
CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual

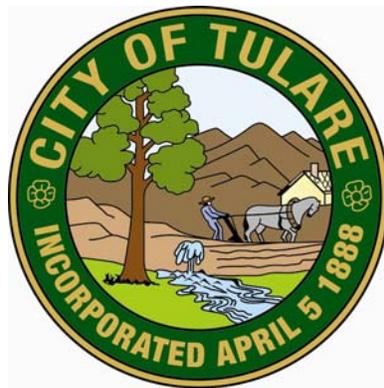


Financial Report

For the Fiscal Year Ended
JUNE 30, 2011

CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2011

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2011**

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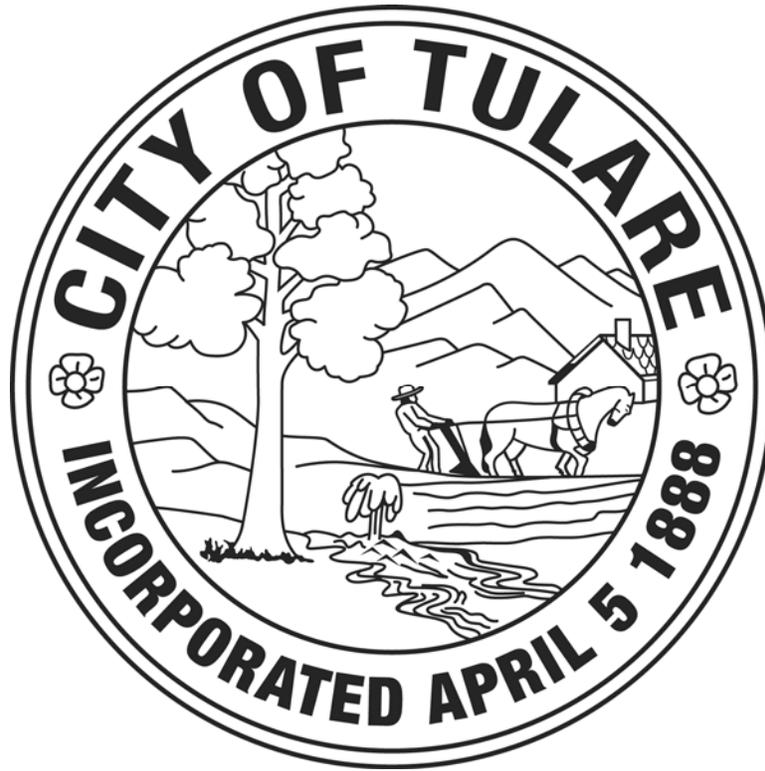
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INTRODUCTORY SECTION





January 31, 2012

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

State law requires local governments prepare a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2011. This report was prepared by the City's Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

Government Profile - The City 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. The City Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the ordinances and policies of the City Council and overseeing operations. All other department heads are appointed by the City Manager.

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 and Local Budget Issues - The City of Tulare has been impacted by the statewide economic slump. The local economic environment continues to follow state and national trends, which show very mixed signs regarding any type of recovery. New homes construction and assessed values of existing homes have continued to decline or experience very minimal growth from prior year amounts. New family dwelling construction for the past three years has gone from 176 to 157 to 66 homes this past year. Five months in to the fiscal year the pace has increased with 66 new home permits being issued. Property tax values increased by about .50% in 2010-11 and are projected to decrease by about 2.50% in 2011-12. Sales tax revenues has shown positive improvements of an increase of around 4% in 2010-11 compared to the prior year, but is still subject to future uncertainty.

The City Council adopted the 2011-12 budgets utilizing the use of one-time reserves in order to maintain the current level of municipal services. Although some reserves will be spent, the budget maintains a reserve in excess of the Council-directed 15% General Fund reserve. Additionally, based on the review of the multi-year budget plan, the reserve can be maintained for the next five years with prudent budgeting.

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 440,572. The anticipated growth in population of the Metropolitan Area is approximately 1.27%, with Tulare estimated to increase by about 1.42%. There are approximately 212,700 jobs in Tulare County. The countywide unemployment rate is about 15.3%, not seasonally adjusted. The City of Tulare has an unemployment rate of about 13.4% with 21,300 employed out of a workforce of 24,600.

State Budgetary Actions - The budget problems at the State level are a major concern for the City of Tulare. The City has adjusted to prior State actions, including the reduction of Vehicle License Fees (VLF) and the State action of taking one-fourth of our sales tax revenues and replacing them with property tax revenues (the so called "triple flip" budget action). Additionally, the State decision to shut down redevelopment activities is especially discouraging for Tulare given our many success stories within our community. Nevertheless, the Council has taken actions to provide for local redevelopment to continue pending a decision by the California Supreme Court on the State actions taken.

The City is aware that the State has not addressed its structural budget problems and may again have a significant budget deficit looming on its horizon for 2011-12 and 2012-13. The City will continue to monitor any potential actions the State may propose that might have a negative effect on the City's financial status.

Long-Term Financial Planning - 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, communitywide concerns and needs. The City Budget process is the City's main tool for programming implementation of these goals and policies by allocating resources necessary to do so.

The following is a brief summary of New Goals adopted by the Council on April 19, 2011.

Engineering

- ❖ Seek funding to plan, design, and construct the Class 1 bike trails identified in the City of Tulare's adopted Bicycle Transportation Plan
- ❖ Seek funding to plan, design, and construct a new pedestrian/bike overcrossing at the Santa Fe crossing of the UPRR and J Street

- ❖ Partner with Edison Co., AgTAC, and others to develop an energy efficient street lighting plan, reduced tariff rate, and installation of high-efficiency fixtures
- ❖ Develop and implement a traffic control device inventory and maintenance program
- ❖ Landscape Hillman Street median between Leland and Cartmill Avenue

Fire

- ❖ Bring Fire Department staffing up to levels previously approved by City Council and recommended by the Fire and Emergency Services Master Plan and Standard of Coverage documents approved by City Council
- ❖ Replacement of Truck 61- 2000 E-One Ladder Truck

Library

- ❖ Increase public service hours

Planning and Building

- ❖ Revised South K Street Master Plan
- ❖ Prepare an emergency and transitional housing ordinance
- ❖ Prepare Downtown Master Plan
- ❖ Prepare ADA compliance survey
- ❖ Rezone additional acres for multi-family zoning to comply with housing element implementation measure and State law
- ❖ Revise Airport Zoning Chapter

Police

- ❖ Departmental reorganization implementing lieutenants as watch commanders

Public Works

- ❖ Facilitate the development of a privately owned and operated waste-to-energy plant that would convert municipal solid waste that is currently buried in the landfill into liquid fuel or renewable electricity

Parks and Recreation

- ❖ Plan and construct improved Santa Fe Trail connection between I Street and J Street
- ❖ Joint venture with schools developing lots near Mission Oak ball fields for Oak Tree Preservation
- ❖ Continue to move forward with Airport Capital Improvement Plans, including the runway extension plan
- ❖ Undertake a fee study to update charges for all Parks and Recreation rentals
- ❖ Pursue funding to make needed improvements at the new Elk Bayou City Park
- ❖ Update Parks and Recreation Master Plan
- ❖ Seek State Grant to complete a city-wide Heritage Tree Inventory

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets.

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

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

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tulare for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the 13th 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 on one year only. We believe our current CAFR continues to meet these requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Darlene J. Thompson, CPA
Finance Director

**CITY OF TULARE
PRINCIPAL CITY OFFICIALS
JUNE 30, 2011**

City Council

Wayne Ross	Mayor
Skip Barwick	Vice Mayor
David Macedo	Council Member
Craig Vejvoda	Council Member
Mark Watte	Council Member

Board of Public Utilities Commissioners

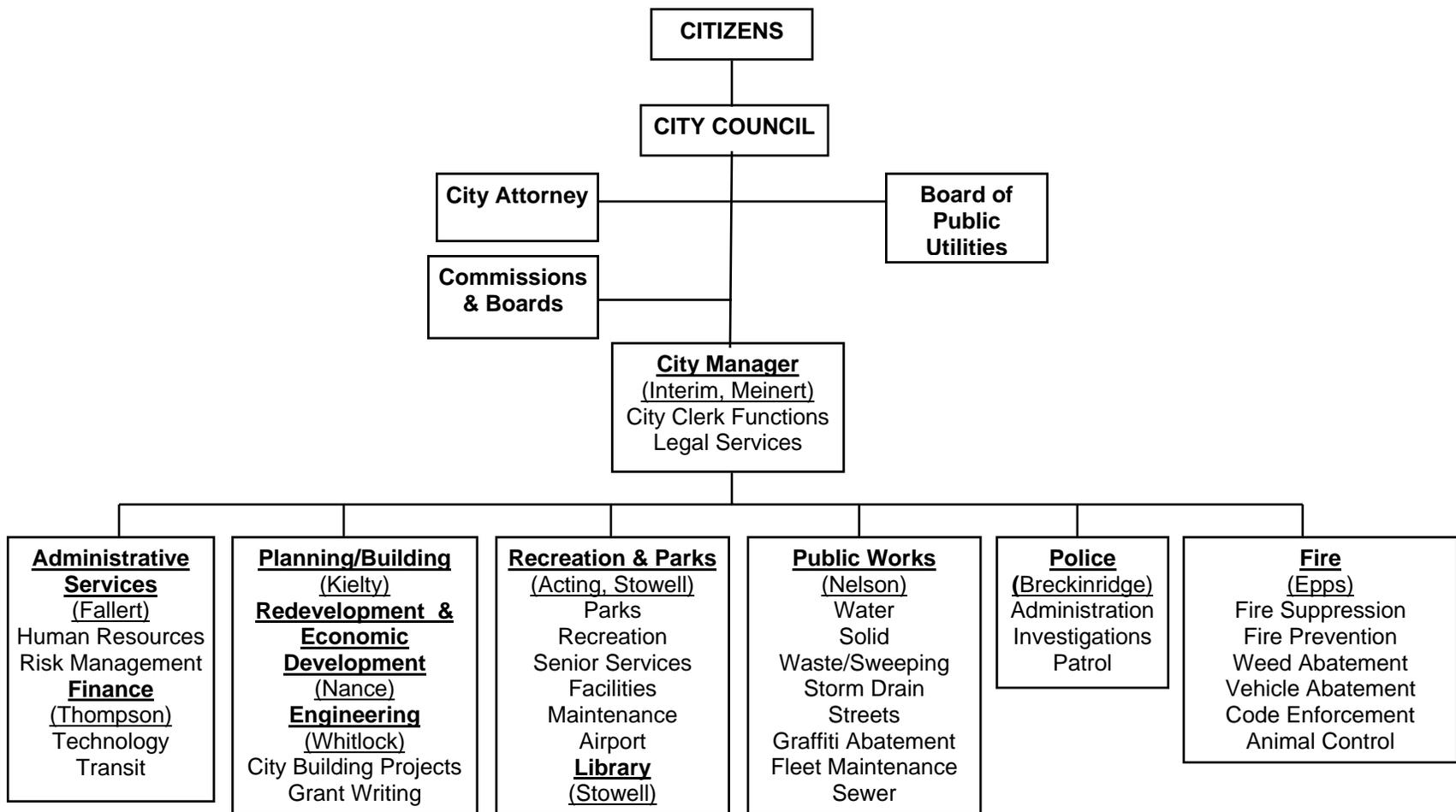
Wayne Hinman	President
Ronald Quinn	Vice President
Lee Brehm	Commissioner
Richard Johnson	Commissioner
Philip Smith	Commissioner

Administrative Officials and Department Heads

Daniel Meinert	Interim City Manager
Jerry Breckinridge	Chief of Police
Willard Epps	Fire Chief
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 and Interim Director of Recreation and Parks
Darlene J. Thompson	Finance Director/Treasurer
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, 2010

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.



Linda C. Davison

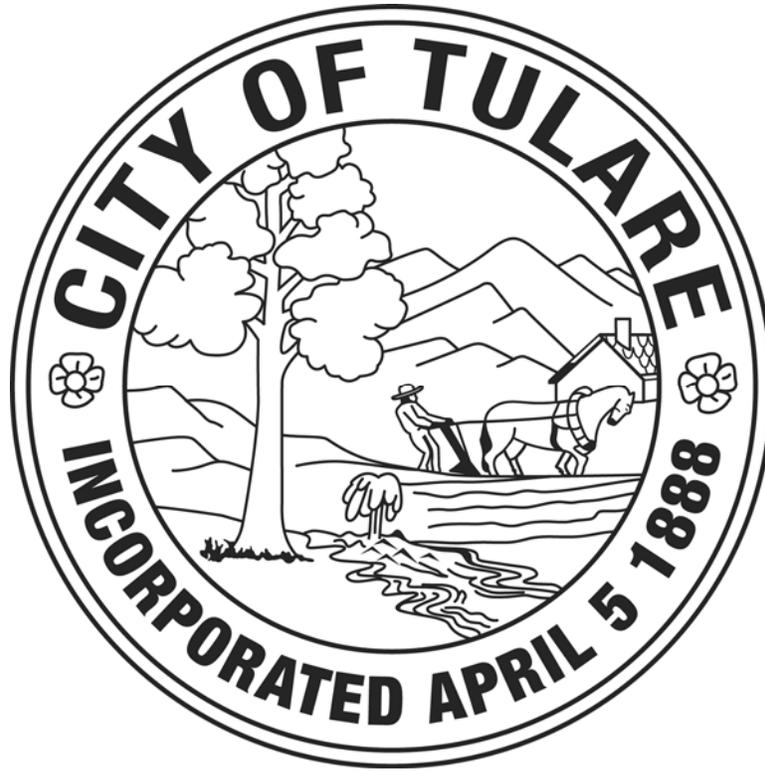
President

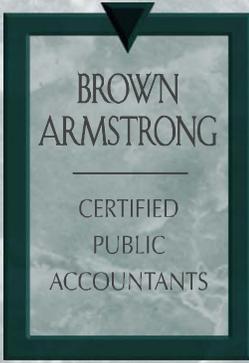
Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION





BROWN ARMSTRONG

Certified Public Accountants

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, 2011, 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.

As discussed in Note 1 to the financial statement, the City has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

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, 2011, 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 on pages 3 through 13, budgetary comparison schedules on page 70, as well as schedules of funding progress on pages 71 and 72, 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

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560 CENTRAL AVENUE

SHAFTER, CALIFORNIA 93263
TEL 661.746.2145
FAX 661.746.1218

8050 N. PALM AVENUE

SUITE 300
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

790 E. COLORADO BLVD.

SUITE 908B
PASADENA, CALIFORNIA 91101
TEL 626.240.0920
FAX 626.240.0922



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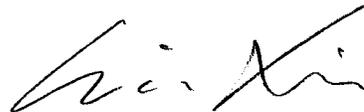
REGISTERED with the Public Company
Accounting Oversight Board and
MEMBER of the American Institute of
Certified Public Accountants

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'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 January 31, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
January 31, 2012

Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City of Tulare's financial activities for the fiscal year ended June 30, 2011. 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 \$281,331,152 (net assets). Of this amount, \$24,565,526 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$239,486,861 in net assets invested in capital assets net of related debt. The total net assets include all major infrastructure networks.
- The government's total net assets increased by \$10,527,018 over the prior fiscal year. The majority of this increase is attributable to the repayment from the Redevelopment Agency (component unit) on its loan to the City.
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balance of \$37,460,062, a decrease of \$6,479,507 in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$15,691,912 is restricted by law or externally imposed requirements and \$21,768,150 is committed for specific purposes. Available fund balance for the General Fund decreased \$10,990,184, which equates to 19.06% of total General Fund expenditures for the year.
- The City of Tulare total debt showed a net increase of \$19,328,686 (8.3%) during the current fiscal year. The increase in debt was a result of a sewer revenue bond issued in December, 2010 for \$19,425,000 to upgrade the domestic wastewater treatment plant and the extension of the City's industrial wastewater collection system for the new Industrial Park.
- In June 2011, Assembly Bill X1 26 and Assembly Bill X1 27 were chaptered. These bills' impact to the California Redevelopment Agencies and the City's reaction to them are described in Note 14 to the financial statements. On December 29, 2011, the California Supreme Court issued an opinion in the *California Redevelopment Association v. Matosantos* case, upholding Assembly Bill X1 26 (the "Redevelopment Dissolution" bill) and invalidating Assembly Bill X1 27 (the "Voluntary Payment" bill). As a result, effective February 1, 2012, all redevelopment agencies in California will be dissolved.

THE FINANCIAL STATEMENTS

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

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. Additionally, certain eliminations have occurred as prescribed by the 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, assets exceeded liabilities by \$281,331,152 at the close of the most recent fiscal year, which is a \$10,527,018, or 3.89% increase in comparison with the prior year.

By far the largest portion of the City's net asset (86.87%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported in the net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current and other assets (\$114,129,573), approximately 73.66% (\$84,072,192) 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, 2010 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Assets:						
Current and Other Assets	\$ 65,138,182	\$ 68,444,750	\$ 32,175,929	\$ 45,684,823	\$ 97,314,111	\$ 114,129,573
Capital Assets (Net of Depreciation)	171,652,022	178,514,009	249,996,861	259,874,088	421,648,883	438,388,097
Total Assets	236,790,204	246,958,759	282,172,790	305,558,911	518,962,994	552,517,670
Liabilities:						
Current and Other Liabilities	9,026,191	11,165,028	5,380,109	6,940,244	14,406,300	18,105,272
Long-Term Liabilities	39,765,915	37,090,595	193,986,645	215,990,651	233,752,560	253,081,246
Total Liabilities	48,792,106	48,255,623	199,366,754	222,930,895	248,158,860	271,186,518
Net Assets:						
Invested in Capital Assets, Net of Related Debt	140,935,492	151,745,077	83,970,647	87,741,783	224,906,139	239,486,860
Restricted	5,079,552	5,950,633	11,328,132	11,328,132	16,407,684	17,278,765
Unrestricted	41,983,054	41,007,426	(12,492,743)	(16,441,899)	29,490,311	24,565,527
Total Net Assets	\$ 187,998,098	\$ 198,703,136	\$ 82,806,036	\$ 82,628,016	\$ 270,804,134	\$ 281,331,152

An additional portion of the City's net assets \$17,278,765 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$24,565,527 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year and the prior fiscal year, the City was able to report positive balances in two categories of net assets for the government as a whole; net assets invested in capital assets and restricted net assets, as well for both categories of business-type activities. For the business-type activities, unrestricted net assets had a deficit of (\$16,441,899) and (\$12,492,743) in 2011 and 2010 respectively, related primarily capital projects not completed and requiring service charges to fund the projects.

The government's net assets increased by \$10,527,018 compared to the prior fiscal year. This increase is due primarily to the principal payment received from the component units on its note to the general funds.

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, 2011, than it was at June 30, 2010.

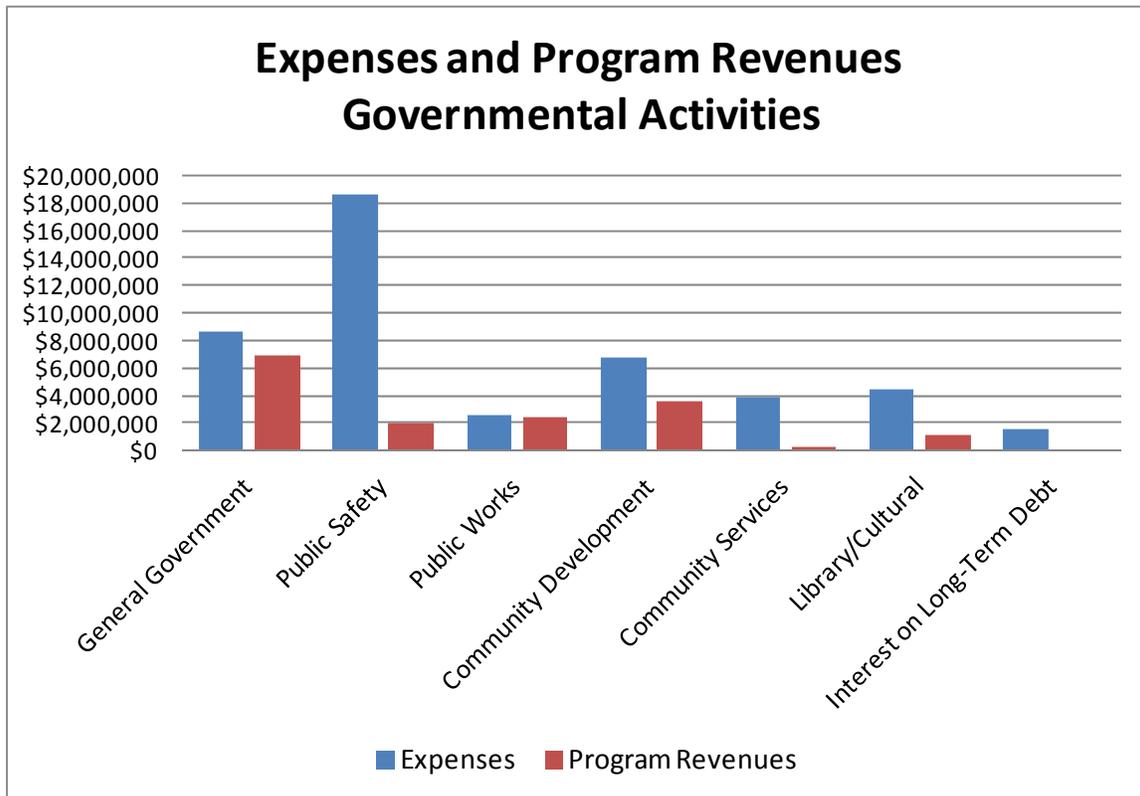
City of Tulare
Statement of Activities
Fiscal Year Ended June 30, 2010 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 4,134,335	\$ 5,934,863	\$ 33,785,738	\$ 36,692,959	\$ 37,920,073	\$ 42,627,822
Operating Grants and Contributions	647,282	1,131,073	2,091,215	850,130	2,738,497	1,981,203
Capital Grants and Contributions	182,021	4,449,047	154,840	-	336,861	4,449,047
General Revenues:						
Taxes	33,356,223	33,034,449	-	-	33,356,223	33,034,449
Investment Earnings	897,402	579,731	719,593	656,937	1,616,995	1,236,668
Other Revenue	3,627,243	3,640,595	41,602	-	3,668,845	3,640,595
TOTAL REVENUES	42,844,506	48,769,758	36,792,988	38,200,026	79,637,494	86,969,784
EXPENSES:						
Governmental Activities:						
General Government	7,227,222	8,642,445	-	-	7,227,222	8,642,445
Intergovernmental	22,198	3,325	-	-	22,198	3,325
Public Safety	18,150,196	18,593,186	-	-	18,150,196	18,593,186
Public Works	2,253,586	2,578,473	-	-	2,253,586	2,578,473
Community Development	7,548,417	6,750,085	-	-	7,548,417	6,750,085
Community Services	4,119,626	3,862,066	-	-	4,119,626	3,862,066
Library and Cultural	5,254,822	4,432,456	-	-	5,254,822	4,432,456
Debt Service	1,873,941	1,558,168	-	-	1,873,941	1,558,168
Business-Type Activities:						
Aviation	-	-	377,402	382,051	377,402	382,051
Transit	-	-	2,491,326	2,646,089	2,491,326	2,646,089
Water	-	-	5,886,572	6,873,779	5,886,572	6,873,779
Solid Waste and Street Sweeping	-	-	6,630,196	5,413,630	6,630,196	5,413,630
Sewer and Wastewater	-	-	23,628,414	22,960,927	23,628,414	22,960,927
TOTAL EXPENSES	46,450,008	46,420,204	39,013,910	38,276,476	85,463,918	84,696,680
Increase in Net Assets Before Transfers	(3,605,502)	2,349,554	(2,220,922)	(76,450)	(5,826,424)	2,273,104
Transfers	-	8,355,484	-	(101,570)	-	8,253,914
Special Item - Debt Forgiveness	(44,258,915)	-	-	-	(44,258,915)	-
Increase in Net Assets	(47,864,417)	10,705,038	(2,220,922)	(178,020)	(50,085,339)	10,527,018
Net Assets, Beginning of Year, as Restated	235,862,515	187,998,098	85,026,958	82,806,036	320,889,473	270,804,134
Net Assets, End of Year	\$ 187,998,098	\$ 198,703,136	\$ 82,806,036	\$ 82,628,016	\$ 270,804,134	\$ 281,331,152

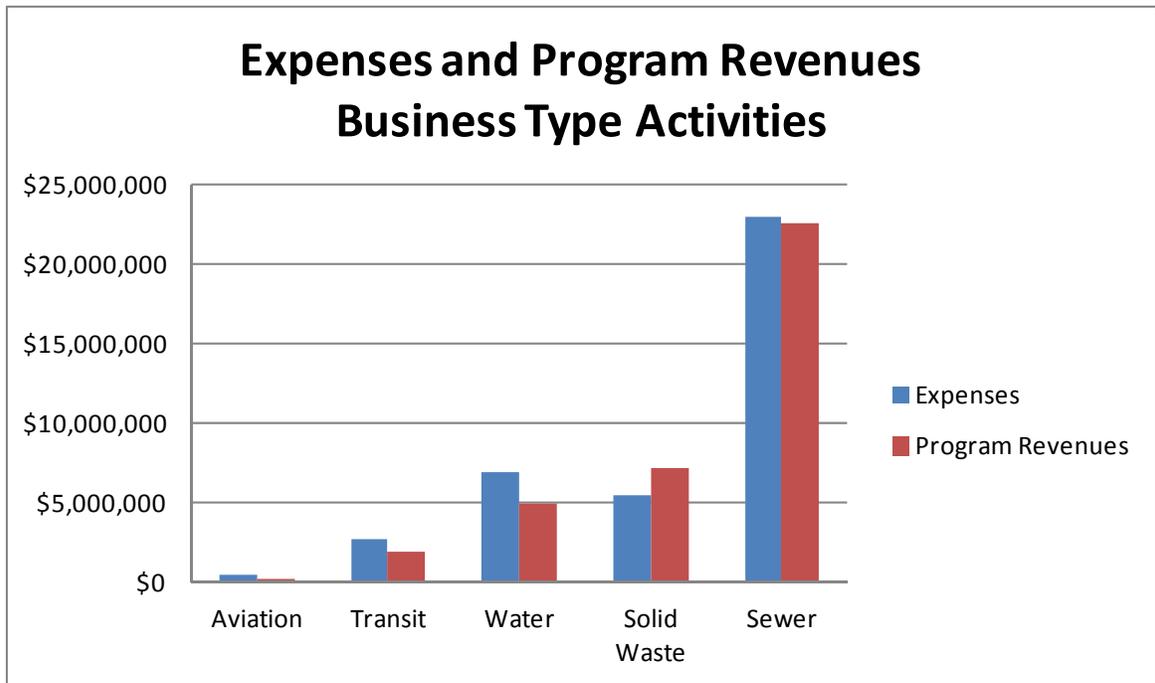
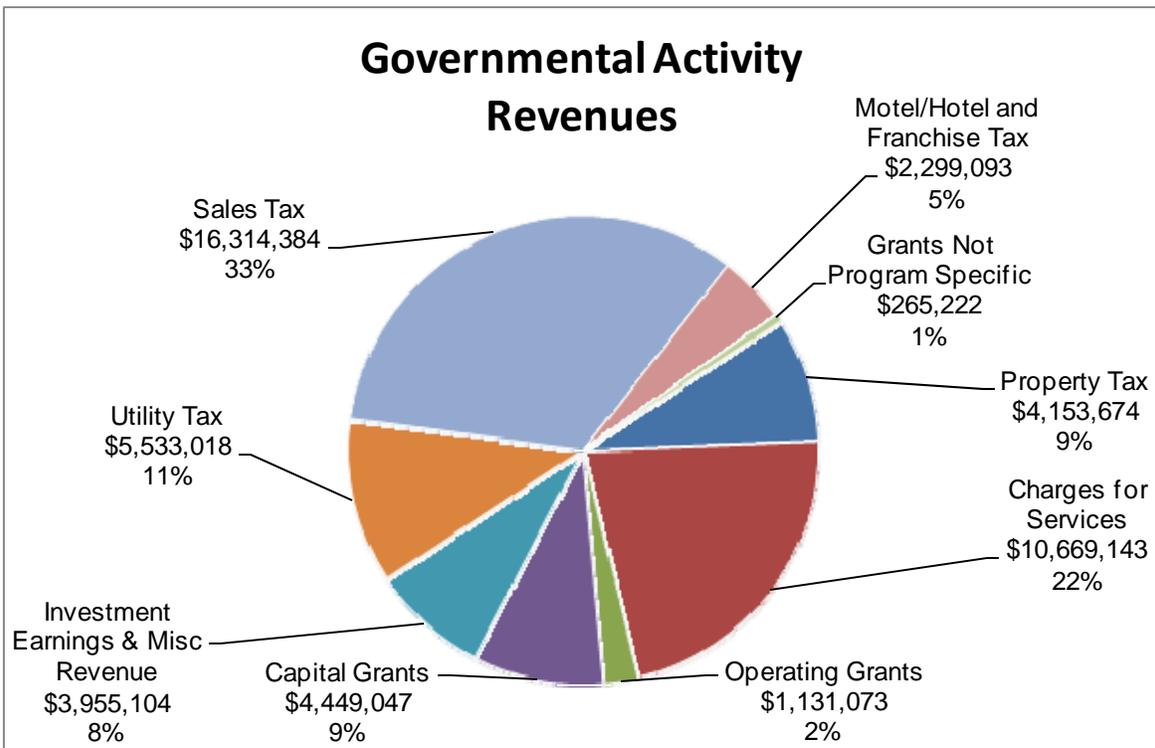
Revenue from all activities in fiscal year 2011 increased by \$7,332,290 or 9.21%. Total governmental revenues for the year were \$48,769,758, which is \$5,925,252 or 13.83% more than in 2010 and business-type revenues increased by \$1,407,038 or 3.82%. Taxes, which include property, sales, utility users, business license/franchise, and other taxes, account for \$28,300,169 or 58.03% of the City's governmental activities revenue and lower than 2010. Capital grants and contributions for both governmental and business-type activities increased \$4,112,186 or 1220.7% from the previous year, due mostly to grants received from the State/Federal (ARRA) government for street projects. Investment earnings decreased by \$380,327 or 23.52% mainly due to all time low interest rates.

Expenses of the City totaled \$84,696,680, a decrease of \$767,238, which represents a .90% decrease from the prior year. The largest individual categories of expense are public safety, representing 21.95%, and sewer/wastewater, representing 27.11% of total expense. General Government showed the largest increase for government activities in expenses over the prior year, with an increase of \$1,415,223. This increase in cost resulted from depreciation and interdepartment charges. The water fund showed the largest increase in expenses over the prior year for the business-type activities, with an increase of \$987,207. This increase in costs resulted from a full year of depreciation in four new buses.

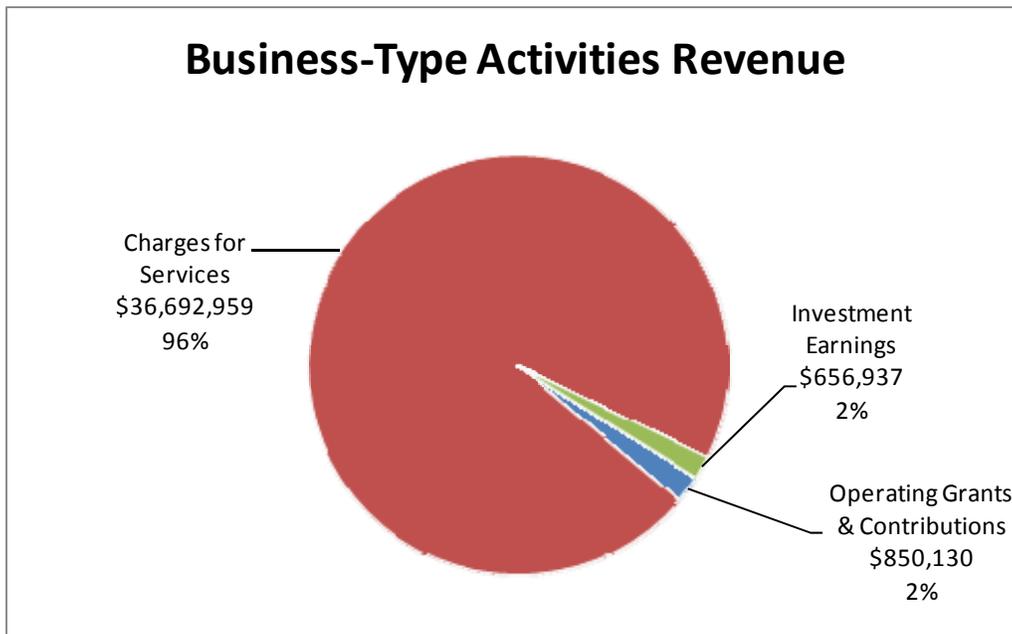
As depicted in Statement of Net Assets, the overall net assets increased during the year. In those funds included within the Governmental Activities category, net assets increased by \$10,705,038, an increase of 5.69%. Net assets decreased in those funds included within the Business-Type Activities category by \$178,020, or a decrease of 0.21%.



Revenue and expenses in the governmental activities have grown as the population has grown. The combined tax categories are the largest revenue source for governmental activities and public safety is the largest expense activity.



The City operates five enterprise funds that offer water, sewer/wastewater services, solid waste collection, transit service and a municipal airport. Major revenue for the enterprise funds is charged for the services and the largest expenditure is sewer/wastewater service.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the end of the current fiscal year, the City of Tulare's Governmental Funds reported a combined ending fund balance of \$37,460,062, a decrease of \$6,479,507 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 12 – Fund Balances):

- **Nonspendable Fund Balance** - are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$15,691,912 consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for 1) \$8,421,254 for the purpose of the fund (i.e., Gas Tax and Measure R for street projects) and 2) \$2,784,212 for bond proceeds to remodel fire station 1 and fire station 2.
- **Committed Fund Balance** - \$21,768,150 has been committed by Council for appropriation for next year's budget.
- **Assigned Fund Balance** - are funds set aside by management for specific purpose.
- **Unassigned Fund Balance** - are residual funds.

General Fund - The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, the General Fund's total fund balance decreased by 33.55%, or \$10,990,184 to \$21,768,150. Of this decrease, majority relates to the Committed amounts of fund balance which was due almost entirely to portion set aside for the subsequent year's budget and various street projects. Major factors for this overall decrease:

- \$604,727 increase to Public Safety. This represents a 3.61% increase over the prior fiscal year. The major increase is due to retirement cost.
- \$5,949,631 increase to Capital Outlay. This represents a 67.91% increase over the prior fiscal year. This increase accounts for the construction of the Cartmill Grade Separation.
- \$1,254,874 increase to Community Development. This represents a 19.13% increase over the prior fiscal year. This increase accounts for the completion of various studies.

Other Governmental Funds - As compared with the prior year, the total fund balances of the remaining governmental funds increased by 40.34%, or \$4,510,677, to \$15,691,912 with the following significant changes:

- Reclassifying Community Development Block Grant from Redevelopment/Component Unit to Other Government Funds by \$1,161,155.
- Funded the Fire Station Remodeling CIP Fund \$2,784,212 to complete the remodeling of Fire Station #2.
- \$842,933 increase to Gas Tax Fund. This increase represents a 17.52% increase over the prior fiscal year. This increase accounts for street projects earmarked for Gas Tax Funding was completed until the next 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 \$5,194,147 at the end of the fiscal year, a decrease of \$56,742 or 1.09%. Total net asset include \$5,454,427 invested in capital assets, net of related debt, which are not available to cover current expenses. The decrease to net assets was due to a decrease to grants (\$18,564 or 22.58%) from the prior fiscal year.

The Water Fund has total net assets of \$28,853,654 at the end of the fiscal year, a decrease of \$1,798,350 over the prior year. Total net assets include \$27,365,238 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 \$(3,684,992) at the end of the fiscal year, a increase of \$1,744,949 over the prior year. Total net assets include \$37,719 invested in capital assets, which are not available to cover current expenses.

The Sewer/Wastewater Fund has total net assets of \$50,046,092 at the end of the fiscal year, an increase of \$45,767 over the prior year. Total net assets include \$51,935,572 invested in capital assets, which are not available to cover current expenses. \$4,141,650 of total net assets is restricted for capital improvements.

The Aviation Fund has total net assets of \$2,219,115 at the end of the fiscal year, a decrease of \$113,644 or 4.87%. The major factor for this decrease is due to the City's match of grants and various capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$438,388,096 (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 \$16,739,214. (Please refer to Note 4 – Capital Assets, page 49)

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 2011-12 fiscal years.

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

- The construction of the Cartmill Grade Separation for \$3,917,392 which is scheduled to be completed in the summer of 2012.
- The construction of a renewable energy plant offset the electricity cost of the wastewater treatment facilities for \$6,249,378.
- The construction of the head works for the domestic treatment plant for \$5,531,039.
- The completion of a new library building, which will house the council chamber for \$440,090.

**City of Tulare
Capital Assets
As of June 30, 2010 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land, Right-of-Way, and Construction In Progress	\$ 40,100,882	\$ 39,229,472	\$ 12,653,935	\$ 24,349,284	\$ 52,754,817	\$ 63,578,756
Depreciable Buildings, Property, Equipment and Infrastructure, Net of Depreciation	131,551,140	139,284,537	237,342,925	235,524,803	368,894,065	374,809,340
Total Capital Assets	<u>\$ 171,652,022</u>	<u>\$ 178,514,009</u>	<u>\$ 249,996,860</u>	<u>\$ 259,874,087</u>	<u>\$ 421,648,882</u>	<u>\$ 438,388,096</u>

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$253,081,246, which included the following major liabilities. (Please refer to Note 6 – Long Term Debt, page 51)

**City of Tulare
Outstanding Debt
As of June 30, 2010 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Lease Revenue Bonds	\$ 36,025,061	\$ 32,883,113	\$ -	\$ -	\$ 36,025,061	\$ 32,883,113
Lease Payable	1,285,944	1,273,634	8,108,519	12,925,015	9,394,463	14,198,649
Revenue Bonds Payable	-	-	185,330,504	202,456,916	185,330,504	202,456,916
Total Outstanding Debt	<u>\$ 37,311,005</u>	<u>\$ 34,156,747</u>	<u>\$ 193,439,023</u>	<u>\$ 215,381,931</u>	<u>\$ 230,750,028</u>	<u>\$ 249,538,678</u>

With respect to the Governmental Activities, the outstanding \$32,883,113 in lease revenue bonds 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 \$215,381,931 outstanding debt in the Business-Type Activities, \$202,456,917 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 \$6,127,820 and can be briefly summarized as follow:

- \$122,760 in increase in appropriation for the severance package for the City manager and to have a recruiter.
- \$4,079,260 increase in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$1,774,170 increase in resources and appropriations for various parks (\$1,265,860), streets (\$333,000), and police (\$175,310) grants awarded to the City during the fiscal year.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$2,458,854 and appropriations were higher than actual expenditures by \$44,543,359. The significant differences between budget and actual amounts are as follows:

- \$1,170,444 positive variance in tax revenue is primarily from property tax and sales tax. The City was unsure of 2010-11 revenues because of so much uncertainty with the economy. The estimates used were conservative in nature and the actual revenue amounts in these areas were significantly better than expected.
- \$858,509 positive variance in other income is primarily from Development Impact Fees (DIF). A conservative approach in estimating the DIF was taken due to the downturn in the construction field.
- \$42,936,455 positive variance in Capital Outlay is primarily for appropriating street projects even though the projects (Bardsley Grade Separation - \$19,200,260) would not start until 2 - 3 years out anticipating to apply for federal and state grants and appropriating expenditures for the full cost of a project even though it will take 2 fiscal years to complete (Cartmill Grade Separation - \$23,372,020).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2011-12 were:

- Property tax revenue is projected to remain flat at 0% growth to last year's revised revenue estimates.
- Sales tax revenue estimates are projected at an additional 3% growth as compared to last year's revised revenue estimates.
- City Council approved the use of around \$3,496,200 in reserve to balance the 2011-12 budget.
- Vacancies from employee attrition remain unfilled unless deemed critical to the operation of the City.
- There's a need to upgrade the domestic wastewater treatment plant in Tulare to meet the new state requirements. The 2011-12 budget includes \$6,200,000 for the completion of the domestic treatment plant upgrade to meet the state requirements.
- The 2011-12 budget includes \$2,600,000 to complete the plan, specifications, and estimate (PS&E) for the Cartmill Interchange Project.

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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Redevelopment Agency
Assets				
Cash and Investments	\$ 34,773,349	\$ 98,584	\$ 34,871,933	\$ 2,393,181
Cash and Investments with Fiscal Agent	5,950,633	39,056,148	45,006,781	6,044,492
Restricted Cash and Investments	-	4,193,478	4,193,478	-
Receivables:				
Accounts	1,026,462	3,149,791	4,176,253	1
Interest	58,772	-	58,772	4,215
Taxes	1,758,387	-	1,758,387	130,864
Intergovernmental	3,350,688	287,107	3,637,795	76,776
Inventories	270,761	-	270,761	-
Note Receivable	1,126,092	-	1,126,092	6,566,701
Interfund Balances:				
Due from Other Funds	5,013,222	(5,058,597)	(45,375)	-
Advances to Other Funds	1,075,651	(1,075,651)	-	-
Due from Component Units	687,577	-	687,577	-
Advances to Component Units	3,302,059	-	3,302,059	-
Deferred Charges	-	5,033,963	5,033,963	-
Deferred Loans Receivable	8,578,914	-	8,578,914	759,683
Land Held for Resale	35,000	-	35,000	389,517
Nondepreciable Capital Assets	39,229,472	24,349,285	63,578,757	-
Depreciable Capital Assets, Net	139,284,537	235,524,803	374,809,340	-
Bond Issuance Costs, Net of Amortization	1,437,183	-	1,437,183	285,477
Total Assets	\$ 246,958,759	\$ 305,558,911	\$ 552,517,670	\$ 16,650,907
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 8,413,686	\$ 6,627,277	\$ 15,040,963	\$ 1,265,184
Accrued Interest Payable	405,581	-	405,581	104,900
Deposits Payable	1,444,411	312,967	1,757,378	-
Due to Other Governments	-	-	-	191,783
Unearned Revenue	901,350	-	901,350	-
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences Payable	156,777	35,273	192,050	2,359
Leases Payable	46,130	734,146	780,276	-
Notes Payable	35,000	-	35,000	-
Advances from City of Tulare	-	-	-	2,100,000
Tax Allocation Bonds Payable	-	-	-	50,000
Revenue Bonds Payable	761,948	2,388,587	3,150,535	-
Total Due Within One Year	999,855	3,158,006	4,157,861	2,152,359
Due After One Year:				
Compensated Absences Payable	1,958,989	440,744	2,399,733	29,473
Leases Payable	1,227,504	12,190,869	13,418,373	-
Notes Payable	256,000	-	256,000	500,000
Advances from City of Tulare	-	-	-	1,202,059
Tax Allocation Bonds Payable	-	-	-	23,300,000
Net Post Employment Benefits Obligation	527,082	132,703	659,785	11,215
Revenue Bonds Payable	32,121,165	200,068,329	232,189,494	-
Total Due After One Year	36,090,740	212,832,645	248,923,385	25,042,747
Total Liabilities	48,255,623	222,930,895	271,186,518	28,756,973
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	151,745,078	87,741,783	239,486,861	-
Restricted for Capital Improvements	5,950,633	11,328,132	17,278,765	6,044,492
Unrestricted	41,007,425	(16,441,899)	24,565,526	(18,150,558)
Total Net Assets (Deficit)	\$ 198,703,136	\$ 82,628,016	\$ 281,331,152	\$ (12,106,066)

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 8,642,445	\$ 471,461	\$ -	\$ -	\$ 471,461
Intergovernmental	3,325	1,656,320	-	-	1,656,320
Public Safety	18,593,186	1,275,328	756,805	-	2,032,133
Public Works	2,578,473	140,660	-	2,348,794	2,489,454
Community Development	6,750,085	1,938,612	-	1,595,889	3,534,501
Community Services	3,862,066	210,683	-	-	210,683
Library and Cultural	4,432,456	241,799	374,268	504,364	1,120,431
Interest on Long-Term Debt	1,558,168	-	-	-	-
Total Governmental Activities	46,420,204	5,934,863	1,131,073	4,449,047	11,514,983
Business-Type Activities:					
Aviation	382,051	110,825	157,582	-	268,407
Transit	2,646,089	1,895,852	692,548	-	2,588,400
Water	6,873,779	4,978,664	-	-	4,978,664
Solid Waste	5,413,630	7,158,579	-	-	7,158,579
Sewer	22,960,927	22,549,039	-	-	22,549,039
Total Business-Type Activities	38,276,476	36,692,959	850,130	-	37,543,089
Total Primary Government	\$ 84,696,680	\$ 42,627,822	\$ 1,981,203	\$ 4,449,047	\$ 49,058,072
Component Units:					
Redevelopment Agency	\$ 8,434,985	\$ -	\$ -	\$ 113,064	\$ 113,064

(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, 2011

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	\$ (8,170,984)	\$ -	\$ (8,170,984)	\$ -
Intergovernmental	1,652,995	-	1,652,995	-
Public Safety	(16,561,053)	-	(16,561,053)	-
Public Works	(89,019)	-	(89,019)	-
Community Development	(3,215,584)	-	(3,215,584)	-
Community Services	(3,651,383)	-	(3,651,383)	-
Library and Cultural	(3,312,025)	-	(3,312,025)	-
Interest on Long-Term Debt	(1,558,168)	-	(1,558,168)	-
Total Governmental Activities	(34,905,221)	-	(34,905,221)	-
Business-Type Activities:				
Aviation	-	(113,644)	(113,644)	-
Transit	-	(57,689)	(57,689)	-
Water	-	(1,895,115)	(1,895,115)	-
Solid Waste	-	1,744,949	1,744,949	-
Sewer	-	(411,888)	(411,888)	-
Total Business-Type Activities	-	(733,387)	(733,387)	-
Total Primary Government	\$ (34,905,221)	\$ (733,387)	\$ (35,638,608)	\$ -
Component Units:				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (8,324,612)
General Revenues:				
Sales Tax	\$ 16,314,384	\$ -	\$ 16,314,384	\$ -
Property Tax	4,153,674	-	4,153,674	6,504,963
Utility Tax	5,533,018	-	5,533,018	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,734,280	-	4,734,280	-
Motel/Hotel and Franchise Tax	2,299,093	-	2,299,093	-
Grants and Contributions Not Restricted to Specific Programs	265,222	-	265,222	-
Investment Earnings - Unrestricted	579,731	656,937	1,236,668	415,512
Miscellaneous	3,357,639	-	3,357,639	2,536,859
Gain on Sale of Capital Assets	17,734	-	17,734	-
Transfer of Non-Current Assets, Net of the Related Debt to the Primary Government	8,253,914	-	8,253,914	(8,253,914)
Other Transfers	101,570	(101,570)	-	-
Total General Revenues and Transfers	45,610,259	555,367	46,165,626	1,203,420
Change in Net Assets (Deficit)	10,705,038	(178,020)	10,527,018	(7,121,192)
Net Assets - Beginning of Year, As Restated	187,998,098	82,806,036	270,804,134	(4,984,874)
Net Assets - End of Year	\$ 198,703,136	\$ 82,628,016	\$ 281,331,152	\$ (12,106,066)

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, 2011**

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Investments	\$ 14,625,492	\$ 1,502,110	\$ 9,461,560	\$ 25,589,162
Cash and Investments with Fiscal Agent	-	2,284,697	2,564,655	4,849,352
Receivables				
Accounts	900,819	-	5,331	906,150
Interest	38,008	-	20,764	58,772
Taxes	1,520,035	-	238,352	1,758,387
Intergovernmental	2,125,415	-	1,100,209	3,225,624
Deferred Loans Receivable	-	-	8,578,914	8,578,914
Note Receivable	-	-	1,126,092	1,126,092
Land Held for Resale	-	-	35,000	35,000
Due from Other Funds	5,585,836	-	-	5,585,836
Due from Component Units	687,577	-	-	687,577
Advances to Other Funds	1,206,437	-	-	1,206,437
Advances to Component Units	3,302,059	-	-	3,302,059
Total Assets	\$ 29,991,678	\$ 3,786,807	\$ 23,130,877	\$ 56,909,362
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7,153,190	\$ 405,581	\$ 407,114	\$ 7,965,885
Deposits Payable	993,755	-	450,656	1,444,411
Due to Other Funds	76,583	-	482,157	558,740
Deferred Revenue	-	-	9,480,264	9,480,264
Total Liabilities	8,223,528	405,581	10,820,191	19,449,300
Fund Balances				
Restricted	-	3,381,226	12,310,686	15,691,912
Committed	21,768,150	-	-	21,768,150
Total Fund Balances	21,768,150	3,381,226	12,310,686	37,460,062
Total Liabilities and Fund Balances	\$ 29,991,678	\$ 3,786,807	\$ 23,130,877	\$ 56,909,362

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, 2011**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 37,460,062
 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.	166,054,918
Deferred loan receivable are not due in current period and therefore not reported in the Governmental Funds Balance Sheet.	8,578,914
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	1,437,183
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.	22,366,001
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.	(405,581)
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	(32,883,113)
Notes Payable	(291,000)
Capital Leases Payable	(1,031,702)
Compensated Absences Payable	(2,055,464)
Net Post Employment Benefits Obligation	(527,082)
Net Assets of Governmental Activities	\$ 198,703,136

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, 2011

	General Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 28,010,424	\$ -	\$ 5,033,025	\$ 33,043,449
Intergovernmental	490,410	-	1,156,729	1,647,139
Licenses and Permits	880,876	-	-	880,876
Fines and Forfeitures	38,671	-	222,364	261,035
Charges for Services	2,447,307	-	-	2,447,307
Interest and Rentals	421,994	1,464	79,200	502,658
Grants	3,633,004	-	2,212,337	5,845,341
Meals	-	-	40,879	40,879
Assessments	90,529	-	598,977	689,506
Other	2,439,479	-	218,737	2,658,216
Total Revenues	38,452,694	1,464	9,562,248	48,016,406
Expenditures				
Current				
General Government	4,250,919	-	-	4,250,919
Intergovernmental	-	3,325	-	3,325
Public Safety	17,355,316	-	579,376	17,934,692
Public Works	2,423,082	-	-	2,423,082
Community Development	3,238,845	-	2,108,943	5,347,788
Community Services	2,556,727	-	1,249,307	3,806,034
Library and Cultural	808,957	-	105,200	914,157
Capital Outlay	14,709,985	-	4,921	14,714,906
Debt Service				
Principal	9,889	3,085,000	34,000	3,128,889
Interest and Fiscal Charges	102,631	1,654,624	1,577	1,758,832
Total Expenditures	45,456,351	4,742,949	4,083,324	54,282,624
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,003,657)</u>	<u>(4,741,485)</u>	<u>5,478,924</u>	<u>(6,266,218)</u>
Other Financing Sources (Uses)				
Transfers In	5,519,606	4,741,485	4,154,244	14,415,335
Transfers Out	<u>(9,506,133)</u>	<u>(911,867)</u>	<u>(4,210,624)</u>	<u>(14,628,624)</u>
Total Other Financing Sources (Uses)	<u>(3,986,527)</u>	<u>3,829,618</u>	<u>(56,380)</u>	<u>(213,289)</u>
Net Change in Total Fund Balances	(10,990,184)	(911,867)	5,422,544	(6,479,507)
Fund Balances - Beginning	<u>32,758,334</u>	<u>4,293,093</u>	<u>6,888,142</u>	<u>43,939,569</u>
Fund Balances - Ending	<u><u>\$ 21,768,150</u></u>	<u><u>\$ 3,381,226</u></u>	<u><u>\$ 12,310,686</u></u>	<u><u>\$ 37,460,062</u></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, 2011**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ (6,479,507)
 Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,185,433
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	3,301,658
This amount represents amortization of bond issuance costs	(77,739)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.	
This amount represents costs of compensated absences	(172,465)
This amount represents costs of post employment benefit	(126,468)
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.	27,895
In Governmental Funds, the deferred loan repayment from the component unit was not recognized. In Government-Wide Statements, the deferred loan receivable is recognized as a special item.	8,253,914
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, general, and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.	(2,207,683)
Change in Net Assets of Governmental Activities	\$ 10,705,038

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	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	\$ 98,584	\$ -	\$ -	\$ -	\$ -	\$ 98,584	\$ 9,184,187
Cash and Investments with Fiscal Agent	-	-	-	39,056,148	-	39,056,148	1,101,281
Restricted Cash and Investments	-	-	-	4,193,478	-	4,193,478	-
Accounts Receivable	19,208	421,538	760,691	1,941,115	7,239	3,149,791	120,312
Intergovernmental Receivable	173,839	-	89,448	1,155	22,665	287,107	111,190
Inventories	-	-	-	-	-	-	270,762
Due from Other Funds	-	-	-	-	-	-	479,752
Advances to Other Funds	-	2,952,280	-	-	-	2,952,280	-
Deferred Charges	-	-	-	5,033,963	-	5,033,963	-
Total Current Assets	291,631	3,373,818	850,139	50,225,859	29,904	54,771,351	11,267,484
Noncurrent Assets							
Capital Assets							
Nondepreciable:							
Land	193,261	2,347,356	-	1,544,349	279,215	4,364,181	75,000
Construction in Progress	-	1,728,205	-	18,203,614	53,285	19,985,104	-
Depreciable:							
Buildings	4,211,998	6,900	-	396,132	161,451	4,776,481	6,187,770
Improvements Other Than Buildings	-	46,312,197	8,992	223,189,669	4,738,682	274,249,540	1,648,583
Machinery and Equipment	3,732,913	692,240	138,836	3,677,068	47,830	8,288,887	16,870,644
Accumulated Depreciation	(2,683,745)	(16,173,021)	(110,109)	(30,491,594)	(2,331,636)	(51,790,105)	(12,322,907)
Total Noncurrent Assets	5,454,427	34,913,877	37,719	216,519,238	2,948,827	259,874,088	12,459,090
Total Assets	\$ 5,746,058	\$ 38,287,695	\$ 887,858	\$ 266,745,097	\$ 2,978,731	\$ 314,645,439	\$ 23,726,574

(Continued)

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

CITY OF TULARE
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2011

	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	\$ 80,368	\$ 716,083	\$ 216,041	\$ 5,611,606	\$ 3,179	\$ 6,627,277	\$ 447,801
Deposits Payable	-	140,949	-	172,018	-	312,967	-
Due to Other Funds	-	852,519	1,557,803	2,648,275	-	5,058,597	479,752
Compensated Absences - Current	1,458	10,676	10,542	12,597	-	35,273	4,467
Advances from Other Funds - Current	90,000	-	200,050	16,987	756,437	1,063,474	10,060
Leases Payable - Current	-	273,009	-	461,137	-	734,146	8,797
Revenue Bonds Payable - Current	-	-	-	2,388,587	-	2,388,587	-
Total Current Liabilities	171,826	1,993,236	1,984,436	11,311,207	759,616	16,220,321	950,877
Noncurrent Liabilities							
Advances from Other Funds	360,000	-	2,400,613	203,844	-	2,964,457	120,726
Compensated Absences Payable	18,217	133,401	131,729	157,397	-	440,744	55,835
Leases Payable	-	7,275,630	-	4,915,239	-	12,190,869	233,135
Net Post Employment Benefits Obligation	1,868	31,774	56,072	42,989	-	132,703	-
Revenue Bonds Payable	-	-	-	200,068,329	-	200,068,329	-
Total Noncurrent Liabilities	380,085	7,440,805	2,588,414	205,387,798	-	215,797,102	409,696
Total Liabilities	551,911	9,434,041	4,572,850	216,699,005	759,616	232,017,423	1,360,573
Net Assets							
Invested in Capital Assets, Net of Related Debt	5,454,427	27,365,238	37,719	51,935,572	2,948,827	87,741,783	12,217,158
Restricted for Capital Improvements	313,441	6,504,275	-	4,141,650	368,766	11,328,132	75,000
Unrestricted	(573,721)	(5,015,859)	(3,722,711)	(6,031,130)	(1,098,478)	(16,441,899)	10,073,843
Total Net Assets (Deficit)	\$ 5,194,147	\$ 28,853,654	\$ (3,684,992)	\$ 50,046,092	\$ 2,219,115	\$ 82,628,016	\$ 22,366,001

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, 2011**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for Services	\$ 1,832,194	\$ 4,662,301	\$ 7,021,145	\$ 20,339,392	\$ 106,845	\$ 33,961,877	\$ 6,706,915
Connection Fees	-	201,717	-	47,611	-	249,328	-
Employee Contributions	-	-	-	-	-	-	1,398,596
Other	63,658	114,646	137,434	2,162,036	3,980	2,481,754	-
Total Operating Revenues	1,895,852	4,978,664	7,158,579	22,549,039	110,825	36,692,959	8,105,511
Operating Expenses							
General Administration	-	-	-	-	-	-	509,218
Personal Services	107,927	1,171,425	1,869,168	1,901,687	457	5,050,664	869,054
Contractual Services	-	-	-	-	-	-	238,358
Maintenance and Supplies	2,272,567	4,544,526	3,489,326	6,876,223	270,816	17,453,458	-
Equipment Usage and Operation	-	-	-	-	-	-	2,296,150
Insurance	-	-	-	-	-	-	5,787,923
Depreciation	265,595	1,157,828	7,646	4,559,813	110,778	6,101,660	1,680,702
Total Operating Expenses	2,646,089	6,873,779	5,366,140	13,337,723	382,051	28,605,782	11,381,405
Operating Income (Loss)	(750,237)	(1,895,115)	1,792,439	9,211,316	(271,226)	8,087,177	(3,275,894)
Nonoperating Revenues							
Interest Income	947	96,765	-	559,225	-	656,937	77,073
Interest Expense	-	-	(47,490)	(9,623,204)	-	(9,670,694)	-
Grants	692,548	-	-	-	157,582	850,130	-
Gain on Sale of Assets	-	-	-	-	-	-	17,734
Other Income	-	-	-	-	-	-	658,544
Total Nonoperating Revenues	693,495	96,765	(47,490)	(9,063,979)	157,582	(8,163,627)	753,351
Income (Loss) Before Contributions and Transfers	(56,742)	(1,798,350)	1,744,949	147,337	(113,644)	(76,450)	(2,522,543)
Transfers In	-	-	-	-	-	-	314,860
Transfers Out	-	-	-	(101,570)	-	(101,570)	-
Change in Net Assets	(56,742)	(1,798,350)	1,744,949	45,767	(113,644)	(178,020)	(2,207,683)
Net Assets, Beginning	5,250,889	30,652,004	(5,429,941)	50,000,325	2,332,759	82,806,036	24,573,684
Net Assets, Ending	\$ 5,194,147	\$ 28,853,654	\$ (3,684,992)	\$ 50,046,092	\$ 2,219,115	\$ 82,628,016	\$ 22,366,001

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, 2011**

	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	\$ 2,806,835	\$ 5,033,799	\$ 7,046,443	\$ 22,439,500	\$ 106,025	\$ 37,432,602	\$ 8,072,285
Cash Paid for Salaries and Benefits	(106,309)	(1,030,681)	(1,835,878)	(1,881,828)	(533)	(4,855,229)	(864,228)
Cash Paid for Services and Supplies	(2,312,788)	(4,312,391)	(3,480,427)	(3,336,405)	(316,574)	(13,758,585)	(8,936,506)
Net Cash Provided by (Used for) Operating Activities	387,738	(309,273)	1,730,138	17,221,267	(211,082)	18,818,788	(1,728,449)
Cash Flows from Non-Capital Financing Activities:							
Grants	692,548	-	-	-	157,582	850,130	-
Advances from Other Funds	(90,000)	273,009	2,600,663	(266,861)	(51,892)	2,464,919	-
Due to Other Funds	(884,642)	852,519	(4,283,311)	-	-	(4,315,434)	-
Other Income	-	-	-	-	-	-	658,544
Transfers from Other Funds	-	-	-	(101,570)	-	(101,570)	314,860
Net Cash Provided by (Used for) Non-Capital Financing Activities	(282,094)	1,125,528	(1,682,648)	(368,431)	105,690	(1,101,955)	973,404
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Assets	(8,057)	-	-	-	-	(8,057)	(339,521)
Capital Contribution	-	-	-	-	-	-	-
Payments Made on Capital Leases	-	-	-	483,054	-	483,054	(2,421)
Principal and Interest Paid on Notes Payable	-	(478,604)	(47,490)	2,388,587	(929)	1,861,564	-
Principal and Interest Paid on Revenue Bonds	-	-	-	10,007,943	-	10,007,943	-
(Acquisition) of Capital Assets	-	(1,666,728)	-	(14,227,216)	(76,888)	(15,970,832)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(8,057)	(2,145,332)	(47,490)	(1,347,632)	(77,817)	(3,626,328)	(341,942)
Cash Flows from Investing Activities:							
Interest Income	947	96,765	-	559,225	-	656,937	77,073
Net Increase (Decrease) in Cash and Cash Equivalents	98,534	(1,232,312)	-	16,064,429	(183,209)	14,747,442	(1,019,914)
Cash and Cash Equivalents, July 1	50	1,232,312	-	27,185,197	183,209	28,600,768	11,305,382
Cash and Cash Equivalents, June 30	\$ 98,584	\$ -	\$ -	\$ 43,249,626	\$ -	\$ 43,348,210	\$ 10,285,468

(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, 2011**

	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)	\$ (750,237)	\$ (1,895,115)	\$ 1,792,439	\$ 9,211,316	\$ (271,226)	\$ 8,087,177	\$ (3,275,894)
Other Income	-	-	-	-	-	-	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	265,595	1,157,828	7,646	4,559,813	110,778	6,101,660	1,680,702
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	58,486	29,013	(102,056)	(109,539)	(4,800)	(128,896)	(11,964)
(Increase) Decrease in Inventory	-	-	-	-	141,343	141,343	(11,202)
(Increase) Decrease in Intergovernmental Receivable	852,497	26,122	(10,080)	-	-	868,539	-
(Increase) Decrease in Advance to Other Fund	-	227,099	-	(1,155)	-	225,944	-
(Increase) Decrease in Due from Other Fund	-	-	-	-	-	-	(27,031)
(Increase) Decrease in Deferred Charges	-	-	-	(643,005)	-	(643,005)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(40,221)	145,986	8,900	1,933,479	(187,101)	1,861,043	(104,857)
Increase (Decrease) in Deposits Payable	-	(140,950)	-	(159,958)	-	(300,908)	-
Increase (Decrease) in Due to Other Funds	-	-	-	2,410,457	-	2,410,457	27,031
Increase (Decrease) in Advance from Other Funds	-	-	-	-	-	-	(10,060)
Increase (Decrease) in Net Post Employment Benefits Obligation	448	7,624	13,454	10,315	-	31,841	-
Increase (Decrease) in Compensated Absences Payable	1,170	133,120	19,835	9,544	(76)	163,593	4,826
Net Cash Provided by (Used for) Operating Activities	\$ 387,738	\$ (309,273)	\$ 1,730,138	\$ 17,221,267	\$ (211,082)	\$ 18,818,788	\$ (1,728,449)
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:							
Cash and Investments	\$ 98,584	\$ -	\$ -	\$ -	\$ -	\$ 98,584	\$ 9,184,187
Restricted Cash and Investments	-	-	-	4,193,478	-	4,193,478	1,101,281
Cash and Investments with Fiscal Agents	-	-	-	39,056,148	-	39,056,148	-
Cash and Cash Equivalents Per Statement of Cash Flows	\$ 98,584	\$ -	\$ -	\$ 43,249,626	\$ -	\$ 43,348,210	\$ 10,285,468

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ -	\$ 2,739,844
Accounts Receivable	-	97,092
	-	97,092
Total Assets	\$ -	\$ 2,836,936
Liabilities and Fund Balances		
Accounts Payable and Accrued Liabilities	\$ -	\$ 47,258
Deposits Payable	-	2,789,678
	-	2,789,678
Total Liabilities	-	2,836,936
Net Assets	\$ -	\$ -

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, 2011**

	<u>Private Purpose Trust Fund</u>
Additions	
Interest and Rentals	<u>\$ -</u>
Deductions	
Other	<u>10,361</u>
Change in Net Assets	(10,361)
Net Assets, Beginning of Year	<u>10,361</u>
Net Assets, End of Year	<u><u>\$ -</u></u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

The Tulare Public Financing Authority (the Authority) is a joint exercise of powers authority duly organized and existing under a Joint Exercise of Powers Agreement dated as of August 15, 1997, by and between the City and the 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 (the 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 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 Authority.

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major enterprise funds:

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

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

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

Agency Funds – Agency funds are used to account for assets held by the City as an agent for 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.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables

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

Inventory

Inventories of materials and supplies in the Proprietary and Internal 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.

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.

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)

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.

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

Noncurrent Governmental Assets/Liabilities

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City has implemented GASB Statement No. 54 beginning with fiscal year ending June 30, 2011. Fund balances for governmental funds are segregated as follows.

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

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

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

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 of Tulare (the County) and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt. In the fund financial statements, property tax is recorded as revenue in the period levied to the extent 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, 2011. All unencumbered appropriations lapse at year-end.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2011, the City Council approved \$6,127,820 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 \$3,684,992. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. Purchasing Internal Service Fund had a deficit fund balance of \$256,870. The deficit is expected to be eliminated in future years through departmental charges. Landscape and Lighting Fund had a deficit fund balance of \$359,497. 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 \$8,185,433 difference are as follows:

Capital Outlay	\$ 15,272,056
Depreciation Expense	<u>(7,086,623)</u>
Difference	<u><u>\$ 8,185,433</u></u>

G. Reclassification and Eliminations

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

Certain reclassifications have been made to the prior year financial statements to be in conformity with fiscal year 2011 presentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements

For the fiscal year ended June 30, 2011, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2010. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It 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. These classifications are described in the Fund Balance section of this footnote. It also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The definitions of the General Funds, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are also clarified by the provisions in this statement.

I. Future Pronouncements

Additional standards were released by GASB during the fiscal year.

GASB Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements* addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after December 15, 2011. The City has not fully judged the effect of the implementation of GASB Statement No. 60 as of the date of the basic financial statements.

GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14, and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. As of the date of the basic financial statements, the City has not made an assessment of any changes that will occur upon this statement's implementation.

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

GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* modifies current financial reporting of those elements. The largest change will be the replacement of the current Statement of Net Assets with a Statement of Net Position and a Statement of Changes in Net Position instead of the current Statement of Changes in Net Assets upon implementation for periods beginning after December 15, 2011. The City will implement this change for the fiscal year ended June 30, 2012.

GASB Statement No. 64 - *Derivative Instruments: Application of Hedge Accounting Termination Provisions* - amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue, rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. As of the date of the basic financial statements, the City has not made an assessment of any changes that will occur upon this statement's implementation.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Primary Government	
Cash and Investments	\$ 34,871,933
Cash and Investments with Fiscal Agent	45,006,781
Restricted Cash and Investments	4,193,478
Component Unit:	
Cash and Investments	2,393,181
Cash and Investments with Fiscal Agent	6,044,492
Fiduciary Funds:	
Cash and Investments	<u>2,739,844</u>
Total Cash and Investments	<u>\$ 95,249,709</u>

Deposits and investments as of June 30, 2011, consist of the following:

Deposits:	
Cash on Hand	\$ 7,180
Cash with Financial Institutions	346,590
Investments	39,651,188
Cash and Investment with Fiscal Agents	<u>55,244,751</u>
Total Cash and Investments	<u>\$ 95,249,709</u>

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 18,077,616	2.4
Local Agency Investment Fund (LAIF)	21,116,619	N/A
Held by Bond Trustee:		
Money Market Funds	37,825,869	0.2
Investment Contracts	16,314,627	1.5
Held by Insurance Administrator:		
Pooled Investments	<u>1,101,281</u>	N/A
Total	<u><u>\$ 94,436,012</u></u>	

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Not Required To Be Rated	Rating as of Year-End	
				AAA	Unrated
Federal Agency Securities	\$ 18,077,616	N/A	\$ -	\$ 18,077,616	\$ -
Local Agency Investment Fund (LAIF)	21,116,619	Collateralized	-	-	21,116,619
Held by Bond Trustee:					
Money Market Funds	37,825,869	A	37,825,869	-	-
Investment Contracts	16,314,627	N/A	16,314,627	-	-
Held by Insurance Administrator:					
Pooled Investments	<u>1,101,281</u>	N/A	<u>-</u>	<u>-</u>	<u>1,101,281</u>
Total	<u>\$ 94,436,012</u>		<u>\$ 54,140,496</u>	<u>\$ 18,077,616</u>	<u>\$ 22,217,900</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 1,994,470
Federal Farm Credit Banks	Federal Agency Securities	9,561,685
Federal National Mortgage	Federal Agency Securities	<u>6,521,461</u>
	Total Federal Agency Securities	<u>\$ 18,077,616</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.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) fully guaranteed all funds in noninterest-bearing transaction deposit accounts held at FDIC insured depository institutions. As a result, the City's deposits with financial institutions in the amount of \$1,184,385 were fully insured as of June 30, 2011. As of June 30, 2011, \$94,436,012 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:

Primary Government

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

Five secured notes receivable for various amounts from **Kaweah Management** for properties at 145 No B St, 445 So I St, 361 Beechwood, 484 Beechwood, and 524 Aspenwood. These loans are 55 year notes with affordability agreements. If these notes stay in compliance for full term, then the notes are forgiven. If not, then notes are due and payable and any funds received back to the City will be forwarded to Tulare County as program income per Federal funding rules for the Neighbor Stabilization Program (NSP) 601,097

Total Primary Government \$ 1,126,092
(Continued)

NOTE 3 – NOTES RECEIVABLE (Continued)

Component Unit

Secured note receivable from the **Salvation Army**, Tulare residence, Inc. A California Nonprofit Public Benefit Corp for 4 original separate parcels, dated March 18, 2005, bearing no interest, due on March 18, 2055. Funds were used for developing and managing sixty units of affordable senior housing project. No payments are due unless of an event of default. If no default, then this note is forgiven at maturity. \$ 221,406

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. 295,250

Secured Note Receivable from **Kaweah Management Company**, a nonprofit 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 CA (\$250,000); 2 secured notes for property purchases at 145 No B St and 445 So I St. These notes have a term of 30 years with interest of 1%. Monthly payments of \$69.15 are due for each property and this loan balance will be adjusted at year-end. annual 1098 are due on these 2 notes (\$21,500) each. 293,000

Secured Note Receivable from **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 Ca. 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. 63,045

Secured Note Receivable from **Ashwood Construction** for predevelopment loan for the old City Library property 113 No F St. These is a two year note agreement in the event the project is terminated this note is forgiven. 44,000

Secured Note Receivable from **Tule Vista Associates** dated October 8, 2008, bearing simple interest at 3% per annum with a term of 55 years. Annual payments due equal to Residual Receipt Payments reviewed annually. 3,220,000

Secured Note Receivable from **Tulare Pacific Associates** dated March 10, 2011, bearing simple interest at 3% per annum with a term of 55 years. Annual payments due equal to Residual Receipt Payments reviewed annually. 880,000

Total Component Unit \$ 6,566,701

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 9,803,386	\$ 9,135,133	\$ -	\$ 18,938,519
Right-of-Way	7,712,642	-	-	7,712,642
Construction in Progress	<u>22,584,854</u>	<u>5,703,743</u>	<u>(15,710,286)</u>	<u>12,578,311</u>
Subtotal	<u>40,100,882</u>	<u>14,838,876</u>	<u>(15,710,286)</u>	<u>39,229,472</u>
Depreciable Capital Assets:				
Infrastructure	178,773,849	1,822,246	-	180,596,095
Structures and Improvements	37,603,560	14,147,186	-	51,750,746
Equipment	<u>21,712,799</u>	<u>550,744</u>	<u>(224,059)</u>	<u>22,039,484</u>
Subtotal	<u>238,090,208</u>	<u>16,520,176</u>	<u>(224,059)</u>	<u>254,386,325</u>
Accumulated Depreciation:				
Infrastructure	(82,539,043)	(5,789,444)	654,042	(87,674,445)
Structures and Improvements	(10,464,686)	(1,893,422)	-	(12,358,108)
Equipment	<u>(13,535,339)</u>	<u>(1,738,501)</u>	<u>204,605</u>	<u>(15,069,235)</u>
Subtotal	<u>(106,539,068)</u>	<u>(9,421,367)</u>	<u>858,647</u>	<u>(115,101,788)</u>
Net Capital Assets	<u>\$ 171,652,022</u>	<u>\$ 21,937,685</u>	<u>\$ (15,075,698)</u>	<u>\$ 178,514,009</u>
<u>Business Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 4,364,181	\$ -	\$ -	\$ 4,364,181
Construction in Progress	<u>8,289,754</u>	<u>14,544,571</u>	<u>(2,849,221)</u>	<u>19,985,104</u>
Subtotal	<u>12,653,935</u>	<u>14,544,571</u>	<u>(2,849,221)</u>	<u>24,349,285</u>
Depreciable Capital Assets:				
Buildings	4,776,481	-	-	4,776,481
Improvements Other Than Building	269,974,059	4,207,435	-	274,181,494
Equipment	<u>8,212,783</u>	<u>76,103</u>	<u>-</u>	<u>8,288,886</u>
Subtotal	<u>282,963,323</u>	<u>4,351,585</u>	<u>-</u>	<u>287,246,861</u>
Accumulated Depreciation:				
Buildings	(938,562)	(101,857)	-	(1,040,419)
Improvements Other Than Building	(38,759,528)	(5,642,870)	-	(44,402,398)
Equipment	<u>(5,922,308)</u>	<u>(356,933)</u>	<u>-</u>	<u>(6,279,241)</u>
Subtotal	<u>(45,620,398)</u>	<u>(6,101,660)</u>	<u>-</u>	<u>(51,722,058)</u>
Net Capital Assets	<u>\$ 249,996,860</u>	<u>\$ 12,794,496</u>	<u>\$ (2,849,221)</u>	<u>\$ 259,874,088</u>

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ending June 30, 2011, was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,063,438
Public Safety	857,435
Public Works	202,338
Community Development	2,643,873
Community Services	72,960
Library and Cultural	<u>4,581,323</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,421,367</u>
Business Activities:	
Aviation	\$ 110,778
Transit	265,595
Water	1,157,828
Solid Waste	7,646
Sewer	<u>4,559,813</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 6,101,660</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2011, for the major funds, nonmajor funds and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 7,153,190
Financing Authority Fund	405,581
Other Governmental Funds	407,114
Internal Service Funds	<u>447,801</u>
Total Governmental Activities	<u>\$ 8,413,686</u>
Business-Type Activities:	
Transit	\$ 80,368
Water	716,083
Solid Waste	216,041
Sewer	5,611,606
Aviation	<u>3,179</u>
Total Business-Type Activities	<u>\$ 6,627,277</u>
Component Unit:	<u>\$ 1,265,184</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2011:

Type of Debt	Balance July 1, 2010	Transfers	Additions	Deletions	Balance June 30, 2011	Amounts Due Within One Year
Governmental Activities:						
Lease Revenue Bonds	\$ 34,440,000	\$ -	\$ -	\$ 3,085,000	\$ 31,355,000	\$ 705,000
Bond Premium	1,585,061	-	-	56,948	1,528,113	56,948
Leases Payable	1,285,944	-	-	12,310	1,273,634	46,130
Notes Payable	-	325,000	-	34,000	291,000	35,000
Net Post Employment Benefits Obligation	400,614	-	126,468	-	527,082	-
Compensated Absences Payable	2,054,296	-	177,579	116,109	2,115,766	156,777
Total Governmental Activities	\$ 39,765,915	\$ 325,000	\$ 304,047	\$ 3,304,367	\$ 37,090,595	\$ 999,855
Business-Type Activities:						
Revenue Bonds Payable	\$ 185,330,504	\$ -	\$ 19,425,000	\$ 2,298,588	\$ 202,456,916	\$ 2,388,587
Leases Payable	8,108,519	-	4,893,322	76,826	12,925,015	734,146
Net Post Employment Benefits Obligation	100,862	-	31,841	-	132,703	-
Compensated Absences Payable	446,760	-	30,550	1,293	476,017	35,273
Total Business-Type Activities	\$ 193,986,645	\$ -	\$ 24,380,713	\$ 2,376,707	\$ 215,990,651	\$ 3,158,006
Primary Government:						
Revenue Bonds Payable	\$ 219,770,504	\$ -	\$ 19,425,000	\$ 5,383,588	\$ 233,811,916	\$ 3,093,587
Bond Premium	1,585,061	-	-	56,948	1,528,113	56,948
Leases Payable	9,394,463	-	4,893,322	89,136	14,198,649	780,276
Notes Payable	-	325,000	-	34,000	291,000	35,000
Net Post Employment Benefits Obligation	501,476	-	158,309	-	659,785	-
Compensated Absences Payable	2,501,056	-	208,129	117,402	2,591,783	192,050
Total Primary Government:	\$ 233,752,560	\$ 325,000	\$ 24,684,760	\$ 5,681,074	\$ 253,081,246	\$ 4,157,861
Discretely Presented Component Unit:						
Tax Allocation Bonds	\$ 24,675,000	\$ -	\$ -	\$ 1,325,000	\$ 23,350,000	\$ 50,000
Notes Payable	2,475,000	(325,000)	-	1,650,000	500,000	-
Advance from Primary Government	16,052,848	-	-	12,750,789	3,302,059	2,100,000
Net Post Employment Benefits Obligation	8,524	-	2,691	-	11,215	-
Compensated Absences Payable	32,037	-	-	205	31,832	2,359
Total Discretely Presented Component Unit:	\$ 27,190,561	\$ (325,000)	\$ 2,691	\$ 15,725,994	\$ 27,195,106	\$ 2,152,359

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

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities -

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

On September 5, 2002, the Authority issued \$6,020,000 in Lease Revenue Bonds. The bonds are payable in amounts ranging from \$380,000 to \$880,000 per year on October 1, each year, commencing October 1, 2003 through October 1, 2013, and bear an interest at rates ranging from 2.00% to 3.30% depending upon the date of maturity. The City paid off principal and related interest in fiscal year 2010-11.

\$ -

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, 2011, the outstanding balance, including the related bond premium, was:

\$ 32,883,113

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.

\$ 2,115,766

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.

\$ 527,082

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%.

\$ 291,000

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.

\$ 1,273,634

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the note payable outstanding, including interest of \$1,016 are as follows:

<u>Year Ending June 30,</u>	<u>Section 108 Loan</u>
2012	\$ 35,122
2013	37,129
2014	39,136
2015	41,143
2016	<u>139,486</u>
	292,016
Less Interest	<u>1,016</u>
Total	<u><u>\$ 291,000</u></u>

The annual requirements to amortize the lease payable outstanding, including interest of \$383,228 are as follows:

<u>Year Ending June 30,</u>	<u>Citi Capital Muni</u>
2012	\$ 103,281
2013	147,960
2014	147,960
2015	147,960
2016	147,960
2017-2021	739,801
2022-2023	<u>221,940</u>
	1,656,862
Less Interest	<u>383,228</u>
Total	<u><u>\$ 1,273,634</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, 2011, the outstanding balance was \$8,031,693.

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$2,413,039 are as follows:

Year Ending June 30,	Citi Capital Muni
2012	\$ 651,038
2013	932,672
2014	932,672
2015	932,672
2016	932,672
2017-2021	4,663,360
2022-2023	<u>1,399,008</u>
	10,444,094
Less Interest	<u>2,412,401</u>
Total	<u>\$ 8,031,693</u>

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2011, the outstanding balance was \$4,893,322.

The annual requirements to amortize the lease payable outstanding, including interest of \$1,685,597 are as follows:

Year Ending June 30,	Build America Muni
2012	\$ 805,412
2013	755,118
2014	746,774
2015	738,322
2016	729,752
2017-2021	1,354,001
2022-2023	<u>1,449,540</u>
	6,578,919
Less Interest	<u>1,685,597</u>
Total	<u>\$ 4,893,322</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, 2011, the outstanding balance was \$32,820,000.

On September 1, 2001, the City issued \$20,000,000 in Sewer Revenue Bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15, each year, commencing November 15, 2002, through November 15, 2031, and bear interest rates from 4.375% to 4.750%. At June 30, 2011, the outstanding balance was \$16,590,000.

NOTE 6 – LONG-TERM DEBT (Continued)

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, 2011, the outstanding balance, including the related bond premium, was \$78,846,916.

2009 Sewer Revenue Bonds:

On June 30, 2011, 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, 2011, the outstanding balance was \$54,775,000.

2010 Sewer Revenue Bonds:

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

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, 2011, the net post-employment benefits obligation totaled \$132,703.

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, 2011, the compensated absences payable totaled \$476,017 for business-type activities.

Discretely Presented Component Unit -

Compensated Absences:

The 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 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.

\$ 31,832

Net Post Employment Benefits Obligation:

The 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.

\$ 11,215
(Continued)

NOTE 6 – LONG-TERM DEBT (Continued)

Tax Allocation Bonds:

On July 1, 1997, the 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%. The City paid off principal and related interest in fiscal year 2010-11.

\$ -

On June 30, 2010, the 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 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 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

On September 29, 2005, the 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%. The City paid off principal and interest in fiscal year 2010-11.

\$ -

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

(Continued)

NOTE 6 – LONG-TERM DEBT (Continued)

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

\$ 3,302,059

The annual requirements to amortize long-term debt, other than lease payable, primary government advance, and compensated absences, including interest of \$337,258,003 are as follows:

Year Ending June 30,	Primary Government							
	Governmental Activities				Business-Type Activities			
	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	
2012	\$ 2,327,325	\$ 56,948	\$ 1,229,350	\$ 2,977,675	\$ 3,941,625	\$ 18,587	\$ 4,792,813	
2013	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	2,324,950	56,948	1,228,000	2,982,587	3,990,225	18,587	4,792,813	
2017-2021	11,622,897	284,741	6,173,483	13,870,083	21,334,525	92,935	23,964,063	
2022-2026	11,627,650	284,741	6,262,531	8,246,118	26,564,813	92,935	23,964,063	
2027-2031	9,818,344	284,741	6,373,406	7,300,143	27,585,313	92,935	23,964,063	
2032-2036	9,367,213	284,741	1,289,925	4,417,369	27,929,438	92,935	27,329,907	
2037-2041	3,742,650	104,409	-	-	27,893,125	92,935	33,566,499	
2042-2045	-	-	-	-	5,432,500	9,307	41,995,499	
	57,805,804	1,528,113	26,237,782	48,732,389	156,529,238	566,917	198,748,157	
Less Interest	26,450,804	-	9,647,782	15,912,389	78,249,238	-	143,973,157	
Total	<u>\$ 31,355,000</u>	<u>\$ 1,528,113</u>	<u>\$ 16,590,000</u>	<u>\$ 32,820,000</u>	<u>\$ 78,280,000</u>	<u>\$ 566,917</u>	<u>\$ 54,775,000</u>	

Year Ending June 30,	Primary Government				Component Unit			
	Business-Type Activities							
	2010 Sewer Revenue Bonds	2011 Bank America Solar Project	1997 Tax Allocation Bonds	2010 Tax Allocation Bonds - Series A	2010 Tax Allocation Bonds - Series B	2010 Tax Allocation Bonds - Series C	Advances from the Primary Government	2007 Help Loan
2012	\$ 1,155,678	\$ 805,412	\$ -	\$ 529,113	\$ 344,003	\$ 848,275	\$ 2,199,062	\$ 17,500
2013	1,155,678	755,118	-	529,113	344,003	845,650	1,238,121	17,500
2014	1,155,678	746,774	-	529,113	686,784	847,894	-	17,500
2015	1,155,678	738,322	-	529,113	686,353	854,744	-	17,500
2016	1,499,990	729,752	-	529,113	683,640	1,007,131	-	17,500
2017-2021	7,248,000	1,354,001	-	2,645,563	3,391,040	5,025,875	-	570,000
2022-2026	7,632,756	1,449,539	-	3,628,163	1,620,148	4,732,281	-	-
2027-2031	7,553,393	-	-	3,321,613	-	3,673,644	-	-
2032-2036	4,260,300	-	-	4,105,494	-	3,677,425	-	-
2037-2041	3,477,500	-	-	4,540,623	-	3,675,212	-	-
2042-2045	13,829,750	-	-	-	-	-	-	-
	50,124,399	6,578,919	-	20,887,019	7,755,971	25,188,131	3,437,183	657,500
Less Interest	30,699,399	1,685,597	-	12,282,019	2,840,971	15,358,131	135,124	157,500
Total	<u>\$ 19,425,000</u>	<u>\$ 4,893,322</u>	<u>\$ -</u>	<u>\$ 8,605,000</u>	<u>\$ 4,915,000</u>	<u>\$ 9,830,000</u>	<u>\$ 3,302,059</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, 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, California 95814.

Funding Policy:

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

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits 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, 2011)

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, 2011, was 14.8% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 28.953% for the period July 1, 2010, through June 30, 2011. 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 10% of the net balance is amortized annually.

NOTE 7 – PENSION PLAN (Continued)

Annual Pension Cost:

For the fiscal year ended June 30, 2011, the City's annual pension cost of \$5,747,868 for CalPERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2011, 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'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'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, 2011, was 16 years for miscellaneous and 5 years for safety.

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 3,625	100%	\$ -
6/30/10	\$ 4,896	100%	\$ -
6/30/11	\$ 4,806	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>
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	55,022	47,214	7,808	85.8%	5,781	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%
6/30/09						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	1,803	1,520	283	84.3%	222	127.5%
Total	<u>\$ 95,056</u>	<u>\$ 78,259</u>	<u>\$ 16,797</u>	82.3%	<u>\$ 16,153</u>	104.0%
6/30/10						
Misc.	\$ 79,375	\$ 64,553	\$ 14,822	81.3%	\$ 10,904	135.9%
Safety Police	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire First Tier	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire Second Tier	1,915	1,628	287	85.0%	225	127.6%
Total	<u>\$ 101,620</u>	<u>\$ 83,121</u>	<u>\$ 18,499</u>	81.8%	<u>\$ 13,041</u>	141.9%

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

NOTE 8 – RISK MANAGEMENT

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

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

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

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

Workers' Compensation: The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on the member's own losses up to its retention level plus a pro rata share of general/administrative expenses and losses between \$100,000 and \$500,000. The City 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, 2011, were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	General Operations	\$ 5,585,836	\$ 76,583
Nonmajor Governmental Funds	General Operations	-	450,656
Enterprise Funds - Transit	General Operations	-	852,519
Enterprise Funds - Solid Waste	General Operations	-	1,557,803
Enterprise Funds - Sewer/Waste Water	General Operations	-	2,648,275
Internal Service Funds	General Operations	479,752	479,752
		<u>\$ 6,065,588</u>	<u>\$ 6,065,588</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 2010-11 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
General Fund			
Nonmajor Governmental Funds	To purchase equipment	\$ -	\$ 148,105
Nonmajor Governmental Funds	To pay unemployment claims	-	62,138
Nonmajor Governmental Funds	General fund contribution	-	476,792
Nonmajor Governmental Funds	To fund construction in progress activity	5,052,409	4,077,613
Financing Authority Fund	For lease revenue bond payment	-	4,741,485
Nonmajor Governmental Funds	To reimburse General Fund	111,970	-
Nonmajor Governmental Funds	To fund construction in progress activity	179,357	-
Nonmajor Governmental Funds	For traffic safety activity	147,113	-
Nonmajor Governmental Funds	To reimburse General Fund	28,757	-
Total General Fund		<u>5,519,606</u>	<u>9,506,133</u>
Debt Service Fund			
Financing Authority Fund	To fund construction in progress activity	-	911,867
General Fund	For lease revenue bond payment	4,741,485	-
Total Debt Service Funds		<u>4,741,485</u>	<u>911,867</u>
Nonmajor Capital Project Funds			
General Fund	To fund construction in progress activity	2,872,294	-
Financing Authority Fund	To fund construction in progress activity	742,871	-
Total Nonmajor Capital Project Funds		<u>3,615,165</u>	<u>-</u>
Nonmajor Special Revenue Funds			
Nonmajor Governmental Funds	To fund construction in progress activity	-	3,895,838
General Fund	For Traffic Safety activity	-	147,113
General Fund	To reimburse General Fund	-	164,628
Nonmajor Governmental Funds	To reimburse Library Literacy grant	20,000	-
General Fund	General Fund contribution	92,587	-
Nonmajor Governmental Funds	To fund construction in progress activity	422,592	3,046
Nonmajor Governmental Funds	To reimburse Senior Services	3,900	-
Total Nonmajor Special Revenue Funds		<u>539,079</u>	<u>4,210,625</u>
Internal Service Funds			
General Fund	To pay for unemployment claims	62,138	-
General Fund	To fund equipment	148,106	-
Enterprise Funds	To fund equipment	101,570	-
Nonmajor Governmental Funds	To fund equipment	3,046	-
Total Internal Service Funds		<u>314,860</u>	<u>-</u>
Enterprise Funds			
Sewer/Wastewater Fund	To purchase equipment	-	101,570
Totals		<u>\$ 14,730,195</u>	<u>\$ 14,730,195</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund advances to/from at June 30, 2011, were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
General Fund	For General Operations - Airport	\$ -	\$ 756,437
	For General Operations - Transit	-	450,000
Water Fund	To Construct LNG Fuel and Corporate Maintenance Facility	-	2,952,280
Solid Waste Fund	To Construct Corporation Maintenance Facility	2,600,663	-
Sewer Fund	For General Operations	220,831	-
Aviation Enterprise Funds	For General Operations	756,437	-
Transit Enterprise Fund	For General Operations	450,000	-
Internal Service Funds	Fleet Maintenance	130,786	-
		<u>\$ 4,158,717</u>	<u>\$ 4,158,717</u>

Advances from Other Funds:

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

\$ 2,600,663

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%.

\$ 220,831

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%.

\$ 756,437

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.

\$ 450,000

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%.

\$ 130,786

Advance from General Fund:

During the period from inception to June 30, 2006, the City advanced the 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.

\$ 3,302,059

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

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

The cost of the retiree health care insurance benefits is recognized as an expenditure as insurance contributions are paid on a monthly basis in advance. For the fiscal year ended June 30, 2011, those costs approximated \$536,644. Sixty-two (62) retired employees were affected by the provisions of these benefits at the end of the 2010-11 fiscal year.

B. Funding Policy

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

The City has not established a separate irrevocable trust for its postretirement benefits plan as of June 30, 2011, 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 post-employment benefit plan assets/liabilities at June 30, 2011:

<u>Item</u>	<u>Primary Governmental</u>	<u>Component Unit</u>	<u>Total</u>
Annual Required Contributions	\$ 154,376	\$ 2,624	\$ 157,000
Interest on Net OPEB Obligation/(Asset)	22,616	384	23,000
Adjustment to Annual Required Contributions	<u>(18,683)</u>	<u>(317)</u>	<u>(19,000)</u>
Annual OPEB Cost	158,309	2,691	161,000
Contributions Made	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net OPEB Obligation	158,309	2,691	161,000
Net OPEB Obligation - Beginning of Year	<u>501,476</u>	<u>8,524</u>	<u>510,000</u>
Net OPEB Obligation - End of Year	<u>\$ 659,785</u>	<u>\$ 11,215</u>	<u>\$ 671,000</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, 2010 and 2011, are as follows:

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net OPEB Obligation/(Asset)
6/30/09	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 255,000
6/30/10	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 510,000
6/30/11	\$ 161,000	\$ -	\$ 161,000	0.00%	\$ 671,000

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the end of the second year of GASB Statement No. 45 applicability, was as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to 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 AAL for benefits.

E. Actuarial Methods and Assumptions

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

The valuation results are developed assuming a **discount rate** of 4.50%. Under GASB Statement 45, the discount rate to be used for the valuation is determined based on the long-term investment yield on the investments used to finance the payment of benefits. For this valuation it is assumed that post-employment benefits are paid from general assets which generally consist of short-term investments. If the City is considering prefunding or transferring assets to a trust, or equivalent arrangement, in which plan assets are established and dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan, the determination of the discount rate would be based on the nature and mix of current and expected investments. 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.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Actuarial Methods and Assumptions (Continued)

Other critical assumptions used in the actuarial valuation are the health care cost trend rate, participation, inflation rate, investment return, and salary increase assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a **health care cost trend rate assumption** of 11.00% in the year July 1, 2010, to June 30, 2011, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

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

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

The City's unfunded AAL is being amortized as a level percentage of payroll on an open basis over 20 years. The remaining amortization period as of June 30, 2011, was 19 years.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2011, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>General Fund</u>	
Public Works	\$ 59,462
Library and Cultural	4,517
Interest and Fiscal Charges	46,261

NOTE 12 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2011, is as follows:

	General	Financing Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:	\$ -	\$ -	\$ -	\$ -
Total nonspendable fund balance	-	-	-	-
Restricted for:				
Public Safety - Police	-	-	166,952	166,952
Public Safety - Fire	-	-	2,920,821	2,920,821
Public Works - Street	-	-	8,421,254	8,421,254
Debt Service	-	3,381,226	-	3,381,226
Development Services	-	-	801,659	801,659
Total restricted fund balance	-	3,381,226	12,310,686	15,691,912
Committed to:				
Cash basis reserve	5,044,889	-	-	5,044,889
Appropriation for Next Year's Budget	16,723,261	-	-	16,723,261
Total committed fund balance	21,768,150	-	-	21,768,150
Assigned to purpose of fund:	-	-	-	-
Total assigned to purpose of fund	-	-	-	-
Unassigned fund balance:	-	-	-	-
Total unassigned fund balance	-	-	-	-
Total fund balances	<u>\$ 21,768,150</u>	<u>\$ 3,381,226</u>	<u>\$ 12,310,686</u>	<u>\$ 37,460,062</u>

NOTE 13 – TRANSFER OF ASSETS TO PRIMARY GOVERNMENT

During the fiscal year 2010-11, the City and the Agency agreed that the Home Program Fund, Housing Development Fund, as well as Rental Rehabilitation Fund, need to be included in the City's financial statements as special revenue funds instead of in the Agency's financial statements in conjunction with the GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, these funds were closed in the Agency's financial statements. This also resulted in transferring \$8,253,914 non-current assets relating to these funds back to the Primary Government (the City). The \$8,253,914 is reported as a special item on the Agency's statement of activities.

NOTE 14 – CONTINGENCIES AND SUBSEQUENT EVENTS

The Agency operates pursuant to the provision of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 30, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of the Voluntary Program Act was to provide a voluntary alternative for local governments to continue redevelopment activities. The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the City of Tulare) to take several legislative actions to implement the various provisions of each assembly bill.

NOTE 14 – CONTINGENCIES AND SUBSEQUENT EVENTS (Continued)

If the City, as the Agency's sponsoring government, does not elect to continue the Agency under the provision of the Voluntary Program Act, the Agency will be deemed dissolved effective October 1, 2011. Under the provisions of the Dissolution Act, a schedule of "enforceable obligations" will be adopted by the Agency and presented to the City Finance Department for certification. The last official act of the Agency will be to provide a draft "Recognized Obligation Payment Schedule" to a successor agency. The Recognized Obligation Payment Schedule is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the City Finance Department is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the agencies that had shifted property tax increment to the Agency.

If the City elects to continue the Agency, it must enact a non-binding resolution of its intent to continue the Agency no later than October 1, 2011, and it must also enact an ordinance agreeing to comply with the Voluntary Program Act no later than November 1, 2011. Pursuant to the Voluntary Program Act, the City must make an annual "Community Remittance" payment into a special fund established for the benefit of other governments. The remittance will then be refunded to the City by the Agency. The remittance amount was calculated by the State Department of Finance and released to the City on August 1, 2011.

On September 20, 2011, the City Council of the City of Tulare (the City Council) approved a resolution electing to make the remittance required by the Voluntary Program Act in order to avoid dissolution of the Agency. The City's payment for fiscal year 2011-12 will be in the amount of \$2,159,798. The City estimates that the Community Remittance payment for fiscal year 2012-13 will be \$360,000.

In September 2011, the City Council authorized to comply with the voluntary alternative redevelopment program pursuant to part 1.9 of division 24 of the California Health & Safety Code in order to permit the continued existence and operation of the Agency, but only if the Redevelopment Restructuring Acts withstand the legal challenge of the California Redevelopment Association's Supreme Court Case #S194861, which is currently being heard by the California Supreme Court.

On December 29, 2011, the California Supreme Court issued an opinion in the *California Redevelopment Association v. Matosantos* case, upholding Assembly Bill X1 26 (the "Redevelopment Dissolution" bill) and invalidating Assembly Bill X1 27 (the "Voluntary Payment" bill). The Court provided a four month extension for all deadlines contained in AB X1 26 that arise prior to May 1, 2012. As a result, effective February 1, 2012, all redevelopment agencies in California will be dissolved. The League of California Cities has released a statement stating that they are appealing immediately.

On January 3, 2012, in response to the Supreme Court ruling, the City elected to dissolve the Tulare Redevelopment Agency and establish the City of Tulare as the Successor Agency, as defined in California Assembly Bill AB 1X 26, to the Tulare Redevelopment Agency. The City will be responsible for maintaining the payments on enforceable obligations of the Agency starting February 1, 2012.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 21,856,700	\$ 26,696,700	\$ 28,010,424	\$ 1,313,724
Intergovernmental	5,218,550	484,580	490,410	5,830
Licenses and Permits	611,100	611,100	880,876	269,776
Fines and Forfeitures	55,000	55,000	38,671	(16,329)
Charges for Services	2,634,810	2,639,930	2,447,307	(192,623)
Interest and Rentals	524,930	561,340	421,994	(139,346)
Grants	1,017,950	3,271,120	3,633,004	361,884
Assessments	93,100	93,100	90,529	(2,571)
Other	1,439,950	1,580,970	2,439,479	858,509
Total Revenues	33,452,090	35,993,840	38,452,694	2,458,854
Expenditures				
Current				
General Government	3,880,750	4,496,790	4,250,919	245,871
Public Safety	16,391,860	17,905,420	17,355,316	550,104
Public Works	2,363,620	2,363,620	2,423,082	(59,462)
Community Development	4,722,250	3,729,280	3,238,845	490,435
Community Services	2,868,240	2,872,460	2,556,727	315,733
Library and Cultural	773,170	804,440	808,957	(4,517)
Capital Outlay	52,690,740	57,646,440	14,709,985	42,936,455
Debt Service				
Principal	124,890	124,890	9,889	115,001
Interest and Fiscal Charges	56,370	56,370	102,631	(46,261)
Total Expenditures	83,871,890	89,999,710	45,456,351	44,543,359
Excess (Deficiency) of Revenues Over Expenditures	(50,419,800)	(54,005,870)	(7,003,657)	47,002,213
Other Financing Sources (Uses)				
Transfers In	49,008,060	52,458,990	5,519,606	(46,939,384)
Transfers Out	(5,649,950)	(6,564,320)	(9,506,133)	(2,941,813)
Total Other Financing Sources (Uses)	43,358,110	45,894,670	(3,986,527)	(49,881,197)
Net Change in Total Fund Balances	(7,061,690)	(8,111,200)	(10,990,184)	(2,878,984)
Fund Balances, July 1	32,758,334	32,758,334	32,758,334	-
Fund Balances, June 30	\$ 25,696,644	\$ 24,647,134	\$ 21,768,150	\$ (2,878,984)

**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						
6/30/05						
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%
6/30/10						
Misc.	\$ 79,375	\$ 64,553	\$ 14,822	81.3%	\$ 10,904	135.9%
Safety Police	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire First Tier	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire Second Tier	<u>1,915</u>	<u>1,628</u>	<u>287</u>	85.0%	<u>225</u>	127.6%
Total	<u>\$ 101,620</u>	<u>\$ 83,121</u>	<u>\$ 18,499</u>	81.8%	<u>\$ 13,041</u>	141.9%

**CITY OF TULARE
REQUIRED SUPPLEMENTAL INFORMATION
FOR OTHER POST-EMPLOYMENT 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%
7/2/2010	\$ -	\$ 3,555,000	\$ 3,555,000	0.0%	\$ 21,566,900	16.5%

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Investments	\$ 9,235,109	\$ 226,451	\$ 9,461,560
Cash and Investments with Fiscal Agent	-	2,564,655	2,564,655
Receivables			
Accounts	5,331	-	5,331
Interest	20,764	-	20,764
Taxes	238,352	-	238,352
Intergovernmental	1,100,209	-	1,100,209
Deferred Loans Receivable	8,578,914	-	8,578,914
Note Receivable	1,126,092	-	1,126,092
Land Held for Resale	35,000	-	35,000
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 20,339,771</u>	<u>\$ 2,791,106</u>	<u>\$ 23,130,877</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 400,220	\$ 6,894	\$ 407,114
Due to Other Funds	450,656	-	450,656
Due to Other Government	482,157	-	482,157
Deferred Revenue	9,480,264	-	9,480,264
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>10,813,297</u>	<u>6,894</u>	<u>10,820,191</u>
Fund Balances			
Restricted	<u>9,526,474</u>	<u>2,784,212</u>	<u>12,310,686</u>
Total Fund Balances	<u>9,526,474</u>	<u>2,784,212</u>	<u>12,310,686</u>
Total Liabilities and Fund Balances	<u>\$ 20,339,771</u>	<u>\$ 2,791,106</u>	<u>\$ 23,130,877</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 5,033,025	\$ -	\$ 5,033,025
Intergovernmental	1,156,729	-	1,156,729
Fines and Forfeitures	222,364	-	222,364
Interest and Rentals	78,712	488	79,200
Grants	2,212,337	-	2,212,337
Meals	40,879	-	40,879
Assessments	598,977	-	598,977
Other	168,585	50,153	218,738
Total Revenues	<u>9,511,608</u>	<u>50,641</u>	<u>9,562,249</u>
Expenditures			
Current			
Public Safety	579,376	-	579,376
Community Development	1,480,797	628,146	2,108,943
Community Services	1,249,307	-	1,249,307
Library and Cultural	105,200	-	105,200
Capital Outlay	4,921	-	4,921
Debt Service			
Principal	34,000	-	34,000
Interest	1,577	-	1,577
Total Expenditures	<u>3,455,178</u>	<u>628,146</u>	<u>4,083,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,056,430</u>	<u>(577,505)</u>	<u>5,478,925</u>
Other Financing Sources (Uses)			
Transfers In	539,079	3,615,165	4,154,244
Transfers Out	(4,210,625)	-	(4,210,625)
Total Other Financing Sources (Uses)	<u>(3,671,546)</u>	<u>3,615,165</u>	<u>(56,381)</u>
Net Change in Total Fund Balances	2,384,884	3,037,660	5,422,544
Fund Balances - Beginning	<u>7,141,590</u>	<u>(253,448)</u>	<u>6,888,142</u>
Fund Balances - Ending	<u>\$ 9,526,474</u>	<u>\$ 2,784,212</u>	<u>\$ 12,310,686</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 Housing Redevelopment Fund accounts for capital projects relating to the low and moderate income housing program.

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

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

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

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

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

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.

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

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

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, 2011**

	Senior Services	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets					
Cash and Investments	\$ 3,769	\$ -	\$ 5,465,320	\$ 1,488	\$ 133,335
Receivables					
Accounts	72	1,295	-	-	-
Interest	-	-	10,260	232	208
Taxes	-	-	177,277	30,335	-
Intergovernmental	7,582	612,943	-	-	17,525
Deferred Loans Receivable	-	2,263,674	-	-	-
Deposit on Land Purchase	-	-	-	-	-
Note Receivable	-	1,126,092	-	-	-
Land Held for Resale	-	35,000	-	-	-
Total Assets	\$ 11,423	\$ 4,039,004	\$ 5,652,857	\$ 32,055	\$ 151,068
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and					
Accrued Liabilities	\$ 11,423	\$ 325,750	\$ -	\$ -	\$ 34,440
Due to Other Funds	-	-	-	-	-
Due to Other Government	-	266,925	-	-	-
Deferred Revenue	-	2,285,174	-	-	116,628
Total Liabilities	11,423	2,877,849	-	-	151,068
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	1,161,155	5,652,857	32,055	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	-	1,161,155	5,652,857	32,055	-
Total Liabilities and Fund Balances	\$ 11,423	\$ 4,039,004	\$ 5,652,857	\$ 32,055	\$ 151,068

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets						
Cash and Investments	\$ -	\$ -	\$ 1,162	\$ 7,814	\$ 127,497	\$ 129,948
Receivables						
Accounts	-	1,914	200	-	-	-
Interest	-	-	47	12	199	203
Taxes	-	30,740	-	-	-	-
Intergovernmental	47,775	-	-	-	-	7,211
Deferred Loans Receivable	-	-	-	-	-	-
Deposit on Land Purchase	-	-	-	-	-	-
Note Receivable	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	<u>\$ 47,775</u>	<u>\$ 32,654</u>	<u>\$ 1,409</u>	<u>\$ 7,826</u>	<u>\$ 127,696</u>	<u>\$ 137,362</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ (416)	\$ 9,010	\$ 1,409	\$ -	\$ 624	\$ 754
Due to Other Funds	40,921	383,141	-	-	-	-
Due to Other Government	-	-	-	-	-	-
Deferred Revenue	7,270	-	-	-	-	-
Total Liabilities	<u>47,775</u>	<u>392,151</u>	<u>1,409</u>	<u>-</u>	<u>624</u>	<u>754</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	(359,497)	-	7,826	127,072	136,608
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>(359,497)</u>	<u>-</u>	<u>7,826</u>	<u>127,072</u>	<u>136,608</u>
Total Liabilities and Fund Balances	<u>\$ 47,775</u>	<u>\$ 32,654</u>	<u>\$ 1,409</u>	<u>\$ 7,826</u>	<u>\$ 127,696</u>	<u>\$ 137,362</u>

(Continued)

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	2009 COPS Hiring Recovery Program	Library Literacy Grant	Home Program	Rental Rehabilitation	Measure R	Total
Assets						
Cash and Investments	\$ -	\$ 2,548	\$ -	\$ 76,701	\$ 3,285,527	\$ 9,235,109
Receivables						
Accounts	-	-	1,850	-	-	5,331
Interest	-	-	-	120	9,483	20,764
Taxes	-	-	-	-	-	238,352
Intergovernmental	38,272	-	216,382	-	152,519	1,100,209
Deferred Loans Receivable	-	-	5,255,020	1,060,220	-	8,578,914
Deposit on Land Purchase	-	-	-	-	-	-
Note Receivable	-	-	-	-	-	1,126,092
Land Held for Resale	-	-	-	-	-	35,000
Total Assets	\$ 38,272	\$ 2,548	\$ 5,473,252	\$ 1,137,041	\$ 3,447,529	\$ 20,339,771
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 11,678	\$ 2,548	\$ 3,000	\$ -	\$ -	\$ 400,220
Due to Other Funds	26,594	-	-	-	-	450,656
Due to Other Government	-	-	215,232	-	-	482,157
Deferred Revenue	-	-	5,255,020	1,137,041	679,131	9,480,264
Total Liabilities	38,272	2,548	5,473,252	1,137,041	679,131	10,813,297
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	2,768,398	9,526,474
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	2,768,398	9,526,474
Total Liabilities and Fund Balances	\$ 38,272	\$ 2,548	\$ 5,473,252	\$ 1,137,041	\$ 3,447,529	\$ 20,339,771

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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, 2011

	Senior Services	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues					
Taxes	\$ -	\$ -	\$ 1,906,177	\$ -	\$ -
Intergovernmental	91,050	970,877	-	-	-
Fines and Forfeitures	-	-	-	146,364	-
Interest and Rentals	-	-	43,374	749	780
Grants	-	1,154,777	-	-	106,243
Meals	40,879	-	-	-	-
Assessments	-	-	-	-	-
Other	13,172	151,538	-	-	-
Total Revenues	145,101	2,277,192	1,949,551	147,113	107,023
Expenditures					
Current					
Public Safety	-	-	-	-	107,023
Community Services	571,593	944,589	-	-	-
Library and Cultural	-	-	-	-	-
Debt Service					
Principal	-	34,000	-	-	-
Interest	-	1,577	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	571,593	980,166	-	-	107,023
Excess (Deficiency) of Revenues Over Expenditures	<u>(426,492)</u>	<u>1,297,026</u>	<u>1,949,551</u>	<u>147,113</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers In	426,492	-	-	-	-
Transfers Out	-	(135,871)	(1,106,618)	(147,113)	-
Total Other Financing Sources (Uses)	426,492	(135,871)	(1,106,618)	(147,113)	-
Net Change in Fund Balances	-	1,161,155	842,933	-	-
Fund Balances - Beginning	-	-	4,809,924	32,055	-
Fund Balances - Ending	\$ -	\$ 1,161,155	\$ 5,652,857	\$ 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, 2011

	Local Law Enforcement Block Grant	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	76,000	-	-	-
Interest and Rentals	-	-	106	93	920	1,072
Grants	73,125	-	-	-	48,524	29,218
Meals	-	-	-	-	-	-
Assessments	-	598,977	-	-	-	-
Other	-	3,875	-	-	-	-
Total Revenues	73,125	602,852	76,106	93	49,444	30,290
Expenditures						
Current						
Public Safety	51,850	-	-	-	25,832	27,946
Community Services	16,354	614,011	47,349	-	-	-
Library and Cultural	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlay	4,921	-	-	-	-	-
Total Expenditures	73,125	614,011	47,349	-	25,832	27,946
Excess (Deficiency) of						
Revenues Over Expenditures	-	(11,159)	28,757	93	23,612	2,344
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(28,757)	(3,046)	-	-
Total Other Financing Sources (Uses)	-	-	(28,757)	(3,046)	-	-
Net Change in Fund Balances	-	(11,159)	-	(2,953)	23,612	2,344
Fund Balances - Beginning	-	(348,338)	-	10,779	103,460	134,264
Fund Balances - Ending	\$ -	\$ (359,497)	\$ -	\$ 7,826	\$ 127,072	\$ 136,608

(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, 2011

	2009 COPS Hiring Recovery Program	Library Literacy Grant	Home Program	Rental Rehabilitation	Measure R	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,126,848	\$ 5,033,025
Intergovernmental	-	-	94,802	-	-	1,156,729
Fines and Forfeitures	-	-	-	-	-	222,364
Interest and Rentals	-	-	-	294	31,324	78,712
Grants	328,338	31,000	243,284	197,828	-	2,212,337
Meals	-	-	-	-	-	40,879
Assessments	-	-	-	-	-	598,977
Other	-	-	-	-	-	168,585
Total Revenues	328,338	31,000	338,086	198,122	3,158,172	9,511,608
Expenditures						
Current						
Public Safety	366,725	-	-	-	-	579,376
Community Services	-	-	338,086	198,122	-	2,730,104
Library and Cultural	-	105,200	-	-	-	105,200
Debt Service						
Principal	-	-	-	-	-	34,000
Interest	-	-	-	-	-	1,577
Capital Outlay	-	-	-	-	-	4,921
Total Expenditures	366,725	105,200	338,086	198,122	-	3,455,178
Excess (Deficiency) of Revenues Over Expenditures	<u>(38,387)</u>	<u>(74,200)</u>	<u>-</u>	<u>-</u>	<u>3,158,172</u>	<u>6,056,430</u>
Other Financing Sources (Uses)						
Transfers In	38,387	74,200	-	-	-	539,079
Transfers Out	-	-	-	-	(2,789,220)	(4,210,625)
Total Other Financing Sources (Uses)	38,387	74,200	-	-	(2,789,220)	(3,671,546)
Net Change in Fund Balances	-	-	-	-	368,952	2,384,884
Fund Balances - Beginning	-	-	-	-	2,399,446	7,141,590
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,768,398</u>	<u>\$ 9,526,474</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, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 91,050	\$ 91,050	\$ -
Meals	35,000	40,879	5,879
Other	12,450	13,172	722
Total Revenues	<u>138,500</u>	<u>145,101</u>	<u>6,601</u>
Expenditures			
Current			
Community Services	592,890	571,593	21,297
Capital Outlay	5,000	-	5,000
Total Expenditures	<u>597,890</u>	<u>571,593</u>	<u>26,297</u>
Excess (Deficiency) of Revenues Over Expenditures	(459,390)	(426,492)	32,898
Other Financing Sources (Uses)			
Transfers In	456,540	426,492	(30,048)
Net Change in Fund Balances	(2,850)	-	2,850
Fund Balances, July 1	-	-	-
Fund Balances, June 30	<u>\$ (2,850)</u>	<u>\$ -</u>	<u>\$ 2,850</u>

**CITY OF TULARE
HOUSING REDEVELOPMENT CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 970,877	\$ 970,877
Grants	2,499,620	1,154,777	(1,344,843)
Other	-	151,538	151,538
	<u>2,499,620</u>	<u>2,277,192</u>	<u>(222,428)</u>
Total Revenues			
	<u>2,499,620</u>	<u>2,277,192</u>	<u>(222,428)</u>
Expenditures			
Current			
Community Services	2,279,220	944,589	1,334,631
Intergovernmental	23,900	-	23,900
Debt Service			
Principal	34,000	34,000	-
Interest	6,000	1,577	4,423
	<u>2,343,120</u>	<u>980,166</u>	<u>1,362,954</u>
Total Expenditures			
	<u>2,343,120</u>	<u>980,166</u>	<u>1,362,954</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>156,500</u>	<u>1,297,026</u>	<u>1,140,526</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(161,290)</u>	<u>(135,871)</u>	<u>25,419</u>
Total Other Financing Sources (Uses)	<u>(161,290)</u>	<u>(135,871)</u>	<u>25,419</u>
Net Change in Fund Balances	(4,790)	1,161,155	1,165,945
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (4,790)</u>	<u>\$ 1,161,155</u>	<u>\$ 1,165,945</u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 21,227,380	\$ 1,906,177	\$ (19,321,203)
Interest and Rentals	25,000	43,374	18,374
	<u>21,252,380</u>	<u>1,949,551</u>	<u>(19,302,829)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(24,247,660)</u>	<u>(1,106,618)</u>	<u>23,141,042</u>
Net Change in Fund Balances	(2,995,280)	842,933	3,838,213
Fund Balances, July 1	<u>4,809,924</u>	<u>4,809,924</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 1,814,644</u></u>	<u><u>\$ 5,652,857</u></u>	<u><u>\$ 3,838,213</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 131,800	\$ 146,364	\$ 14,564
Interest and Rentals	200	749	549
	<u>132,000</u>	<u>147,113</u>	<u>15,113</u>
Total Revenues			
	<u>132,000</u>	<u>147,113</u>	<u>15,113</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(132,000)</u>	<u>(147,113)</u>	<u>(15,113)</u>
Net Change in Fund Balances	-	-	-
Fund Balances, July 1	<u>32,055</u>	<u>32,055</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 32,055</u>	<u>\$ 32,055</u>	<u>\$ -</u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 780	\$ 780
Grants	216,640	106,243	(110,397)
Total Revenues	<u>216,640</u>	<u>107,023</u>	<u>(109,617)</u>
Expenditures			
Current			
Public Safety	<u>216,640</u>	<u>107,023</u>	<u>109,617</u>
Total Expenditures	<u>216,640</u>	<u>107,023</u>	<u>109,617</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses) Transfers Out	<u>-</u>	<u>-</u>	<u>-</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>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ -	\$ -
Grants	105,290	73,125	(32,165)
Other	-	-	-
Total Revenues	<u>105,290</u>	<u>73,125</u>	<u>(32,165)</u>
Expenditures			
Current			
Public Safety	57,790	51,850	5,940
Community Services	15,950	16,354	(404)
Capital Outlay	31,550	4,921	26,629
Total Expenditures	<u>105,290</u>	<u>73,125</u>	<u>32,165</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
Other Financing Sources (Uses) Operating Transfers Out	-	-	-
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, July 1	-	-	-
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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Assessments	\$ 565,960	\$ 598,977	\$ 33,017
Other	-	3,875	3,875
	<u>565,960</u>	<u>602,852</u>	<u>36,892</u>
Total Revenues			
	<u>565,960</u>	<u>602,852</u>	<u>36,892</u>
Expenditures			
Community Services	<u>713,170</u>	<u>614,011</u>	<u>99,159</u>
Net Change in Fund Balances	(147,210)	(11,159)	136,051
Fund Balances, July 1	<u>(348,338)</u>	<u>(348,338)</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ (495,548)</u></u>	<u><u>\$ (359,497)</u></u>	<u><u>\$ 136,051</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, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 65,000	\$ 76,000	\$ 11,000
Interest and Rentals	200	106	(94)
	<u>65,200</u>	<u>76,106</u>	<u>10,906</u>
Total Revenues			
	<u>65,200</u>	<u>76,106</u>	<u>10,906</u>
Expenditures			
Current			
Community Services	55,390	47,349	8,041
	<u>55,390</u>	<u>47,349</u>	<u>8,041</u>
Excess (Deficiency) of Revenue Over Expenditures	9,810	28,757	18,947
Other Financing Sources (Uses)			
Transfers Out	(9,810)	(28,757)	(18,947)
	<u>(9,810)</u>	<u>(28,757)</u>	<u>(18,947)</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
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 93	\$ 93
Grants	-	-	-
Total Revenues	<u>-</u>	<u>93</u>	<u>93</u>
Expenditures			
Current			
Community Services	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	93	93
Other Financing Sources (Uses)			
Transfers Out	<u>(5,000)</u>	<u>(3,046)</u>	<u>1,954</u>
Net Change in Fund Balances	<u>(5,000)</u>	<u>(2,953)</u>	<u>2,047</u>
Fund Balances, July 1	<u>10,779</u>	<u>10,779</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 5,779</u>	<u>\$ 7,826</u>	<u>\$ 2,047</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, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 100	\$ 920	\$ 820
Grants	33,660	48,524	14,864
Other	-	-	-
	<u>33,760</u>	<u>49,444</u>	<u>15,684</u>
Total Revenues	<u>33,760</u>	<u>49,444</u>	<u>15,684</u>
Expenditures			
Current			
Public Safety	30,310	25,832	4,478
Capital Outlay	12,470	-	12,470
	<u>42,780</u>	<u>25,832</u>	<u>16,948</u>
Total Expenditures	<u>42,780</u>	<u>25,832</u>	<u>16,948</u>
Net Change in Fund Balances	(9,020)	23,612	32,632
Fund Balances, July 1	<u>103,460</u>	<u>103,460</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 94,440</u></u>	<u><u>\$ 127,072</u></u>	<u><u>\$ 32,632</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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 500	\$ 1,072	\$ 572
Grants	25,000	29,218	4,218
	<u>25,500</u>	<u>30,290</u>	<u>4,790</u>
Total Revenues			
	<u>25,500</u>	<u>30,290</u>	<u>4,790</u>
Expenditures			
Current			
Public Safety	29,480	27,946	1,534
	<u>29,480</u>	<u>27,946</u>	<u>1,534</u>
Net Change in Fund Balances	(3,980)	2,344	6,324
Fund Balances, July 1	<u>134,264</u>	<u>134,264</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 130,284</u>	<u>\$ 136,608</u>	<u>\$ 6,324</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 341,880	\$ 328,338	\$ (13,542)
Total Revenues	<u>341,880</u>	<u>328,338</u>	<u>(13,542)</u>
Expenditures			
Current			
Public Safety	351,640	366,725	(15,085)
Total Expenditures	<u>351,640</u>	<u>366,725</u>	<u>(15,085)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,760)</u>	<u>(38,387)</u>	<u>(28,627)</u>
Other Financing Sources (Uses)			
Transfers In	9,760	38,387	28,627
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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 30,650	\$ 31,000	\$ 350
Total Revenues	<u>30,650</u>	<u>31,000</u>	<u>350</u>
Expenditures			
Current			
Library and Cultural	<u>106,170</u>	<u>105,200</u>	<u>970</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(75,520)</u>	<u>(74,200)</u>	<u>1,320</u>
Other Financing Sources (Uses)			
Transfers In	<u>75,520</u>	<u>74,200</u>	<u>(1,320)</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
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 153,180	\$ 94,802	\$ (58,378)
Grants	<u>3,062,180</u>	<u>243,284</u>	<u>(2,818,896)</u>
Total Revenues	<u>3,215,360</u>	<u>338,086</u>	<u>(2,877,274)</u>
Expenditures			
Current			
Community Services	<u>3,237,260</u>	<u>338,086</u>	<u>2,899,174</u>
Total Expenditures	<u>3,237,260</u>	<u>338,086</u>	<u>2,899,174</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,900)</u>	<u>-</u>	<u>21,900</u>
Other Financing Sources (Uses)			
Transfers In	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>-</u>	<u>(55,000)</u>
Net Change in Fund Balances	33,100	-	(33,100)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 33,100</u>	<u>\$ -</u>	<u>\$ (33,100)</u>

**CITY OF TULARE
 RENTAL REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 294	\$ 294
Grants	<u>1,324,650</u>	<u>197,828</u>	<u>(1,126,822)</u>
Total Revenues	<u>1,324,650</u>	<u>198,122</u>	<u>(1,126,528)</u>
Expenditures			
Current			
Community Services	<u>1,324,650</u>	<u>198,122</u>	<u>1,126,528</u>
Total Expenditures	<u>1,324,650</u>	<u>198,122</u>	<u>1,126,528</u>
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 16,950,000	\$ 3,126,848	\$ (13,823,152)
Interest and Rentals	10,000	31,324	21,324
	<u>16,960,000</u>	<u>3,158,172</u>	<u>(13,801,828)</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	<u>(19,949,010)</u>	<u>(2,789,220)</u>	<u>17,159,790</u>
Net Change in Fund Balances	(2,989,010)	368,952	3,357,962
Fund Balances, July 1	<u>2,399,446</u>	<u>2,399,446</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (589,564)</u>	<u>\$ 2,768,398</u>	<u>\$ 3,357,962</u>

CAPITAL PROJECTS FUNDS

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

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	Library Expansion	Fire Station #2	Fire Station #3	Fire Station #4	Total
Assets					
Cash and Investments	\$ -	\$ 226,451	\$ -	\$ -	\$ 226,451
Cash and Investments with Fiscal Agent	-	2,564,655	-	-	2,564,655
Total Assets	\$ -	\$ 2,791,106	\$ -	\$ -	\$ 2,791,106
Liabilities and Fund Balances					
Accounts Payable and Accrued Liabilities	\$ -	\$ 6,894	\$ -	\$ -	\$ 6,894
Total Liabilities	-	6,894	-	-	6,894
Fund Balances					
Restricted	-	2,784,212	-	-	2,784,212
Total Fund Balances	-	2,784,212	-	-	2,784,212
Total Liabilities and Fund Balances	\$ -	\$ 2,791,106	\$ -	\$ -	\$ 2,791,106

**CITY OF TULARE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Library Expansion	Fire Station #2	Fire Station #3	Fire Station #4	Total
Revenues					
Interest and Rentals	\$ -	\$ 456	\$ 32	\$ -	\$ 488
Other	50,153	-	-	-	50,153
Total Revenues	<u>50,153</u>	<u>456</u>	<u>32</u>	<u>-</u>	<u>50,641</u>
Expenditures					
Current					
Community Development	440,091	188,055	-	-	628,146
Excess (Deficiency) of Revenues Over Expenditures	<u>(389,938)</u>	<u>(187,599)</u>	<u>32</u>	<u>-</u>	<u>(577,505)</u>
Other Financing Sources					
Transfers In	732,510	2,882,655	-	-	3,615,165
Net Change in Fund Balances	342,572	2,695,056	32	-	3,037,660
Fund Balances - Beginning	<u>(342,572)</u>	<u>89,156</u>	<u>(32)</u>	<u>-</u>	<u>(253,448)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 2,784,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,784,212</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2011**

Assets	Fleet Maintenance	Employee Welfare	Workers' Compensation
Current Assets			
Cash and Investments	\$ 4,100,149	\$ 2,191,628	\$ 2,845,822
Cash and Investments with Fiscal Agent	-	24,904	429,781
Accounts Receivable	25,961	53,861	4,443
Other Receivables	111,190	-	-
Inventories	-	-	-
Due from Other Funds	479,752	-	-
Total Current Assets	4,717,052	2,270,393	3,280,046
Noncurrent Assets			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	16,857,225	-	-
Accumulated Depreciation	(12,309,488)	-	-
Total Noncurrent Assets	12,459,090	-	-
Total Assets	\$ 17,176,142	\$ 2,270,393	\$ 3,280,046
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 166,065	\$ 197,685	\$ 1,918
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	10,060	-	-
Compensated Absences Payable -- Current	3,123	366	367
Capital Leases Payable -- Current	8,797	-	-
Total Current Liabilities	188,045	198,051	2,285
Noncurrent Liabilities			
Advances from Other Funds	120,726	-	-
Capital Leases Payable	233,135	-	-
Compensated Absences Payable	39,027	4,578	4,585
Total Noncurrent Liabilities	392,888	4,578	4,585
Total Liabilities	580,933	202,629	6,870
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,217,158	-	-
Restricted for Capital Improvements	75,000	-	-
Unrestricted	4,303,051	2,067,764	3,273,176
Total Net Assets	\$ 16,595,209	\$ 2,067,764	\$ 3,273,176

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 46,588	\$ -	\$ -	\$ 9,184,187
646,596	-	-	1,101,281
400	-	35,647	120,312
-	-	-	111,190
-	-	270,762	270,762
-	-	-	479,752
<u>693,584</u>	<u>-</u>	<u>306,409</u>	<u>11,267,484</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,648,583
-	-	13,419	16,870,644
-	-	(13,419)	(12,322,907)
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,459,090</u>
<u>\$ 693,584</u>	<u>\$ -</u>	<u>\$ 306,409</u>	<u>\$ 23,726,574</u>
\$ 1,918	\$ -	\$ 80,215	\$ 447,801
-	-	479,752	479,752
-	-	-	10,060
366	-	245	4,467
-	-	-	8,797
<u>2,284</u>	<u>-</u>	<u>560,212</u>	<u>950,877</u>
-	-	-	120,726
-	-	-	233,135
4,578	-	3,067	55,835
<u>4,578</u>	<u>-</u>	<u>3,067</u>	<u>409,696</u>
<u>6,862</u>	<u>-</u>	<u>563,279</u>	<u>1,360,573</u>
-	-	-	12,217,158
-	-	-	75,000
686,722	-	(256,870)	10,073,843
<u>\$ 686,722</u>	<u>\$ -</u>	<u>\$ (256,870)</u>	<u>\$ 22,366,001</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Revenues			
Departmental Charges	\$ 1,871,164	\$ 2,272,124	\$ 669,080
Employee Contributions	-	1,398,596	-
Total Operating Revenues	<u>1,871,164</u>	<u>3,670,720</u>	<u>669,080</u>
Operating Expenses			
General Administration	43	1,095	2,163
Personal Services	582,016	116,440	60,501
Contractual Services	237,428	-	930
Equipment Usage and Operation	915,581	-	-
Insurance	89,859	3,868,912	1,184,279
Depreciation	1,680,702	-	-
Total Operating Expenses	<u>3,505,629</u>	<u>3,986,447</u>	<u>1,247,873</u>
Operating Loss	<u>(1,634,465)</u>	<u>(315,727)</u>	<u>(578,793)</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense)	35,098	16,502	23,291
Other Income	123,662	18,172	89,316
Gain on Sale of Assets	17,734	-	-
Total Nonoperating Revenues	<u>176,494</u>	<u>34,674</u>	<u>112,607</u>
Income (Loss) Before Transfers	<u>(1,457,971)</u>	<u>(281,053)</u>	<u>(466,186)</u>
Transfers In	<u>252,722</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(1,205,249)	(281,053)	(466,186)
Net Assets (Deficit), Beginning	<u>17,800,458</u>	<u>2,348,817</u>	<u>3,739,362</u>
Net Assets (Deficit), Ending	<u>\$ 16,595,209</u>	<u>\$ 2,067,764</u>	<u>\$ 3,273,176</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 660,066	\$ -	\$ 1,234,481	\$ 6,706,915
-	-	-	1,398,596
<u>660,066</u>	<u>-</u>	<u>1,234,481</u>	<u>8,105,511</u>
501,706	-	4,211	509,218
60,593	-	49,504	869,054
-	-	-	238,358
-	-	1,380,569	2,296,150
582,735	62,138	-	5,787,923
-	-	-	1,680,702
<u>1,145,034</u>	<u>62,138</u>	<u>1,434,284</u>	<u>11,381,405</u>
<u>(484,968)</u>	<u>(62,138)</u>	<u>(199,803)</u>	<u>(3,275,894)</u>
2,182	-	-	77,073
205,105	-	222,289	658,544
-	-	-	17,734
<u>207,287</u>	<u>-</u>	<u>222,289</u>	<u>753,351</u>
<u>(277,681)</u>	<u>(62,138)</u>	<u>22,486</u>	<u>(2,522,543)</u>
<u>-</u>	<u>62,138</u>	<u>-</u>	<u>314,860</u>
(277,681)	-	22,486	(2,207,683)
<u>964,403</u>	<u>-</u>	<u>(279,356)</u>	<u>24,573,684</u>
<u>\$ 686,722</u>	<u>\$ -</u>	<u>\$ (256,870)</u>	<u>\$ 22,366,001</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 1,855,798	\$ 3,678,628	\$ 672,851
Cash received from other operations	(10,060)	-	-
Cash paid for salaries and benefits	(577,194)	(116,343)	(60,404)
Cash paid for services and supplies	(1,124,016)	(131,222)	(1,152)
Cash paid for reported claims	(89,859)	(3,868,912)	(1,184,279)
Cash paid for other charges	(43)	(1,095)	(2,163)
	<u>54,626</u>	<u>(438,944)</u>	<u>(575,147)</u>
Cash Flows from Non-Capital Financing Activities:			
Other income	123,662	18,172	89,316
Operating transfers from other funds	252,722	-	-
	<u>376,384</u>	<u>18,172</u>	<u>89,316</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	(339,521)	-	-
Payments made on capital leases	(2,421)	-	-
	<u>(341,942)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest Income	35,098	16,502	23,291
	<u>35,098</u>	<u>16,502</u>	<u>23,291</u>
Net Increase (Decrease) in Cash and Cash Equivalents	124,166	(404,270)	(462,540)
Cash and Cash Equivalents, July 1	3,975,983	2,620,802	3,738,143
Cash and Cash Equivalents, June 30	<u>\$ 4,100,149</u>	<u>\$ 2,216,532</u>	<u>\$ 3,275,603</u>

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 660,405	\$ -	\$ 1,187,632	\$ 8,055,314
-	-	27,031	16,971
(60,496)	-	(49,791)	(864,228)
(25)	-	(1,382,950)	(2,639,365)
(582,735)	(62,138)	-	(5,787,923)
(501,706)	-	(4,211)	(509,218)
<u>(484,557)</u>	<u>(62,138)</u>	<u>(222,289)</u>	<u>(1,728,449)</u>
205,105	-	222,289	658,544
-	62,138	-	314,860
<u>205,105</u>	<u>62,138</u>	<u>222,289</u>	<u>973,404</u>
-	-	-	(339,521)
-	-	-	(2,421)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(341,942)</u>
<u>2,182</u>	<u>-</u>	<u>-</u>	<u>77,073</u>
<u>2,182</u>	<u>-</u>	<u>-</u>	<u>77,073</u>
(277,270)	-	-	(1,019,914)
<u>970,454</u>	<u>-</u>	<u>-</u>	<u>11,305,382</u>
<u>\$ 693,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,285,468</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Income (Loss)	\$ (1,634,465)	\$ (315,727)	\$ (578,793)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,680,702	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	11,665	7,908	3,771
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in due from other funds	(27,031)	-	-
Increase (Decrease) in accounts payable and accrued liabilities	28,993	(131,222)	(222)
Increase in due to other funds	-	-	-
Increase in advance from other funds	(10,060)	-	-
Increase (Decrease) in compensated absences payable	4,822	97	97
Net Cash Provided by (Used for) Operating Activities	<u>54,626</u>	<u>(438,944)</u>	<u>(575,147)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and investments	4,100,149	2,191,628	2,845,822
Cash and investments with fiscal agents	-	24,904	429,781
Cash and Cash Equivalents per Statement of Cash Flows	<u><u>\$ 4,100,149</u></u>	<u><u>\$ 2,216,532</u></u>	<u><u>\$ 3,275,603</u></u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ (484,968)	\$ (62,138)	\$ (199,803)	\$ (3,275,894)
-	-	-	1,680,702
339	-	(35,647)	(11,964)
-	-	(11,202)	(11,202)
-	-	-	(27,031)
(25)	-	(2,381)	(104,857)
-	-	27,031	27,031
-	-	-	(10,060)
97	-	(287)	4,826
<u>(484,557)</u>	<u>(62,138)</u>	<u>(222,289)</u>	<u>(1,728,449)</u>
46,588	-	-	9,184,187
<u>646,596</u>	<u>-</u>	<u>-</u>	<u>1,101,281</u>
<u>\$ 693,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,285,468</u>

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FIDUCIARY FUNDS

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

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

**CITY OF TULARE
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
AGENCY FUND				
Assets				
Cash and Investments	\$ 971,263	\$ 530,384	\$ 1,020,183	\$ 481,464
Due from Other Governments	475	-	475	-
Accounts Receivable	26,209	8,219	34,382	46
Total Assets	<u>\$ 997,947</u>	<u>\$ 538,603</u>	<u>\$ 1,055,040</u>	<u>\$ 481,510</u>
Liabilities				
Accounts Payable	\$ 301,011	\$ 991,509	\$ 1,290,635	\$ 1,885
Deposits Payable	696,936	63,691	281,002	479,625
Total Liabilities	<u>\$ 997,947</u>	<u>\$ 1,055,200</u>	<u>\$ 1,571,637</u>	<u>\$ 481,510</u>
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 2,723,540	\$ 1,641,656	\$ 2,106,816	\$ 2,258,380
Accounts Receivable	44,305	72,688	19,947	97,046
Total Assets	<u>\$ 2,767,845</u>	<u>\$ 1,714,344</u>	<u>\$ 2,126,763</u>	<u>\$ 2,355,426</u>
Liabilities				
Due to Other Funds	\$ 14,794	\$ 45,376	\$ 14,795	\$ 45,375
Deposits Payable	2,753,051	2,056,836	2,499,836	2,310,051
Total Liabilities	<u>\$ 2,767,845</u>	<u>\$ 2,102,212</u>	<u>\$ 2,514,631</u>	<u>\$ 2,355,426</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 3,694,803	\$ 2,172,040	\$ 3,126,999	\$ 2,739,844
Due from Other Governments	475	-	475	-
Accounts Receivable	70,514	80,907	54,329	97,092
Total Assets	<u>\$ 3,765,792</u>	<u>\$ 2,252,947</u>	<u>\$ 3,181,803</u>	<u>\$ 2,836,936</u>
Liabilities				
Accounts Payable	\$ 301,011	\$ 991,509	\$ 1,290,635	\$ 1,885
Due to Other Funds	14,794	45,376	14,795	45,375
Deposits Payable	3,449,987	2,120,527	2,780,838	2,789,676
Total Liabilities	<u>\$ 3,765,792</u>	<u>\$ 3,157,412</u>	<u>\$ 4,086,268</u>	<u>\$ 2,836,936</u>

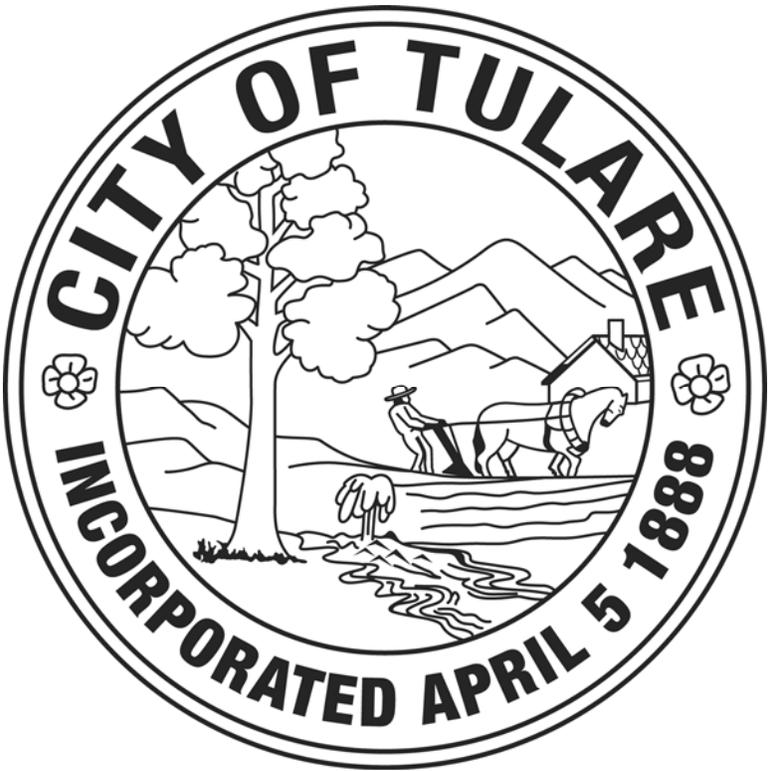
CITY OF TULARE
SCHEDULE OF EXPENDITURES BY DEPARTMENT –
BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 63,650	\$ 63,650	\$ 53,334	\$ 10,316
City Manager	446,890	501,770	534,647	(32,877)
Finance	953,910	945,860	912,294	33,566
Economic Development	328,810	328,810	303,579	25,231
Personnel	314,670	336,670	299,750	36,920
Non-departmental	1,182,260	1,729,470	1,606,176	123,294
Animal Control	590,560	590,560	541,139	49,421
Total General Government	<u>3,880,750</u>	<u>4,496,790</u>	<u>4,250,919</u>	<u>245,871</u>
Public Safety				
Police	8,887,580	9,147,430	8,752,457	394,973
Fire	7,504,280	8,757,990	8,602,859	155,131
Total Public Safety	<u>16,391,860</u>	<u>17,905,420</u>	<u>17,355,316</u>	<u>550,104</u>
Public Works				
Streets	2,197,220	2,197,220	2,193,512	3,708
Storm Drains	166,400	166,400	229,570	(63,170)
Total Public Works	<u>2,363,620</u>	<u>2,363,620</u>	<u>2,423,082</u>	<u>(59,462)</u>
Community Development				
Planning	516,340	651,270	483,548	167,722
Building Services	1,234,240	1,258,560	1,186,599	71,961
Engineering Administration	2,116,530	965,490	783,930	181,560
Building Inspection	722,040	722,040	642,674	79,366
Parking and Business Improvement	93,100	93,100	90,529	2,571
Dangerous Building Abatement	40,000	40,000	51,565	(11,565)
Total Community Development	<u>4,722,250</u>	<u>3,730,460</u>	<u>3,238,845</u>	<u>491,615</u>
Community Services				
Parks	1,914,530	1,910,230	1,660,645	249,585
Community Services	894,990	890,790	820,683	70,107
Cycle Park	58,720	70,260	75,399	(5,139)
Total Community Services	<u>2,868,240</u>	<u>2,871,280</u>	<u>2,556,727</u>	<u>314,553</u>
Library and Cultural	<u>773,170</u>	<u>804,440</u>	<u>808,957</u>	<u>(4,517)</u>
Capital Outlay	<u>52,690,740</u>	<u>57,646,440</u>	<u>14,709,985</u>	<u>42,936,455</u>
Debt Service				
Principal	124,890	124,890	9,889	115,001
Interest	56,370	56,370	102,631	(46,261)
Total Debt Service	<u>181,260</u>	<u>181,260</u>	<u>112,520</u>	<u>68,740</u>
Transfers Out	<u>5,649,950</u>	<u>6,564,320</u>	<u>9,506,133</u>	<u>(2,941,813)</u>
Total General Fund Expenditures	<u>\$ 89,521,840</u>	<u>\$ 96,564,030</u>	<u>\$ 54,962,484</u>	<u>\$ 41,601,546</u>

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 3,495,860	\$ 3,930,663	\$ 434,803
Expenditures			
Measure I - Police	2,662,040	2,631,306	30,734
Measure I - Fire	1,193,260	1,278,470	(85,210)
Measure I - Code Enforcement	234,830	159,592	75,238
Measure I - Streets	-	-	-
Total Expenditures	4,090,130	4,069,368	20,762
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (594,270)</u>	<u>\$ (138,705)</u>	<u>\$ 455,565</u>

STATISTICAL SECTION



STATISTICAL SECTION

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**CITY OF TULARE
STATISTICAL SECTION
FOR THE YEAR ENDED JUNE 30, 2011**

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.	122 – 131
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.	132 – 139
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.	140 – 147
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.	148 – 150
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.	151 – 155

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Governmental Activities:</u>				
Invested in Capital Assets, Net of Related Debt	\$ 23,156,238	\$ 26,833,821	\$ 33,166,653	\$110,129,292
Restricted	-	-	-	-
Unrestricted	58,442,530	65,408,770	71,510,372	84,457,595
Total Governmental Activities Net Assets	\$ 81,598,768	\$ 92,242,591	\$ 104,677,025	\$194,586,887
<u>Business-Type Activities:</u>				
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 29,091,983	\$ 53,520,535	\$ 59,392,047	\$ 63,892,373
<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	\$ 110,690,751	\$ 145,763,126	\$ 164,069,072	\$258,479,260

The City of Tulare implemented GASB Statement No. 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	2011
\$ 129,555,443	\$ 142,261,018	\$ 134,341,017	\$ 151,745,077
23,652,940	19,215,692	5,079,552	5,950,633
66,208,918	74,474,840	48,577,529	41,007,426
<u>\$ 219,417,301</u>	<u>\$ 235,951,550</u>	<u>\$ 187,998,098</u>	<u>\$ 198,703,136</u>
\$ 107,113,034	\$ 86,649,558	\$ 83,970,647	\$ 87,741,783
44,617,222	51,229,220	33,428,794	11,328,132
(74,352,100)	(52,851,820)	(34,593,405)	(16,441,899)
<u>\$ 77,378,156</u>	<u>\$ 85,026,958</u>	<u>\$ 82,806,036</u>	<u>\$ 82,628,016</u>
\$236,668,477	\$228,910,576	\$ 218,311,664	\$ 239,486,860
68,270,162	70,444,912	38,508,346	17,278,765
(8,143,182)	21,623,020	13,984,124	24,565,527
<u>\$ 296,795,457</u>	<u>\$ 320,978,508</u>	<u>\$ 270,804,134</u>	<u>\$ 281,331,152</u>

**CITY OF TULARE
CHANGES IN NET ASSETS
LAST EIGHT 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
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,638,883	1,221,308	2,922,213	1,887,471
Total Business-Type Activities Program Revenues	<u>19,120,172</u>	<u>22,177,418</u>	<u>26,889,874</u>	<u>27,113,551</u>
Total Primary Government Program Revenues	<u>23,848,612</u>	<u>28,614,444</u>	<u>34,799,857</u>	<u>35,396,223</u>

(Continued)

Fiscal Year			
2008	2009	2010	2011
\$ 2,855,538	\$ 4,372,097	\$ 7,227,222	\$ 8,642,445
28,228	3,904	22,198	3,325
17,234,653	17,919,518	18,150,196	18,593,186
2,816,141	2,655,054	2,253,586	2,578,473
7,791,822	5,367,023	7,548,417	6,750,085
4,075,367	4,161,627	4,119,626	3,862,066
3,331,468	4,082,194	5,254,822	4,432,456
668,323	2,649,504	1,873,941	1,558,168
<u>38,801,540</u>	<u>41,210,921</u>	<u>46,450,008</u>	<u>46,420,204</u>
149,838	135,527	377,402	382,051
2,373,838	2,569,527	2,491,326	2,646,089
5,774,160	5,360,552	5,886,572	6,873,779
6,828,700	6,392,221	6,630,196	5,413,630
12,797,031	13,920,042	23,628,414	22,960,927
<u>27,923,567</u>	<u>28,377,869</u>	<u>39,013,910</u>	<u>38,276,476</u>
<u>66,725,107</u>	<u>69,588,790</u>	<u>85,463,918</u>	<u>84,696,680</u>
307,426	465,136	404,289	471,461
180,370	176,350	261,239	1,656,320
2,079,850	2,139,721	1,311,651	1,275,328
301,977	282,465	126,065	140,660
2,428,421	1,692,768	1,506,687	1,938,612
436,384	442,745	230,451	210,683
363,663	434,294	293,953	241,799
153,895	153,891	647,282	1,131,073
931,941	150,871	182,021	4,449,047
<u>7,183,927</u>	<u>5,938,241</u>	<u>4,963,638</u>	<u>11,514,983</u>
103,064	111,999	113,350	110,825
1,507,696	2,131,920	1,885,297	1,895,852
6,383,693	4,673,549	5,112,671	4,978,664
6,513,112	5,946,594	6,539,840	7,158,579
18,812,643	16,887,266	20,134,580	22,549,039
-	-	-	850,130
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>37,543,089</u>
<u>48,047,420</u>	<u>40,294,524</u>	<u>40,995,431</u>	<u>49,058,072</u>

(Continued)

CITY OF TULARE
CHANGES IN NET ASSETS (Continued)
LAST EIGHT 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 Statement No. 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	2011
(31,617,613)	(35,272,680)	(41,486,370)	(34,905,221)
<u>12,939,926</u>	<u>5,978,414</u>	<u>(2,982,117)</u>	<u>(733,387)</u>
<u>(18,677,687)</u>	<u>(29,294,266)</u>	<u>(44,468,487)</u>	<u>(35,638,608)</u>
16,163,788	14,466,030	17,003,577	16,314,384
4,279,124	4,583,226	4,040,713	4,153,674
5,348,107	5,295,978	5,462,182	5,533,018
2,524,436	2,548,329	2,147,819	2,299,093
4,580,676	4,819,229	4,701,932	4,734,280
6,504,081	6,709,281	897,402	579,731
15,202,114	9,123,660	3,035,817	3,357,639
1,285,206	955,672	591,426	265,222
30,055	-	-	17,734
<u>530,440</u>	<u>3,305,524</u>	<u>-</u>	<u>8,355,484</u>
<u>56,448,027</u>	<u>51,806,929</u>	<u>37,880,868</u>	<u>45,610,259</u>
1,076,297	4,777,743	719,593	656,937
-	-	41,602	-
<u>(530,440)</u>	<u>(3,305,524)</u>	<u>-</u>	<u>(101,570)</u>
<u>545,857</u>	<u>1,472,219</u>	<u>761,195</u>	<u>555,367</u>
<u>56,993,884</u>	<u>53,279,148</u>	<u>38,642,063</u>	<u>46,165,626</u>
<u>-</u>	<u>-</u>	<u>(44,258,915)</u>	<u>-</u>
24,830,414	16,534,249	(47,864,417)	10,705,038
<u>13,485,783</u>	<u>7,450,633</u>	<u>(2,220,922)</u>	<u>(178,020)</u>
<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>	<u>\$ (50,085,339)</u>	<u>\$ 10,527,018</u>

CITY OF TULARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT 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
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
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)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
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>

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

The City of Tulare implemented GASB Statement No. 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	2011
\$ 25,285,362	\$ 26,437,732	\$ 26,437,732	\$ -
10,431,701	9,409,100	6,320,602	-
-	-	-	-
-	-	-	(13,386)
-	-	-	21,781,536
-	-	-	-
-	-	-	-
\$ 35,717,063	\$ 35,846,832	\$ 32,758,334	\$ 21,768,150
\$ 23,427,969	\$ 16,374,755	\$ 4,293,093	\$ -
5,119,028	6,069,714	7,141,590	-
(297,431)	(455,256)	(253,448)	-
-	-	-	-
-	-	-	12,310,686
-	-	-	3,381,226
-	-	-	-
-	-	-	-
\$ 28,249,566	\$ 21,989,213	\$ 11,181,235	\$ 15,691,912

CITY OF TULARE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT 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	2011
\$ 32,896,131	\$ 31,712,792	\$ 33,356,223	\$ 28,300,169
177,349	317,124	259,997	6,390,419
1,218,021	640,257	600,944	880,876
233,436	233,308	296,334	261,035
4,098,683	4,102,455	2,493,574	2,447,307
1,962,211	2,893,221	740,036	502,658
2,044,042	1,232,934	1,420,729	5,845,341
65,411	57,093	35,006	40,879
370,602	481,527	483,486	689,506
<u>14,837,908</u>	<u>8,620,736</u>	<u>2,770,855</u>	<u>2,658,216</u>
<u>57,903,794</u>	<u>50,291,447</u>	<u>42,457,184</u>	<u>48,016,406</u>
3,798,782	4,194,242	3,842,671	4,250,919
1,628,184	3,904	22,198	3,325
16,532,003	16,934,752	17,119,531	17,934,692
2,606,821	2,398,132	2,014,853	2,423,082
6,027,437	7,945,185	15,862,715	5,347,788
3,987,118	4,034,706	4,027,590	3,806,034
859,849	855,572	822,996	914,157
28,645,304	18,524,487	8,785,378	14,714,906
6,432,137	1,914,942	1,352,491	3,128,889
<u>1,073,901</u>	<u>2,604,554</u>	<u>2,266,398</u>	<u>1,758,832</u>
<u>71,591,536</u>	<u>59,410,476</u>	<u>56,116,821</u>	<u>54,282,624</u>
<u>(13,687,742)</u>	<u>(9,119,029)</u>	<u>(13,659,637)</u>	<u>(6,266,218)</u>
20,856,930	22,570,192	23,144,987	14,415,335
(20,840,420)	(19,581,747)	(23,381,826)	(14,628,624)
<u>34,758,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,774,959</u>	<u>2,988,445</u>	<u>(236,839)</u>	<u>(213,289)</u>
<u>\$ 21,087,217</u>	<u>\$ (6,130,584)</u>	<u>\$ (13,896,476)</u>	<u>\$ (6,479,507)</u>
17.48%	11.05%	7.65%	12.35%

**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		
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%
2011	2,867,056,082	107,447,481	2,974,503,563	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 THIRTEEN YEARS AGO**

	<u>2011</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	<u>0.143</u>	<u>0.141</u>
Total Average City Direct Rate	0.143	0.141
Overlapping Rates:		
County of Tulare	0.164	0.167
Buena Vista Elementary School District		0.154
Liberty Elementary School District	0.050	0.123
Sundale Elementary School District	0.024	
Oak Valley Union Elementary School District		0.122
Palo Verde Union Elementary School District		0.166
Tulare City Elementary School District	0.165	0.150
Tulare Joint Union High School District	0.187	0.048
College of Sequoias	0.073	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	0.138	0.025
Tulare Irrigation District		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>1.251</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%
7/1/2010		6.25%	0.25%	1.25%	0.50%	8.25%

Source:

State Board of Equalization, State of California

Notes:

1. The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of Equalization to collect the local tax.
2. Sales tax only. The use tax was enacted effective July 1, 1955.
3. In March 2004, a State ballot measure was passed issuing deficit reduction bonds for State purposes. Funding was provided effective July 1, 2004, by repealing 25% of the local 1% sales tax and then adopting a new ¼-cent sales tax dedicated to repayment of the deficit reduction bonds. Cities and counties would then be “made whole” by the State from increased property allocations via reduced contributions to ERAF. This “triple flip” is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
4. In November 2005, voters in the City of Tulare approved a local sales tax measure increasing the City rate by ½% which became effective April 1, 2006. The sales tax measure does not have a sunset period.
5. In November 2006 voters in the County of Tulare approved a 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	2011		2001	
	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.)	\$ 277,401,926	9.33%		
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	169,167,615	5.69%	109,647,058	7.57%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	83,330,737	2.80%	66,360,000	4.58%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	49,196,038	1.65%		
U.S. Cold Storage of California	72,340,975	2.43%	18,890,516	1.30%
Stella Foods, Inc			43,019,721	2.97%
Pre/Tulare Outparcel, LLC (formerly Horizon Outlet Centers, Ltp.)	28,275,404	0.95%		
Lowe's HIW, Inc.	17,812,008	0.60%		
Paul A. and Vickie L. Daley	16,035,185	0.54%	8,781,728	0.61%
General Mills Operations, Inc.			14,716,970	1.02%
Target Corporation	21,839,138	0.73%		
Wal-Mart Real Estate Business Trust			9,474,896	0.65%
Western Investment Real Estate			9,178,449	0.63%
Ice Cream Partners USA, LLC			46,764,240	3.23%
Daleville Sommerset Tulare Outlet Center, LP			16,473,480	1.14%
Strawberry Stand Corner, LLC	15,320,691	0.52%		
Total taxable assessed value of top fifteen largest taxpayers	<u>\$ 750,719,717</u>	<u>25.24%</u>	<u>\$ 343,307,058</u>	<u>23.69%</u>
Total assessed value of all taxpayers	<u>\$ 2,974,503,563</u>	<u>100.00%</u>	<u>\$ 1,449,331,794</u>	<u>100.00%</u>

Source:

Tulare County Auditor-Controller Office

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy			Total Collections to Date		
		Amount (2)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy	
2002	(6) \$ 2,169,365	\$ 2,033,022	93.72%	(3)	\$ 2,033,022	93.72%	
2003	(7) 2,208,405	2,091,363	94.70%	(3)	2,091,363	94.70%	
2004	(8) 2,430,804	2,253,365	92.70%	(3)	2,253,365	92.70%	
2005	(9) 2,701,215	2,477,028	91.70%	(3)	2,477,028	91.70%	
2006	(10) 3,102,138	2,799,164	90.23%	(3)	2,799,164	90.23%	
2007	(11) 3,841,381	3,361,285	87.50%	(3)	3,361,285	87.50%	
2008	(12) 4,628,069	3,973,382	85.85%	(3)	3,973,382	85.85%	
2009	(13) 4,978,367	3,973,382	79.81%	(3)	3,973,382	79.81%	
2010	(14) 4,673,554	3,888,715	83.21%	80,491	3,969,206	84.93%	
2011	(15) 4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%	

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.
- (15) Reduced approximately \$1,698,640 for the property tax shift to education.

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

	Fiscal Year							
	2002		2003		2004		2005	
Sales:								
General Retail	\$ 1,363	29.64%	\$ 1,403	27.15%	\$ 1,506	28.44%	\$ 1,608	27.14%
Food Products	726	15.79%	1,257	24.33%	942	17.79%	1,159	19.56%
Transportation	1,354	29.45%	1,379	26.69%	1,481	27.97%	1,726	29.13%
Construction	650	14.14%	613	11.86%	766	14.47%	856	14.45%
Business to Business	460	10.00%	468	9.06%	551	10.41%	525	8.86%
Miscellaneous	45	0.98%	47	0.91%	49	0.93%	51	0.86%
Total	\$ 4,598	100.00%	\$ 5,167	100.00%	\$ 5,295	100.00%	\$ 5,925	100.00%

Source:

MuniServices, LLC

Fiscal Year

2006		2007		2008		2009		2010		2011	
\$ 1,798	27.49%	\$ 1,883	26.91%	\$ 2,066	28.61%	\$ 1,961	30.08%	\$ 1,919	30.44%	\$ 1,909	26.95%
1,047	16.01%	1,093	15.62%	1,185	16.41%	1,166	17.88%	1,260	19.98%	1,228	17.33%
1,874	28.65%	1,965	28.08%	2,022	28.00%	1,637	25.11%	1,541	24.44%	2,266	31.99%
1,169	17.87%	1,242	17.75%	1,158	16.04%	1,041	15.97%	994	15.77%	1,027	14.50%
593	9.07%	743	10.62%	731	10.12%	656	10.06%	531	8.42%	604	8.53%
59	0.90%	71	1.01%	59	0.82%	59	0.90%	60	0.95%	50	0.71%
<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>	<u>\$ 7,084</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
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
2011	32,883,113	1,273,634	-	-	-	34,156,747

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
\$ 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%
202,456,916	12,925,015	-	-	215,381,931	249,538,678	4,164	8.39%

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>
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	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65

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, 2011**

City Assessed Valuation		\$ 3,602,778,202	
Redevelopment Agency Incremental Valuation		<u>628,274,639</u>	
Total Assessed Valuation		<u>\$ 2,974,503,563</u>	
	<u>Total Debt</u>	<u>Percentage</u>	<u>City's Share of</u>
	6/30/11	Applicable (1)	Debt 6/30/11
Overlapping Tax and Assessment Debt:			
College of Sequoias Tulare School Facilities Improvement District	\$ 29,314,946	46.167%	\$ 13,533,831
Tulare Union High School District	42,465,812	58.375%	24,789,418
Liberty School District	1,005,000	7.146%	71,817
Tulare Local Health Care District	85,000,000	56.732%	<u>48,222,200</u>
Total Overlapping Tax and Assessment Debt			<u>86,617,266</u>
Ratios to 2010-11 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	<u>2.40%</u>		
Direct and Overlapping General Fund Debt:			
Tulare County General Fund Obligations	66,855,000	12.194%	8,152,299
Tulare County Pension Obligations	6,270,000	12.194%	764,564
College of Sequoias Certificates of Participation	9,393,321	12.985%	1,219,723
Tulare Union High School District Certificates of Participation	1,086,196	58.375%	634,067
Tulare School District Certificates of Participation	3,672,755	92.478%	3,396,490
City of Tulare General Fund Obligations	33,035,000	<u>100.000%</u>	<u>33,035,000</u>
Total Direct and Overlapping General Fund Debt			<u>47,202,143</u>
Total Direct Debt			\$ 33,035,000
Total Overlapping Debt			<u>100,784,409</u>
Combined Total Debt			<u>\$ 133,819,409 (2)</u>
Ratios to Adjusted Assessed Valuation:			
Total Direct Debt (\$33,035,000)	1.11%		
Combined total Debt	4.50%		

State School Building Aid Repayable as of 6/30/11: \$0

AB: (\$450)

Notes:

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

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

Source:

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2002	2003	2004	2005
Assessed Valuation	\$ 1,538,227,789	\$ 1,592,761,298	\$ 1,671,724,504	\$ 1,755,719,923
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	384,556,947	398,190,325	417,931,126	438,929,981
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	57,683,542	59,728,549	62,689,669	65,839,497
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 57,683,542</u>	<u>\$ 59,728,549</u>	<u>\$ 62,689,669</u>	<u>\$ 65,839,497</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					
2006	2007	2008	2009	2010	2011
\$ 1,884,513,873	\$ 2,360,974,439	\$ 2,850,677,974	\$ 3,070,169,494	\$ 2,933,020,206	\$ 2,974,503,563
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
471,128,468	590,243,610	712,669,495	767,542,373	733,255,052	743,625,891
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
70,669,270	88,536,541	106,900,424	115,131,356	109,988,258	111,543,884
-	-	-	-	-	-
<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>	<u>\$ 111,543,884</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF TULARE
 PLEDGED-REVENUE COVERAGE
 LAST SEVEN FISCAL YEARS ⁽¹⁾
 (In Thousands)**

Fiscal Year Ended June 30	Sewer Revenue Bonds								
	Total Sewer Revenue	Less Operating Expenses	Net Revenues	2001 Senior Bonds	Senior Debt Coverage	Remaining Net Revenues	Parity (Subordinate) Debt	Parity Debt Coverage	Net Revenues After Debt Service
2005	\$ 10,887	\$ 5,643	\$ 5,244	\$ 1,234	4.25	\$ 4,010	\$ 3,049	1.31	\$ 960
2006	12,240	5,810	6,430	1,234	5.21	5,196	3,034	1.71	2,162
2007	13,378	6,763	6,615	1,233	5.37	5,382	4,476	1.20	905
2008	19,517	8,582	10,935	1,236	8.85	9,700	6,640	1.46	3,060
2009	21,512	9,140	12,372	1,233	10.03	11,138	6,627	1.68	4,512
2010	20,738	10,786	9,952	1,229	8.09	8,722	6,912	1.26	1,810
2011	23,108	8,778	14,330	1,230	11.65	13,101	10,032	1.31	3,069

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

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

Prepared by Bartle Wells Associates based on audited financial information.

⁽¹⁾ Only seven years of information was available under this new format.

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 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
6,505	1,325	888	2.94

**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>
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)
2011	59,926	2,974,504	49.64	13.40%	15.60%	(a)

(a) Information unavailable

Sources:

- (1) State Department of Finance
- (2) Tulare County Auditor-Controller
- (3) State of California Employment Development Department (data shown is for the County)
- (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>2011</u>		<u>2001</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)	580	2.72%	650	3.42%
Haagen Dazs	300	1.41%	300	1.58%
Wal-Mart	280	1.31%		
Southern Ca Edison Company	270	1.27%	250	1.32%
Gruman-Olsen Ind., Inc.			200	1.05%
PSI Tronix			80	0.42%
US Cold Storage	200	0.94%		
Cheese & Protein International				
Ruiz Food Products	120	0.56%		
Kings County Truck Lines			160	0.84%
Saputo Cheese USA, Inc.	250	1.17%	120	0.63%
Kraft USA Tulare	150	0.70%	130	0.68%
J.D. Heiskell Company	125	0.59%	125	0.66%
Tulare Cultured Specialties (formerly Morningstar)	120	0.56%	80	0.42%

"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
City of Tulare Economic Development Department

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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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	34	35	35	34	34	35	40	40	40	40
Public Safety	114	116	119	119	137	147	161	166	166	166
Public Works	63	65	68	68	71	73	79	79	79	86
Community Development	22	12	20	19	19	23	24	24	24	24
Community Services	55	55	55	55	33	34	39	39	36	36
Library and Cultural	10	10	10	9	9	10	11	11	11	11
Total	298	293	307	304	303	322	354	359	356	363

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Police:					
Arrests	2,436	2,532	2,488	2,265	2,792
Parking Citations Issued	2,914	3,366	2,539	1,680	2,023
(1) Fire:					
Number of Emergency Calls	3,432	3,758	3,765	3,871	4,526
Inspections	586	891	1,078	1,194	1,333
Parks and Recreation:					
Number of Recreation Classes	82	87	93	95	101
Number of Facility Rentals	1,113	931	911	1,102	1,036
Water:					
New Connections	(1)	333	327	288	471
Average Daily Consumption (millions of gallons)	20	14	11	8	11
Sewer:					
New Connections	192	329	478	974	453

(1) Information unavailable.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2007	2008	2009	2010	2011
3,113	3,363	3,405	3,479	3,118
3,149	3,436	(1)	623	308
5,113	5,186	5,152	5,393	5,813
705	1,494	1,159	1,317	2,200
113	140	137	107	110
1,388	2,143	2,137	1,983	1,989
782	268	250	85	157
14	17	17	16	16
759	358	263	101	161

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	2	3	3	3
Public Works:					
Streets (miles)	155.83	161.69	170.00	158.70	170.00
Traffic Signals	36	36	37	39	40
Parks and Recreation:					
Parks	16	16	15	15	15
Park Acreage	174.15	193.85	189.15	189.15	189.15
Water:					
Water Mains (miles)	175.25	178.29	181.52	183.20	184.20
Average Daily Consumption (millions of gallons)	19.90	14.08	11.07	8.48	10.86
Sewer:					
Sanitary Sewers (miles)	168.09	171.19	173.85	175.30	176.90
Average Daily Wastewater Flow (millions of gallon)	9.02	10.01	10.32	10.81	11.22

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2007	2008	2009	2010	2011
1	1	1	1	1
3	3	3	3	3
184.60 41	187.52 41	192.67 41	194.32 41	194.32 41
16 206.15	17 207.81	17 207.81	17 207.81	18 303.15
192.90 13.58	208.51 16.72	214.32 16.48	215.26 15.80	215.98 16.04
184.60 11.30	197.64 11.36	203.78 11.18	231.82 11.06	232.46 11.64

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