242	3,842,671
1,628,184	3,904	22,198
16,532,003	16,934,752	17,119,531
2,606,821	2,398,132	2,014,853
6,027,437	7,945,185	15,862,715
3,987,118	4,034,706	4,027,590
859,849	855,572	822,996
28,645,304	18,524,487	8,785,378
6,432,137	1,914,942	1,352,491
<u>1,073,901</u>	<u>2,604,554</u>	<u>2,266,398</u>
<u>71,591,536</u>	<u>59,410,476</u>	<u>56,116,821</u>
<u>(13,687,742)</u>	<u>(9,119,029)</u>	<u>(13,659,637)</u>
20,856,930	22,570,192	23,144,987
(20,840,420)	(19,581,747)	(23,381,826)
<u>34,758,449</u>	<u>-</u>	<u>-</u>
<u>34,774,959</u>	<u>2,988,445</u>	<u>(236,839)</u>
<u>\$ 21,087,217</u>	<u>\$ (6,130,584)</u>	<u>\$ (13,896,476)</u>
17.48%	11.05%	9.63%

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

Fiscal Year Ended June 30	City		Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Unsecured		
2001	\$ 1,385,519,972	\$ 63,812,222	\$ 1,449,332,194	0.13%
2002	1,431,235,607	63,927,877	1,495,163,484	0.25%
2003	1,484,343,994	65,990,013	1,550,334,007	0.14%
2004	1,562,323,196	67,852,847	1,630,176,043	0.14%
2005	1,666,885,107	68,073,906	1,734,959,013	0.14%
2006	1,891,681,055	73,181,208	1,964,862,263	0.14%
2007	2,281,534,333	79,440,106	2,360,974,439	0.14%
2008	2,751,300,875	99,377,099	2,850,677,974	0.14%
2009	2,960,375,724	109,793,770	3,070,169,494	0.14%
2010	2,821,529,666	111,490,540	2,933,020,206	0.14%

(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 TWELVE YEARS AGO**

	<u>2010</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	<u>0.142</u>	<u>0.141</u>
Total Average City Direct Rate	0.142	0.141
Overlapping Rates:		
County of Tulare	0.165	0.167
Buena Vista Elementary School District	0.000	0.154
Liberty Elementary School District	0.000	0.123
Oak Valley Union Elementary School District	0.000	0.122
Palo Verde Union Elementary School District	0.000	0.166
Tulare City Elementary School District	0.165	0.150
Tulare Joint Union High School District	0.148	0.048
College of Sequoias	0.048	0.022
County Schools Service Fund	0.022	0.022
Kaweah Delta Water District	0.022	0.002
Tulare Cemetery District	0.002	0.002
Tulare County Flood Control District	0.002	0.228
Tulare Hospital District	0.025	0.025
Tulare Irrigation District	0.000	0.021
Tulare Memorial District	0.010	0.010
Tulare Mosquito District	0.018	0.018
Education Revenue Augmentation 1993/94	<u>0.232</u>	<u>0.235</u>
Total Average Direct Rate	<u><u>1.001</u></u>	<u><u>1.656</u></u>

NOTE:

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

Source:

County of Tulare, Office of the Auditor-Controller

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

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

Source:

State Board of Equalization, State of California

Notes:

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

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

Taxpayer	2010		2000	
	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.)	\$ 299,238,696	10.20%	\$ 36,913,131	2.68%
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	137,620,597	4.69%	95,612,510	6.93%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	85,648,154	2.92%	63,004,383	4.57%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	58,872,755	2.01%	43,180,152	3.13%
U.S. Cold Storage of California	74,400,480	2.54%	14,276,113	1.03%
Golden Valley Dairy Products	-	0.00%	10,117,030	0.73%
Pre/Tulare Outparcel, LLC (formerly Horizon Outlet Centers, Ltp.)	21,704,824	0.74%	16,099,737	1.17%
Lowes HIW, Inc.	17,965,412	0.61%	-	0.00%
Ennis Land Development, LLC	21,279,636	0.73%	-	0.00%
General Mills Operations, Inc.	-	-	13,059,630	0.95%
Target Corporation	22,145,369	0.76%	-	0.00%
Wal-Mart Real Estate Business Trust	-	0.00%	9,589,134	0.69%
Western Investment Real Estate	-	0.00%	9,160,161	0.66%
Central Valley Land Co, LLC	27,087,205	0.92%	-	0.00%
Total taxable assessed value of top fifteen largest taxpayers	\$ 765,963,128	26.12%	\$ 311,011,981	22.54%
Total assessed value of all taxpayers	\$ 2,933,020,206	100.00%	\$ 1,379,963,935	100.00%

Source:

Tulare County Auditor-Controller Office

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2001	(5) \$ 2,092,518	\$ 2,092,518	100.00%	(3)	\$ 2,092,518	100.00%
2002	(6) 2,169,365	2,169,365	100.00%	(3)	2,169,365	100.00%
2003	(7) 2,208,405	2,208,405	100.00%	(3)	2,208,405	100.00%
2004	(8) 2,355,253	2,355,253	100.00%	(3)	2,355,253	100.00%
2005	(9) 2,170,347	2,170,347	100.00%	(3)	2,170,347	100.00%
2006	(10) 2,553,998	2,553,998	100.00%	(3)	2,553,998	100.00%
2007	(11) 3,577,110	3,577,110	100.00%	(3)	3,577,110	100.00%
2008	(12) 4,279,124	4,279,124	100.00%	(3)	4,279,124	100.00%
2009	(13) 4,266,405	4,266,405	100.00%	(3)	4,266,405	100.00%
2010	(14) 4,578,730	3,888,715	84.93%		3,888,715	84.93%

Sources:

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) The City entered into an agreement to participate in the Teeter Plan whereby the County pays all taxes levied. The County accepts the responsibility for all collections and all risk of non-payment.
- (4) Reduced approximately \$841,465 for the property tax shift to education.
- (5) Reduced approximately \$880,955 for the property tax shift to education.
- (6) Reduced approximately \$905,868 for the property tax shift to education.
- (7) Reduced approximately \$939,592 for the property tax shift to education.
- (8) Reduced approximately \$984,502 for the property tax shift to education.
- (9) Reduced approximately \$1,458,821 for the property tax shift to education.
- (10) Reduced approximately \$1,568,945 for the property tax shift to education.
- (11) Reduced approximately \$1,385,911 for the property tax shift to education.
- (12) Reduced approximately \$1,635,368 for the property tax shift to education.
- (13) Reduced approximately \$1,774,310 for the property tax shift to education.
- (14) Reduced approximately \$1,675,639 for the property tax shift to education.

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

	Fiscal Year							
	2001		2002		2003		2004	
Sales:								
General Retail	\$ 1,286	28.74%	\$ 1,363	29.64%	\$ 1,403	27.15%	\$ 1,506	28.44%
Food Products	730	16.31%	726	15.79%	1,257	24.33%	942	17.79%
Transportation	1,313	29.34%	1,354	29.45%	1,379	26.69%	1,481	27.97%
Construction	616	13.77%	650	14.14%	613	11.86%	766	14.47%
Business to Business	486	10.86%	460	10.00%	468	9.06%	551	10.41%
Miscellaneous	44	0.98%	45	0.98%	47	0.91%	49	0.93%
Total	\$ 4,475	100.00%	\$ 4,598	100.00%	\$ 5,167	100.00%	\$ 5,295	100.00%

Source:
MuniServices, LLC

Fiscal Year

2005		2006		2007		2008		2009		2010	
\$ 1,608	27.14%	\$ 1,798	27.49%	\$ 1,883	26.91%	\$ 2,066	28.61%	\$ 1,961	30.08%	\$ 1,919	30.44%
1,159	19.56%	1,047	16.01%	1,093	15.62%	1,185	16.41%	1,166	17.88%	1,260	19.98%
1,726	29.13%	1,874	28.65%	1,965	28.08%	2,022	28.00%	1,637	25.11%	1,541	24.44%
856	14.45%	1,169	17.87%	1,242	17.75%	1,158	16.04%	1,041	15.97%	994	15.77%
525	8.86%	593	9.07%	743	10.62%	731	10.12%	656	10.06%	531	8.42%
51	0.86%	59	0.90%	71	1.01%	59	0.82%	59	0.90%	60	0.95%
<u>\$ 5,925</u>	<u>100.00%</u>	<u>\$ 6,540</u>	<u>100.00%</u>	<u>\$ 6,997</u>	<u>100.00%</u>	<u>\$ 7,221</u>	<u>100.00%</u>	<u>\$ 6,520</u>	<u>100.00%</u>	<u>\$ 6,305</u>	<u>100.00%</u>

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

Governmental Activities						
Fiscal Year Ended June 30	Lease Revenue Bonds (1)	Leases Payable	Note Payable	Advances from Other Funds	General Obligation Bond	Total Governmental Activities
2001	\$ 6,450,000	\$ 375,090	\$ -	\$ 240,954	\$ -	\$ 7,066,044
2002	6,335,000	366,846	-	-	-	6,701,846
2003	12,230,000	433,655	472,054	-	-	13,135,709
2004	11,720,000	370,458	458,159	-	-	12,548,617
2005	11,160,000	302,669	442,193	-	-	11,904,862
2006	10,555,000	475,162	407,638	-	-	11,437,800
2007	9,905,000	1,687,521	310,289	-	-	11,902,810
2008	38,438,958	1,537,672	-	-	-	39,976,630
2009	37,397,009	1,400,851	-	-	-	38,797,860
2010	36,025,061	1,285,944	-	-	-	37,311,005

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

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

Business-Type Activities

Revenue Bonds Payable (1)	Leases Payable	Notes Payable	Advances from Other Funds	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation
\$ 19,395,000	\$ 941,728	\$ 7,700,000	\$ 258,918	\$ 28,295,646	\$35,361,690	794	2.44%
39,395,000	941,728	7,700,000	-	48,036,728	54,738,574	1,208	3.66%
38,465,000	836,746	7,700,000	-	47,001,746	60,137,455	1,300	3.88%
62,045,000	726,039	-	-	62,771,039	75,319,656	1,577	4.62%
60,375,000	609,296	-	-	60,984,296	72,889,158	1,473	4.20%
58,665,000	486,188	-	-	59,151,188	70,588,988	1,371	3.67%
136,451,266	8,834,773	-	-	145,286,039	157,188,849	2,810	6.77%
134,632,678	8,628,016	-	-	143,260,694	183,237,324	3,194	6.52%
187,544,091	8,334,263	-	-	195,878,354	234,676,214	4,011	7.64%
185,330,504	8,108,519	-	-	193,439,023	230,750,028	3,876	7.87%

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>
2001	\$ -	\$ 2,865	\$ 2,865	0.20%	64.31
2002	-	2,725	2,725	0.16%	60.15
2003	-	2,575	2,575	0.14%	55.65
2004	-	2,420	2,420	0.12%	50.66
2005	-	2,260	2,260	0.11%	45.68
2006	-	2,090	2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14
2008	-	1,725	1,725	0.00%	30.07
2009	-	1,530	1,530	0.00%	26.67
2010		24,675	24,675	1.36%	428.91

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, 2010**

City Assessed Valuation		\$ 3,566,690,244	
Redevelopment Agency Incremental Valuation		<u>633,370,038</u>	
 Total Assessed Valuation		 <u><u>\$ 2,933,320,206</u></u>	
	<u>Percentage Applicable (1)</u>	<u>Outstanding Debt 6/30/10</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Tax and Assessment Debt:			
College of Sequoias Tulare School Facilities Improvement District	45.471%	\$ 19,998,219	\$ 9,093,390
Tulare Union High School District	57.251%	43,270,812	24,772,973
Liberty School District	7.027%	1,040,000	73,081
Tulare Local Health Care District	55.826%	<u>85,000,000</u>	<u>47,452,100</u>
 Sub-total overlapping tax and assessment debt		 <u>149,309,031</u>	 <u>81,391,544</u>
Direct and Overlapping General Fund Debt:			
Tulare County General Fund Obligations	12.092%	72,790,000	8,801,767
Tulare County Pension Obligations	12.092%	11,955,000	1,445,599
College of Sequoias Certificates of Participation	12.843%	6,605,298	848,318
Tulare Union High School District Certificates of Participation	57.251%	1,165,252	667,118
Tulare School District Certificates of Participation	92.429%	3,940,067	3,641,765
City of Tulare General Fund Obligations	100.000%	<u>34,440,000</u>	<u>34,440,000</u>
 Sub-total direct and overlapping general fund debt		 <u>130,895,617</u>	 <u>49,844,567</u>
 Combined Total Debt		 <u><u>\$ 280,204,648</u></u>	 <u><u>\$ 131,236,111</u></u> (2)

Notes:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

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

Source:

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2001	2002	2003	2004
Assessed Valuation	\$ 1,492,736,960	\$ 1,538,227,789	\$ 1,592,761,298	\$ 1,671,724,504
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	373,184,240	384,556,947	398,190,325	417,931,126
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	55,977,636	57,683,542	59,728,549	62,689,669
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 55,977,636</u>	<u>\$ 57,683,542</u>	<u>\$ 59,728,549</u>	<u>\$ 62,689,669</u>
 Total Debt Applicable to the Limit as a percentage of Debt Limit	 0.00%	 0.00%	 0.00%	 0.00%

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

Source:

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

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 1,755,719,923	\$ 1,884,513,873	\$ 2,360,974,439	\$ 2,850,677,974	\$ 3,070,169,494	\$ 2,933,020,206
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
438,929,981	471,128,468	590,243,610	712,669,495	767,542,373	733,255,052
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
65,839,497	70,669,270	88,536,541	106,900,424	115,131,356	109,988,258
-	-	-	-	-	-
<u>\$ 65,839,497</u>	<u>\$ 70,669,270</u>	<u>\$ 88,536,541</u>	<u>\$ 106,900,424</u>	<u>\$ 115,131,356</u>	<u>\$ 109,988,258</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

<u>Fiscal Year Ended June 30</u>	<u>Sewer Revenue Bonds</u>					
	<u>Sewer Revenue</u>	<u>Less Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2001	\$ 6,434	\$ 2,312	\$ 4,122	\$ 281	\$ 1,404	2.45
2002	6,946	3,818	3,128	849	1,567	1.29
2003	8,688	4,536	4,152	1,170	1,746	1.42
2004	8,152	4,861	3,291	702	1,709	1.36
2005	10,887	5,643	5,244	3,388	888	1.23
2006	12,240	5,810	6,430	1,710	2,659	1.47
2007	13,378	8,359	5,019	1,755	2,492	1.18
2008	18,813	10,320	8,493	1,819	2,477	1.98
2009	16,887	11,400	5,487	1,845	2,504	1.26
2010	20,135	13,311	6,824	2,195	10,140	0.55

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

Operating costs shown on the table include non-operating expenses funded by the sewer enterprise's operating fund.

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 1,741	\$ 135	\$ 163	5.84
2,056	140	151	7.07
3,220	150	138	11.18
3,692	155	131	12.91
3,735	160	123	13.20
4,395	170	116	15.37
5,156	180	108	17.90
5,529	185	99	19.47
5,968	195	88	21.09
6,077	205	79	21.40

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Assessed Valuation (in thousands) (2)</u>	<u>Per Capita Assessed Valuation</u>	<u>City Unemployment Rate (3)</u>	<u>County Unemployment Rate (3)</u>	<u>Total Personal Income / Per Capita (4)</u>
2001	44,550	1,449,333	32.53	11.00%	14.30%	20,696
2002	45,300	1,495,163	33.01	11.30%	14.00%	21,134
2003	46,270	1,550,334	33.51	11.20%	13.10%	21,926
2004	47,770	1,630,176	34.13	10.80%	12.60%	23,144
2005	49,477	1,734,959	35.07	7.50%	9.00%	23,654
2006	51,477	1,925,138	37.40	6.60%	7.90%	24,153
2007	55,935	2,321,221	41.50	7.30%	8.60%	(a)
2008	57,375	2,807,554	48.93	8.30%	9.80%	(a)
2009	58,506	3,070,169	52.48	12.50%	14.70%	(a)
2010	59,535	2,933,020	49.27	13.50%	15.70%	(a)

(a) Information unavailable

Sources:

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

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

<u>Employer</u>	<u>2010</u>		<u>2000</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)	560	2.65%	650	3.46%
Nestle Ice Cream Co. (Haagen Dazs)	280	1.33%	300	1.60%
Wal-Mart	280	1.33%	-	0.00%
Southern Ca Edison Company	300	1.42%	250	1.33%
Gruman-Olsen Ind., Inc.	-	0.00%	200	1.06%
PSI Tronix	-	0.00%	175	0.93%
Golden Valley Dairy Products	215	1.02%	-	0.00%
Cheese & Protein International	170	0.81%	-	0.00%
Morris Levin & Son	170	0.81%	-	0.00%
Kings County Truck Lines	-	0.00%	150	0.80%
Saputo Cheese USA, Inc. (formerly Stella Cheese Plant)	250	1.18%	120	0.64%
Kraft USA Tulare	250	1.18%	120	0.53%
J.D. Heiskell Company	300	1.42%	100	0.48%
Morning Star West	-	0.00%	90	0.00%

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

Source:

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

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

Function	Full-time and Part-time Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	33	34	35	35	34	34	35	40	40	40
Public Safety	107	114	116	119	119	137	147	161	166	166
Public Works	61	63	65	68	68	71	73	79	79	79
Community Development	21	22	12	20	19	19	23	24	24	24
Community Services	55	55	55	55	55	33	34	39	39	36
Library and Cultural	8	10	10	10	9	9	10	11	11	11
Total	285	298	293	307	304	303	322	354	359	356

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Police:					
Arrests	2,661	2,436	2,532	2,488	2,265
Parking Citations Issued	2,122	2,914	3,366	2,539	1,680
(1) Fire:					
Number of Emergency Calls	3,244	3,432	3,758	3,765	3,871
Inspections	719	586	891	1,078	1,194
Parks and Recreation:					
Number of Recreation Classes	92	82	87	93	95
Number of Facility Rentals	961	1,113	931	911	1,102
Water:					
New Connections	(1)	(1)	333	327	288
Average Daily Consumption (millions of gallons)	14	20	14	11	8
Sewer:					
New Connections	298	192	329	478	974

(1) Information unavailable.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2006	2007	2008	2009	2010
2,792	3,113	3,363	3,405	3,479
2,023	3,149	3,436	(1)	623
4,544	5,116	5,170	5,282	5,130
1,333	705	1,320	1,127	659
101	113	140	137	107
1,036	1,388	2,143	2,137	1,983
471	782	268	250	85
11	14	17	17	16
453	759	358	263	101

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	2	2	3	3
Public Works:					
Streets (miles)	155.83	155.83	161.69	170.00	158.70
Traffic Signals	36	36	36	37	39
Parks and Recreation:					
Parks	16	16	16	15	15
Park Acreage	174.15	174.15	193.85	189.15	189.15
Water:					
Water Mains (miles)	175.25	175.25	178.29	181.52	183.20
Average Daily Consumption (millions of gallons)	14.20	19.90	14.08	11.07	8.48
Sewer:					
Sanitary Sewers (miles)	168.09	168.09	171.19	173.85	175.30
Average Daily Wastewater Flow (millions of gallon)	8.08	9.02	10.01	10.32	10.81

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2006	2007	2008	2009	2010
1	1	1	1	1
3	3	3	3	3
170.00 40	184.60 41	187.52 41	192.67 41	194.32 41
15 189.15	16 206.15	17 207.81	17 207.81	17 207.81
184.20 10.86	192.90 13.58	208.51 16.72	214.32 16.48	215.26 15.80
176.90 11.22	184.60 11.30	197.64 11.36	203.78 11.18	231.82 11.06

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