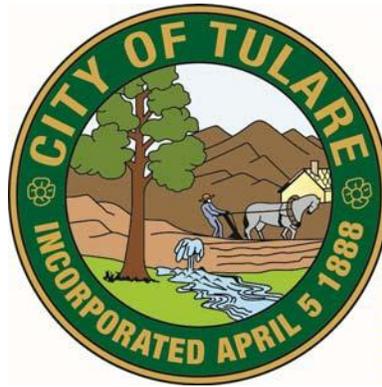

CITY OF
TULARE
CALIFORNIA

Comprehensive Annual

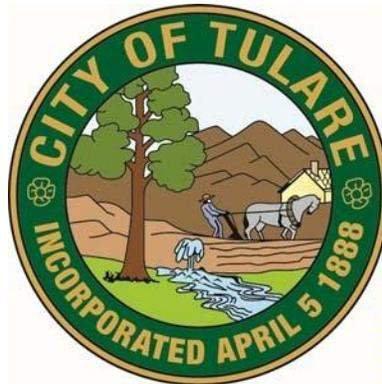


Financial Report

For the Fiscal Year Ended
JUNE 30, 2018

CITY OF
TULARE
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2018**

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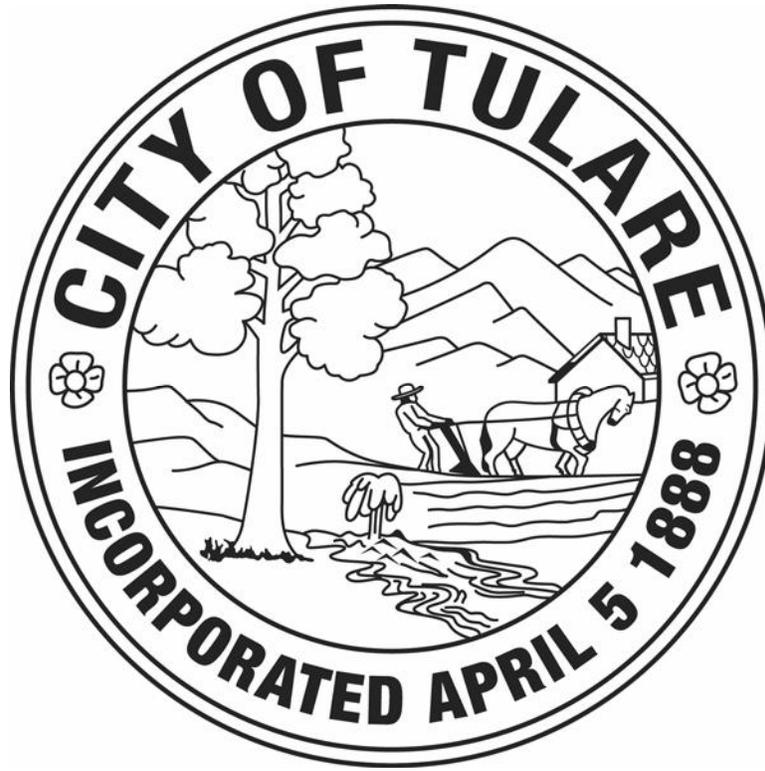
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INTRODUCTORY SECTION



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January 30, 2019

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, 2018. This report was prepared by the City of Tulare's (the City) Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

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

The City is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), the City has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 65,982 as of January 2018.

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.

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

Local Economy and Local Budget Issues – The local economic climate for the City of Tulare continues to recover in various areas. General Fund sales tax revenue grew by 10% in fiscal year 2017-18 and are estimated to increase by an additional 4% in fiscal year 2018-19. City’s Hotel/Motel tax increase by 5% for 2017-18 which reflect more travelers on Highway 99 are stopping and staying at local hotels. Franchise fees and utilities users’ tax increased by 7.00% reflects new residential housing development increase of 12.5% over the previous fiscal year.

The City Council adopted a balance budget for fiscal year 2017-18 by taking \$1.6 million from reserve. Due to staff effort in control spending, delays in filling budgeted vacant positions and higher than anticipated revenue they eliminated the need to use the reserve. There are trends that may threaten the City’s ability to produce balanced budgets in the future. Public safety has always been the Council’s highest priority, and is likely to remain so given the personnel needed to address the growing population, an increasingly violent culture, and the State of California being forced to release more state prisoners back into local communities. However, other programs remain funded from current tax revenues too, such as parks, recreation, library, storm drain, non-reconstruction street repair and street lighting, and graffiti removal.

Retirement costs continue to escalate for all employee groups and over the next several years are expected to increase by 78% by fiscal year 2024-25. This dramatic rise is a result of California Public Employees’ Retirement System’s (CalPERS) changes to its actuarial methodology and it’s lower than projected earnings in previous years. CalPERS approved a multi-year smoothing method to spread the rate increase associated with moving from a rolling 30 year amortization period to a fixed 30 amortization period. In December 2016, CalPERS changed the rate of return used to project earning on its portfolio of investments to 7.00% per year, which is 0.50% decrease. The combination of methodology changes and resulting rate increase will have a significant impact on retirement costs for the City. Actual CalPERS earnings over the past three years were 2.40%, 0.60%, and 11.20% respectively. While the recent improvement in return in investments is a positive sign, the effects of annual investment increase are smoothed over a 30 year period are not expected in the near-term. CalPERS estimates the impact of the rate changes and investment returns will increase our annual retirement benefits cost by approximately \$1.0 million to \$5.0 million per year for the next seven years.

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various smaller cities in the county. The population of the area is approximately 475,834. The anticipated growth in population of the Metropolitan Area is approximately 1.10%. The City’s population for 2018 was 65,982. There are approximately 206,500 jobs in Tulare County. The countywide unemployment rate is about 8.3%, not seasonally adjusted; whereas the City has an unemployment rate of about 5.9% during the fiscal year.

Long-Term Financial Planning – An integral part of the City’s budget process is to look into the future of the infrastructure needs of the City. The City Council and City management created “The Rehabilitation and Economic Advancement Projects (REAP) Program to plan out a five to ten year program to rebuild infrastructure to pay the way for city-wide economic benefits. By maintaining a healthy infrastructure and building additional capacity, the City’s ability to meet the needs of a growing economic base can be met. The REAP program is intended to lead the City towards meeting its obligation to be an excellent local government

Due to the historic drought the last six years in California, the City reviewed its own water situation. A Hydrological Enterprise Program (HEP) was implemented to look at all hydrological programs as “water focused.” The HEP outlines annual goals related to water systems supply, demand, asset replacement, rehabilitation and maintenance, over a specified time period. The City’s goal by fiscal years 2020-2021 is for the City’s water demand and renewable supplies to allow for a net zero groundwater extraction.

To anticipate future needs, various reserve accounts have been created to ensure the City will continue to provide service to its residents to its fullest. A fleet and equipment replacement reserve is in place to ensure the City has the funds to replace mission-critical equipment. An information technology fund has also been created so employees have the proper computer and software to perform their jobs.

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2017-18 City appropriation limit established as required by State statute was \$52,071,455.

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

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

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

Independent Audit - The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Brown Armstrong Accountancy Corporation was selected by the City Council to perform the annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The auditor's report covers the basic financial statements, including the notes to the financial statements, but their opinion does not cover the combining and individual fund statements.

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 20th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Bond Rating – The City's current lease revenue bond credit rating is AA (insured) from Standard and Poor's. The rating continues to reflect the sound financial management and prudent budgetary practice.

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

Respectfully submitted,

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

Darlene J. Thompson, CPA
Finance Director

**CITY OF TULARE
PRINCIPAL CITY OFFICIALS
JUNE 30, 2018**

City Council

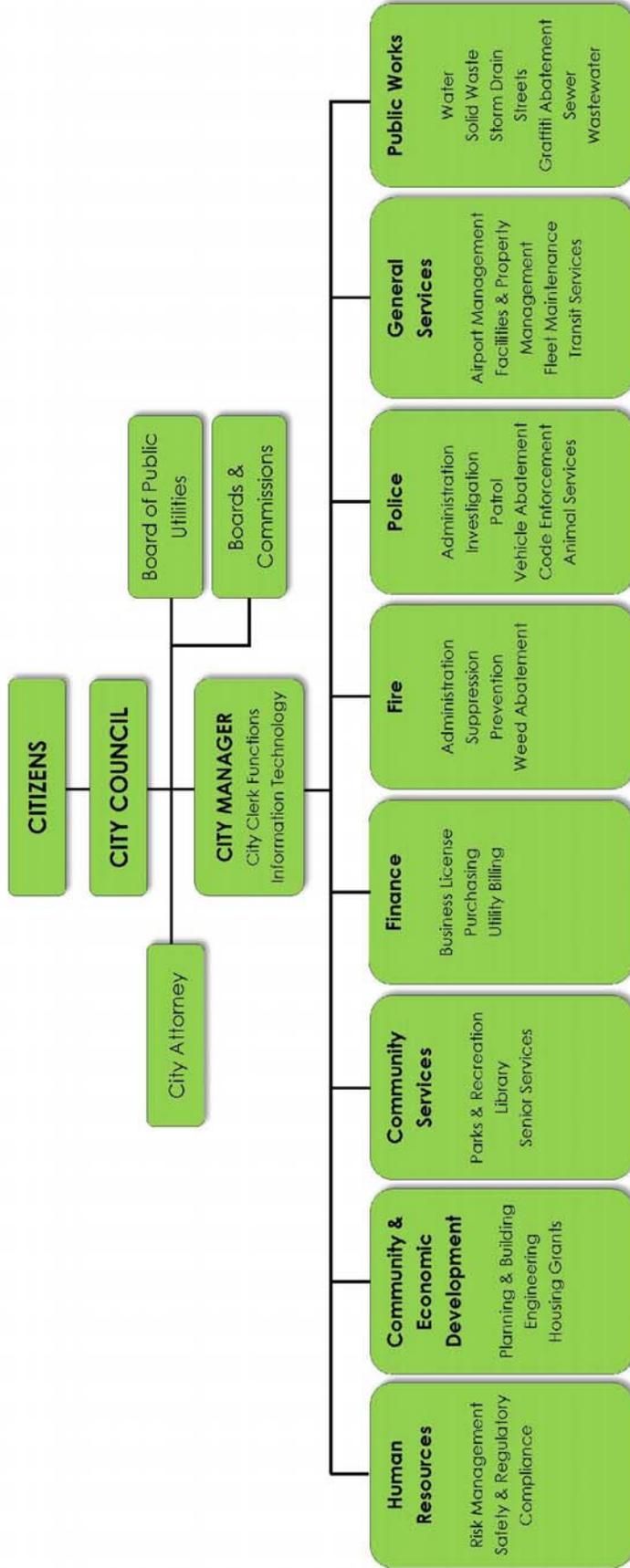
David Macedo	Mayor, District 3
Maritsa Castellanoz	Vice Mayor, District 2
Carlton Jones	Council Member, District 4
Greg Nunley	Council Member, District 5
Jose Sigala	Council Member, District 1

Board of Public Utilities Commissioners

James Pennington	President
Howard Storman	Vice President
Vicki Gilson	Commissioner
Thomas Griesbach	Commissioner
Chris Soria	Commissioner

Administrative Officials and Department Heads

Willard Epps	Interim City Manager
Janice Avila	Human Resource Director
Steven Bonville	General Services Director
Rob Hunt	Community Services Director
Barry Jones	Interim Chief of Police
Luis Nevarez	Interim Fire Chief
Joshua McDonnell	Community & Economic Development Director
Darlene J. Thompson	Finance Director/Treasurer
Trisha Whitfield	Public Works Director



Revised 09/01/2017



Government Finance Officers Association

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

Presented to

**City of Tulare
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

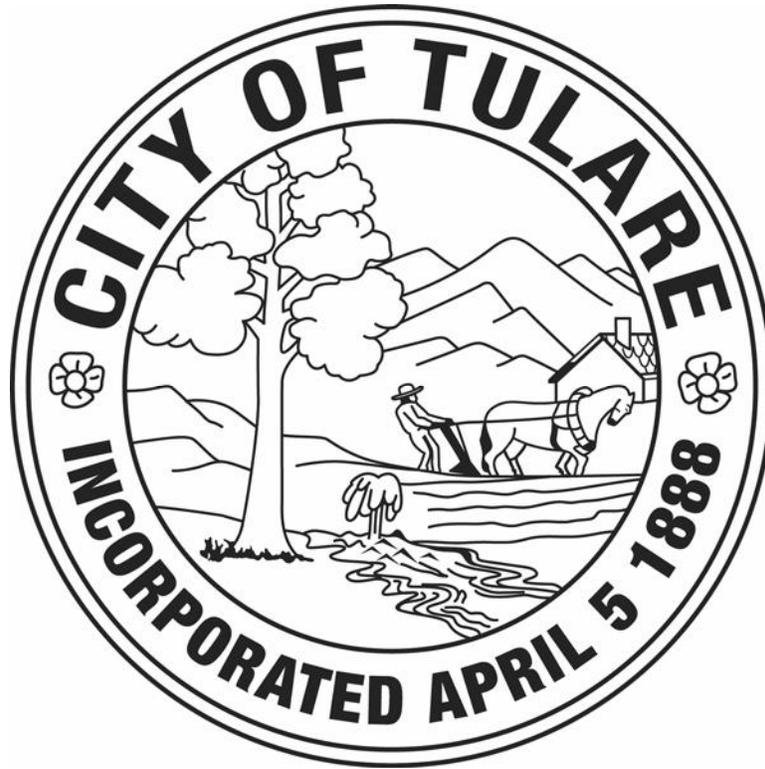
June 30, 2017

Christopher P. Morrill

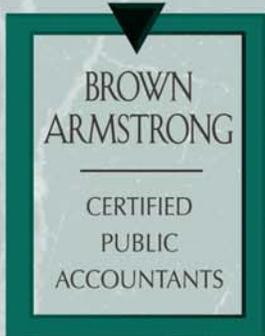
Executive Director/CEO

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FINANCIAL SECTION



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of
the City of Tulare, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion was not affected by the implementation.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 5 through 15, and the Required Supplementary Information (RSI), on pages 80 to 86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 management's discussion and analysis and the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

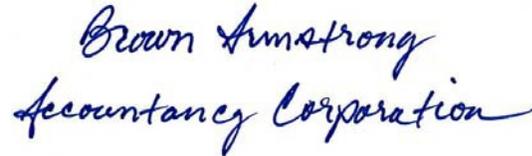
The combining and individual nonmajor fund financial statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
January 30, 2019

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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, 2018. The Government-wide statements present a combined picture of the City of Tulare (the City) on a full accrual basis of accounting, where all debt and assets are included in the presentation. Conversely, the Fund level statements present a picture that is based on a modified accrual basis of accounting, where long-term assets and debt are excluded. Thus, Government-wide and Fund level presentations produce different results based on the type of accounting basis used. Please read this document in conjunction with the accompanying Transmittal Letter and the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tulare (the City) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$367.7 million (net position). Of this amount, \$75.5 million (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$275.2 million in net investment in capital assets. The total net position includes all major infrastructure networks.
- The government's total net position increased by \$12.0 million over the prior fiscal year. The majority of this increase is attributable to the increase in cash and investments of \$37 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$70.4 million, an increase of \$10 million in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$14.3 million is restricted by law or externally imposed requirements and \$56.1 million is committed for specific purposes.
- The City total outstanding debt showed a net increase of \$17 million (6.2%) during the current fiscal year. The increase is due to the current year financing of the lease revenue bond and a bond for water infrastructure.

OVERVIEW OF 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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.

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 basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences of results in the Governmental Funds Financial Statements to those in the Government-Wide Financial Statements are explained in a reconciliation schedule following each Governmental Funds Financial Statement.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$368 million at the close of the most recent fiscal year, which is a \$12 million, or 3.38%, increase in comparison with the prior year.

By far the largest portion of the City’s net position (75%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current and other assets, \$233.5 million, approximately 87.8%, \$195.8 million, consists of cash and investments. These funds are invested in accordance with State law and the City’s investment policy, and include funds legally and/or contractually restricted as to their use.

City of Tulare
Statement of Net Position
As of June 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Assets:						
Current and Other Assets	\$ 92,525,395	\$ 105,350,888	\$ 105,928,325	\$ 128,187,562	\$ 198,453,720	\$ 233,538,450
Capital Assets (Net of Depreciation)	239,182,433	237,918,336	259,534,460	263,334,806	498,716,893	501,253,142
Total Assets	331,707,828	343,269,224	365,462,785	391,522,368	697,170,613	734,791,592
Deferred Outflows of Resources:						
Deferred Outflows from Pensions	15,397,960	14,749,668	3,262,122	3,824,644	18,660,082	18,574,312
from Other Post-Employment Benefits (OPEB)	-	181,246	-	78,326	-	259,572
from Bond Refunding	-	175,898	-	-	-	175,898
from Deferred Charges	-	-	3,115,824	3,076,960	3,115,824	3,076,960
Total Deferred Outflows of Resources	15,397,960	15,106,812	6,377,946	6,979,930	21,775,906	22,086,742
Liabilities:						
Current and Other Liabilities	12,887,088	14,932,127	11,112,214	13,569,211	23,999,302	28,501,338
Long-Term Liabilities	70,786,679	78,091,049	261,237,488	279,888,664	332,024,167	357,979,713
Total Liabilities	83,673,767	93,023,176	272,349,702	293,457,875	356,023,469	386,481,051
Deferred Inflows of Resources:						
Deferred Inflows from Pensions	2,756,994	1,475,256	-	469,203	-	1,944,459
from Grants	534,876	772,546	382,610	-	3,674,480	772,546
Total Deferred Inflows of Resources	3,291,870	2,247,802	382,610	469,203	3,674,480	2,717,005
Net Position:						
Net Investment in Capital Assets	211,265,222	208,315,732	79,725,820	66,846,189	290,991,042	275,161,921
Restricted	1,168,992	4,006,738	7,675,730	13,006,601	8,844,722	17,013,339
Unrestricted	47,705,937	50,782,588	11,706,869	24,722,430	59,412,806	75,505,018
Total Net Position	\$ 260,140,151	\$ 263,105,058	\$ 99,108,419	\$ 104,575,220	\$ 359,248,570	\$ 367,680,278

Governmental Activities – Total assets for governmental activities increased by \$11.6 million, with a current and other assets in governmental activities increase of \$12.8 million and a capital assets decrease of \$1.3 million. Total liabilities increased by \$9.3 million with current and other liabilities increasing by \$2.0 million and long-term liabilities increasing by \$7.3 million.

Of the \$4.7 million increase in governmental activities total net position, unrestricted net position increased by \$3.1 million, restricted assets increased by \$2.8 million, and net investment in capital assets decreased by \$2.9 million.

Business-Type Activities – Total assets for business-type activities increased by \$26.1 million with a current and other assets increase of \$22.3 million and a decrease in capital assets of \$3.8 million. Total liabilities increased by \$21.1 million with current and other liabilities increasing by \$2.5 million and long-term liabilities increasing by \$18.7 million. Total net position for business-type activities increased by \$7.3 million. Business-type activities unrestricted net position increased by \$13.0 million.

Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2017 and 2018. The City's total revenue and transfers of \$118.6 million exceeded expenses of \$106.6 million for an increase in net position of \$12.0 million.

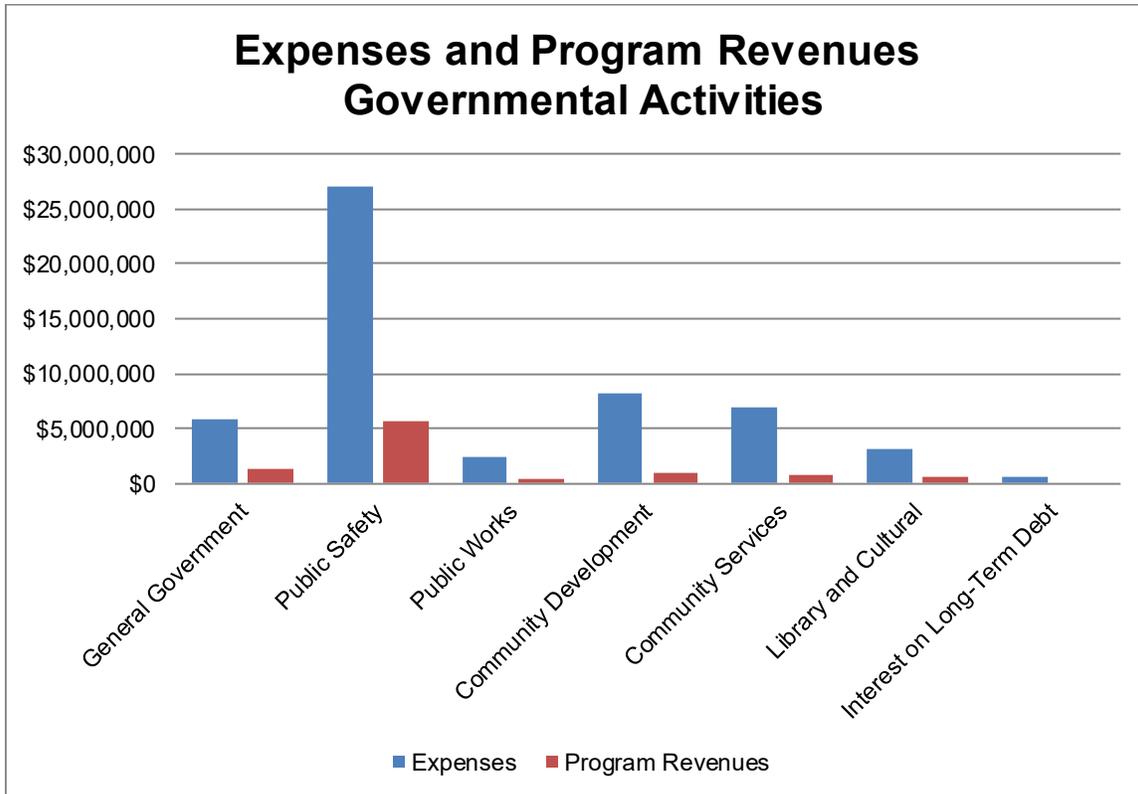
Statement of Activities

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2018, than it was at June 30, 2017.

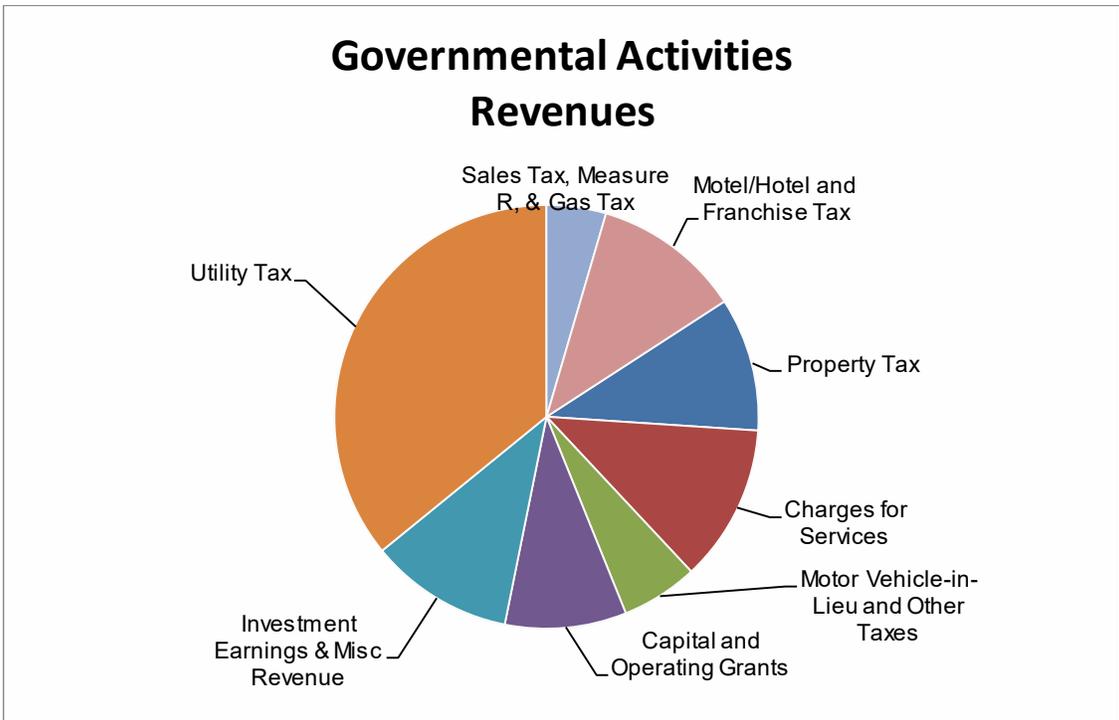
City of Tulare Statement of Activities Fiscal Year Ended June 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 4,480,733	\$ 6,524,391	\$ 53,640,253	\$ 57,415,322	\$ 58,120,986	\$ 63,939,713
Operating Grants and Contributions	959,415	3,189,647	3,721,134	1,697,847	4,680,549	4,887,494
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Taxes	36,999,148	39,648,877	-	-	36,999,148	39,648,877
Investment Earnings	140,642	454,925	820,923	1,444,614	961,565	1,899,539
Other	4,213,419	4,585,416	(71,322)	-	4,142,097	4,585,416
TOTAL REVENUES	46,793,357	54,403,256	58,110,988	60,557,783	104,904,345	114,961,039
EXPENSES:						
Governmental Activities:						
General Government	2,475,076	5,805,716	-	-	2,475,076	5,805,716
Intergovernmental	-	-	-	-	-	-
Public Safety	22,434,933	27,123,518	-	-	22,434,933	27,123,518
Public Works	2,275,960	2,452,434	-	-	2,275,960	2,452,434
Community Development	5,682,852	8,126,574	-	-	5,682,852	8,126,574
Community Services	5,927,569	6,834,186	-	-	5,927,569	6,834,186
Library and Cultural	3,128,200	3,083,550	-	-	3,128,200	3,083,550
Debt Service	1,450,221	598,884	-	-	1,450,221	598,884
Business-Type Activities:						
Aviation	-	-	303,045	421,384	303,045	421,384
Transit	-	-	3,526,009	3,664,540	3,526,009	3,664,540
Community and Developer	-	-	2,275,967	3,329,780	2,275,967	3,329,780
Water	-	-	8,148,054	8,587,085	8,148,054	8,587,085
Solid Waste	-	-	7,355,336	8,288,359	7,355,336	8,288,359
Sewer	-	-	30,471,856	28,290,003	30,471,856	28,290,003
TOTAL EXPENSES	43,374,811	54,024,862	52,080,267	52,581,151	95,455,078	106,606,013
Increase (Decrease) in Net Position Before Transfers and Special Item	3,418,546	378,394	6,030,721	7,976,632	9,449,267	8,355,026
Transfers	570,630	4,334,254	(570,630)	(662,772)	-	3,671,482
Special Item						
Extraordinary Gain	-	-	-	-	-	-
Change in Net Position	3,989,176	4,712,648	5,460,091	7,313,860	9,449,267	12,026,508
Net Position, Beginning of Year, as restated	256,150,975	258,392,410	93,648,328	97,261,360	349,799,303	355,653,770
Net Position, End of Year	\$ 260,140,151	\$ 263,105,058	\$ 99,108,419	\$ 104,575,220	\$ 359,248,570	\$ 367,680,278

Governmental Activities – Governmental activities increased the City’s net position by \$4.7 million during the year. The main increase in the City’s net position is due to an increase in unrestricted net position. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenues by \$17.4 million. Public Safety programs rely heavily on taxes to support their operations.



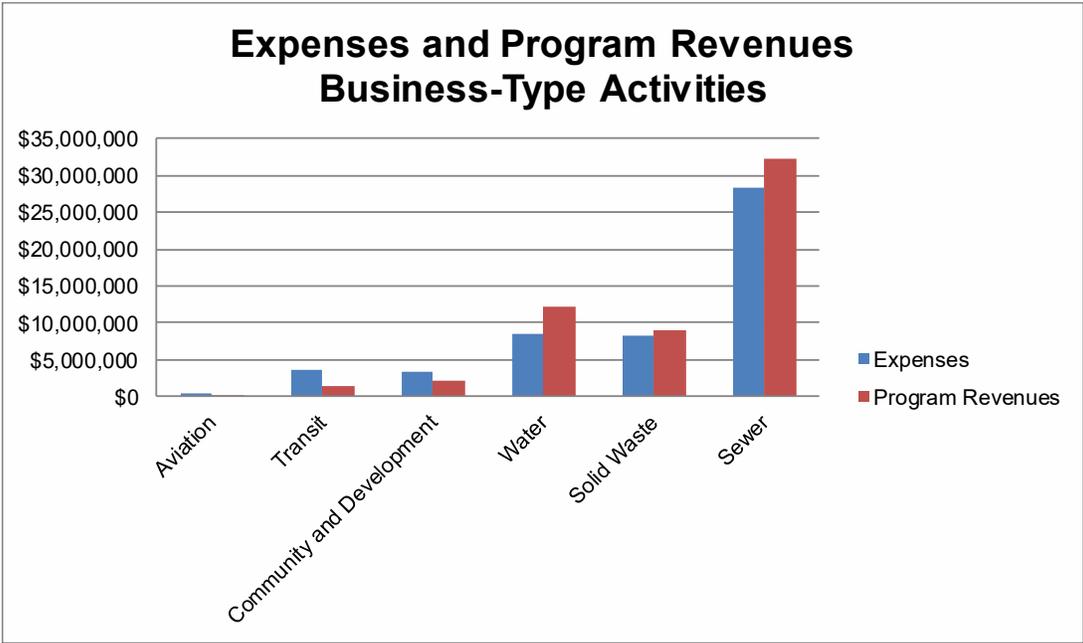
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, Gas tax, and Measure R category is the largest revenue source for governmental activities and amounts to \$19.5 million or 36% of the total revenues. Utility user’s tax, motor vehicle-in-lieu tax, and property taxes are also a significant revenue source for the City’s governmental activities, amounting to \$6.15 million or 11% of total revenue, and public safety is the largest expense activity, amounting to \$27.1 million or 50.2% of total expenses.



Governmental Activities revenue increased \$7.6 million, a 16% increase compared to the previous fiscal year. This increase is due to 7% (\$2.6 million) in various categories of taxes in fiscal year 2017.

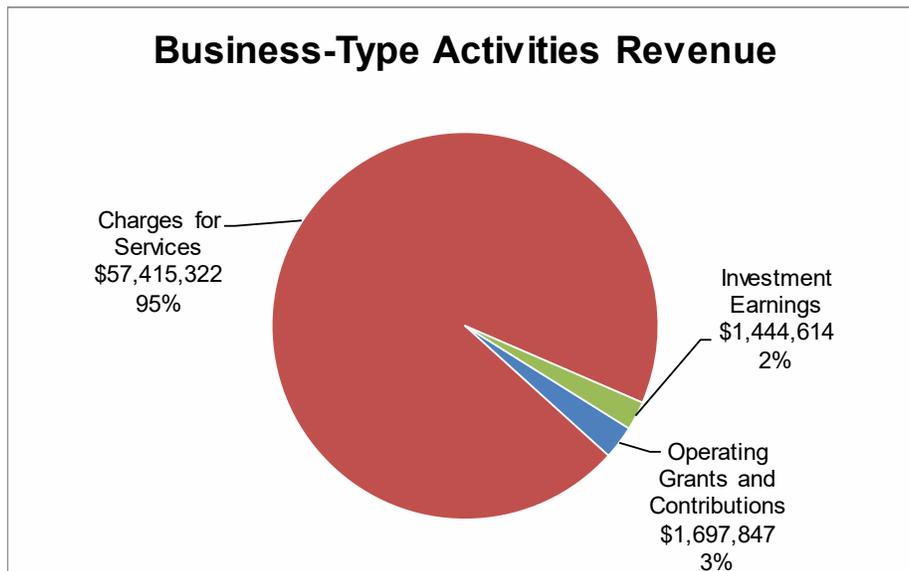
Total expenses in Governmental Activities had an increase of \$10.7 million from the previous fiscal year for an over \$2.5% increase. The largest increase of \$4.7 million was in public safety.

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



Business-type activities increased the City's net position by \$7.3 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$702 thousand, in Water by \$4.2 million, and in Sewer by \$15.8 million. This increase was offset by program expenses exceeding program revenues in Community & Economic Development by \$1.1 million, in Transit by \$2.1 million, and in Aviation by \$296 thousand.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 95% of total revenues. Grants and contributions is the second largest revenue source at 3% of total revenue.



Total revenue increased by \$2.4 million, and 4% over the prior year with the Sewer Fund showing the largest increase of \$1.85 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$70.4 million, an increase of \$10 million in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Restricted Fund Balance** - \$14.3 million consist 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) \$8.8 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$5.5 million for debt service
- **Committed Fund Balance** - \$56.1 million have been committed by the Council for appropriation for next year's budget and cash basis reserve.
- **Assigned Fund Balance** - \$0 have been set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$0 are residual funds.

General Fund - The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's total fund balance increased by 11%, or \$5.3 million to \$55.8 million. Of this increase, the majority relates to the committed and restricted amounts of fund balance.

Other Major Governmental Funds

In the Measure R Fund, the total fund balance increased from \$1.065 million to \$2.553 million. The major factor for this overall increase was the continuance of receiving monthly payments when street projects assigned to this revenue source are still in planning stages.

In the Finance Authority Fund, the total fund balance increased from \$2.590 million to \$5.486 million. The major factor for this overall decrease was rental income for debt service.

Other Non-Major Governmental Funds

The combined Non-Major Other Governmental Funds' total fund balance increased from \$6.2 million to \$6.5 million. The major factor for this overall increase was a \$300 thousand increase in Gas Tax Fund to funds used to do various street maintenance.

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

The Transit Fund has total net position of \$7.182 million at the end of the fiscal year, a decrease of \$645 thousand or 8.5%. Total net position includes \$5.314 million net investment in capital assets, which is not available to cover current expenses. The decrease is due to depreciation and sale of fixed assets.

The Community & Economic Development Services Fund has a total net deficit of \$2.710 million at the end of the fiscal year. The fund was created in the prior year to track cost order information to determine the correct charges for these services. Previously these expenses were reported in the General Fund under Community Development. GASB Statement No. 68 reporting of pension liability is the main source for the deficit.

The Water Fund has total net position of \$36.832 million at the end of the fiscal year, an increase of \$3.745 million over the prior year. Total net position includes \$22.364 million net investment in capital assets, which is not available to cover current expenses. The increase to net position is due to rate increases.

The Solid Waste Fund has total net position of \$2.997 million at the end of the fiscal year, an increase of \$731 thousand over the prior year. The net position increase is due to a rate increase.

The Sewer Fund has total net position of \$56.089 million at the end of the fiscal year, an increase of \$4.519 million over the prior year. Total net position is \$35.382 million for net investment in capital assets, which is not available to cover current expenses. \$12.847 million of total net position is restricted for capital improvements.

The Aviation Fund has total net position of \$4.186 million at the end of the fiscal year, an increase of \$37 thousand or 0.9%. Total net position includes \$3.756 million net investment in capital assets, which is not available to cover current expenses. The major factor for this increase is due to improvements at the airport.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$501.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress, and roads. (Please refer to Note 4 – Capital Assets)

These financial statements include infrastructure assets constructed or acquired through the 2017-18 fiscal year. The total increase in the City’s investment in capital assets for the current fiscal year was \$253.6 million. Of this amount, a \$1.264 million decrease in Governmental Activities and a \$3.800 million increase in Business Type Activities. Depreciation expense of \$19.460 million is netted against additions to capital assets by this amount.

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

- Construction of water wells and tanks for \$7.517 million.
- Reconstruction of water, sewer and storm drain lines for \$4.277 million.
- Reconstruction of streets for \$3.118 million.
- Vehicles and equipment purchases for \$3.301 million.

City of Tulare Capital Assets As of June 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land, Right-of-Way, and Construction in Progress	\$ 75,433,684	\$ 79,643,366	\$ 10,238,766	\$ 18,990,190	\$ 85,672,450	\$ 98,633,556
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation	163,748,749	158,274,970	249,295,694	244,344,616	413,044,443	402,619,586
Total Capital Assets	<u>\$ 239,182,433</u>	<u>\$ 237,918,336</u>	<u>\$ 259,534,460</u>	<u>\$ 263,334,806</u>	<u>\$ 498,716,893</u>	<u>\$ 501,253,142</u>

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$295,474,094, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt)

City of Tulare Outstanding Debt As of June 30, 2017 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Lease Revenue Bonds *	\$ 27,203,440	\$ 29,005,402	\$ -	\$ 260,258,512	\$ 27,203,440	\$ 289,263,914
Lease Payable	713,771	597,202	6,519,902	5,612,978	7,233,673	6,210,180
Revenue Bonds Payable *	-	3,116,784	243,697,903	1,142,221	243,697,903	4,259,005
Total Outstanding Debt	<u>\$ 27,917,211</u>	<u>\$ 32,719,388</u>	<u>\$ 250,217,805</u>	<u>\$ 267,013,711</u>	<u>\$ 278,135,016</u>	<u>\$ 299,733,099</u>

* Amounts shown above are net of bond premiums and discounts.

With respect to the Governmental Activities, the outstanding \$29,000,502 in lease revenue bonds (which includes the bond premium and discount) were issued in 2018 for \$26,675,000 to refinance the 2008 lease revenue and to help fund additional projects for Cartmill Corridor of additional \$4 million.

Of the \$260,258,512 outstanding debt in the Business-Type Activities, \$239,941,000 relates to the Sewer Fund for the expansion and upgrade of the sewer and wastewater plant. These bonds have been rated "Aaa" by Moody's Investors Services and "AAA" by Standard & Poors.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflect an increase in appropriations of \$6.1 million. Significant budgetary amendments (changes) are summarized as follows:

- \$2.26 million to purchase solid waste vehicles, street sweepers, and fire truck
- \$4.3 million re-appropriation from fiscal year 2016-17 which were mainly street projects
- City received additional grant funds for solid waste vehicle for \$1.37 million
- Capital Outlay and Operating Transfer was less than expected because of a policy to do a two year budget for major projects and equipment purchases. The projects are budgeted at it full cost and any unused cost is carried over to the next year.
- The final amended revenue estimate budget figures in the General Fund were higher than actual revenue by \$190 thousand and appropriations were higher than actual expenditures by \$12.2 million.
- Projects and capital outlays to be funded by grant.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2018-19 were:

- The elimination and reduction of general fund contribution to various reserve and CIP funds
- Increase in CalPERS unfunded liability payment by 21%
- Anticipates a 2% growth with City major revenue
- Increase in workers' compensation cost to departments by 10% for future estimated claims
- Employee health insurance remained constant

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information can be sent via e-mail to: dthompson@tulare.ca.gov. 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 POSITION
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 70,903,517	\$ 39,368,619	\$ 110,272,136
Cash and Investments with Fiscal Agent	4,006,738	81,487,663	85,494,401
Receivables:			
Accounts	3,124,079	5,419,678	8,543,757
Interest	658,443	5,497	663,940
Taxes	405,414	-	405,414
Intergovernmental	3,693,469	1,906,105	5,599,574
Notes	1,284,453	-	1,284,453
Inventories	229,362	-	229,362
Loans Receivable	10,360,322	-	10,360,322
Land Held for Resale	35,000	-	35,000
Advances to Fiduciary Fund	10,650,091	-	10,650,091
Nondepreciable Capital Assets	79,643,366	18,990,190	98,633,556
Depreciable Capital Assets, Net	158,274,970	244,344,616	402,619,586
Total Assets	343,269,224	391,522,368	734,791,592
Deferred Outflows of Resources			
Pensions	14,749,668	3,824,644	18,574,312
Other Post-Employment Benefits (OPEB)	181,246	78,326	259,572
Bond Refunding	175,898	-	175,898
Deferred Charges	-	3,076,960	3,076,960
Total Deferred Outflows of Resources	15,106,812	6,979,930	22,086,742
Liabilities			
Accounts Payable and Accrued Liabilities	6,864,700	7,053,464	13,918,164
Accrued Interest Payable	298,540	-	298,540
Deposits Payable	896,572	284,582	1,181,154
Other Payable	-	9,153	9,153
Unearned Revenue	3,641,139	928,869	4,570,008
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	239,992	87,951	327,943
Capital Leases Payable	122,475	952,905	1,075,380
Insurance Claims Payable	1,710,714	-	1,710,714
Revenue Bonds Payable	1,157,995	4,252,287	5,410,282
Total Due Within One Year	14,932,127	13,569,211	28,501,338
Due After One Year:			
Compensated Absences Payable	2,876,792	1,054,270	3,931,062
Capital Leases Payable	474,727	4,660,073	5,134,800
Net Pension Liability	44,540,416	16,214,654	60,755,070
Other Post-Employment Benefits (OPEB)	2,351,707	1,953,442	4,305,149
Revenue Bonds Payable	27,847,407	256,006,225	283,853,632
Total Due After One Year	78,091,049	279,888,664	357,979,713
Total Liabilities	93,023,176	293,457,875	386,481,051
Deferred Inflows of Resources			
Pensions	1,475,256	469,203	1,944,459
Grants	772,546	-	772,546
Total Deferred Inflows of Resources	2,247,802	469,203	2,717,005
Net Position			
Net Investment in Capital Assets	208,315,732	66,846,189	275,161,921
Restricted for Capital Improvements	4,006,738	13,006,601	17,013,339
Unrestricted	50,782,588	24,722,430	75,505,018
Total Net Position	\$ 263,105,058	\$ 104,575,220	\$ 367,680,278

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 5,805,716	\$ 670,136	\$ 485,320	\$ -	\$ 1,155,456
Intergovernmental	-	56,396	40,843	-	97,239
Public Safety	27,123,518	3,302,341	2,391,594	-	5,693,935
Public Works	2,452,434	298,589	-	-	298,589
Community Development	8,126,574	989,426	-	-	989,426
Community Services	6,834,186	832,075	-	-	832,075
Library and Cultural	3,083,550	375,428	271,890	-	647,318
Interest on Long-Term Debt	598,884	-	-	-	-
Total Governmental Activities	54,024,862	6,524,391	3,189,647	-	9,714,038
Business-Type Activities:					
Aviation	421,384	125,042	225,125	-	350,167
Transit	3,664,540	1,546,582	1,472,722	-	3,019,304
Community and Development	3,329,780	2,257,858	-	-	2,257,858
Water	8,587,085	12,295,297	-	-	12,295,297
Solid Waste	8,288,359	8,990,099	-	-	8,990,099
Sewer	28,290,003	32,200,444	-	-	32,200,444
Total Business-Type Activities	52,581,151	57,415,322	1,697,847	-	59,113,169
Total Primary Government	\$ 106,606,013	\$ 63,939,713	\$ 4,887,494	\$ -	\$ 68,827,207

(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, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities			
General Government	\$ (4,650,260)	\$ -	\$ (4,650,260)
Intergovernmental	97,239	-	97,239
Public Safety	(21,429,583)	-	(21,429,583)
Public Works	(2,153,845)	-	(2,153,845)
Community Development	(7,137,148)	-	(7,137,148)
Community Services	(6,002,111)	-	(6,002,111)
Library and Cultural	(2,436,232)	-	(2,436,232)
Interest on Long-Term Debt	(598,884)	-	(598,884)
Total Governmental Activities	(44,310,824)	-	(44,310,824)
Business-Type Activities:			
Aviation	-	(71,217)	(71,217)
Transit	-	(645,236)	(645,236)
Community and Development	-	(1,071,922)	(1,071,922)
Water	-	3,708,212	3,708,212
Solid Waste	-	701,740	701,740
Sewer	-	3,910,441	3,910,441
Total Business-Type Activities	-	6,532,018	6,532,018
Total Primary Government	\$ (44,310,824)	\$ 6,532,018	\$ (37,778,806)
General Revenues:			
Sales Tax/Gas Tax/Measure R Taxes	\$ 19,519,868	\$ -	\$ 19,519,868
Property Tax	5,553,078	-	5,553,078
Utility Tax	5,961,321	-	5,961,321
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	5,349,628	-	5,349,628
Other Taxes	799,940	-	799,940
Motel/Hotel and Franchise Tax	2,465,042	-	2,465,042
Investment Earnings - Unrestricted	454,925	1,444,614	1,899,539
Miscellaneous	4,585,416	-	4,585,416
Transfer of Noncurrent Assets, Net of the Related Debt to the Primary Government	(493,556)	-	(493,556)
Transfers	4,827,810	(662,772)	4,165,038
Total General Revenues and Transfers	49,023,472	781,842	49,805,314
Change in Net Position	4,712,648	7,313,860	12,026,508
Net Position - Beginning of Year, as restated	258,392,410	97,261,360	355,653,770
Net Position - End of Year	\$ 263,105,058	\$ 104,575,220	\$ 367,680,278

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, 2018**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets					
Cash and Investments	\$ 48,557,950	\$ 2,158,325	\$ 1,766,009	\$ 5,506,475	\$ 57,988,759
Cash and Investments with Fiscal Agent	-	-	4,006,738	-	4,006,738
Receivables					
Accounts	2,636,916	295,248	-	37,307	2,969,471
Interest	206,608	8,952	11,483	422,810	649,853
Taxes	314,819	90,595	-	-	405,414
Intergovernmental	3,026,754	-	-	666,715	3,693,469
Loans	-	-	-	10,360,322	10,360,322
Notes	-	-	-	1,284,453	1,284,453
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	523,401	-	-	-	523,401
Advances to Fiduciary Fund	10,650,091	-	-	-	10,650,091
Total Assets	65,916,539	2,553,120	5,784,230	18,313,082	92,566,971
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 65,916,539	\$ 2,553,120	\$ 5,784,230	\$ 18,313,082	\$ 92,566,971
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 5,771,695	\$ -	\$ 298,540	\$ 92,782	\$ 6,163,017
Deposits Payable	896,572	-	-	-	896,572
Due to Other Funds	50,690	-	-	403,709	454,399
Unearned Revenue	3,383,373	-	-	164,521	3,547,894
Total Liabilities	10,102,330	-	298,540	661,012	11,061,882
Deferred Inflows of Resources					
Deferred Loans	-	-	-	11,132,868	11,132,868
Fund Balances					
Restricted	8,255,722	2,553,120	5,485,690	6,237,483	22,532,015
Committed	47,558,487	-	-	281,719	47,840,206
Total Fund Balances	55,814,209	2,553,120	5,485,690	6,519,202	70,372,221
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 65,916,539	\$ 2,553,120	\$ 5,784,230	\$ 18,313,082	\$ 92,566,971

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2018**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 70,372,221
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	224,440,918
Certain loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	11,132,868
Certain deferred grants are not due in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.	(772,546)
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	22,309,122
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.	(298,540)
The net pension liability (\$42,654,741) and pension related deferred outflows of resources (\$14,305,352) and deferred inflows of resources (\$1,420,690) are not available resources for the current period and, therefore, are not reported in the governmental funds.	(29,770,079)
Deferred outflows of resources are not current assets or financial resources and are therefore not reported in the governmental funds. Deferred outflows of resources at year-end consists of:	
Bond Refunding	175,898
OPEB	171,600
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable, Net of Premiums and Discounts	(29,005,402)
Capital Leases Payable	(483,889)
Compensated Absences Payable	(3,040,157)
OPEB	(2,126,956)
Net Position of Governmental Activities	\$ 263,105,058

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, 2018

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 36,384,214	\$ 1,545,540	\$ -	\$ 1,719,123	\$ 39,648,877
Intergovernmental	5	-	-	1,340,283	1,340,288
Licenses and Permits	100,416	-	-	-	100,416
Fines and Forfeitures	12,171	-	-	39,365	51,536
Charges for Services	4,401,984	-	-	-	4,401,984
Interest and Rentals	323,047	(2,140)	40,648	17,575	379,130
Grants	995,122	-	-	824,081	1,819,203
Meals	-	-	-	17,496	17,496
Assessments	85,269	-	-	544,898	630,167
Other	4,369,906	-	-	69,032	4,438,938
Total Revenues	46,672,134	1,543,400	40,648	4,571,853	52,828,035
Expenditures					
Current					
General Government	6,305,880	-	-	-	6,305,880
Intergovernmental	-	-	463,207	-	463,207
Public Safety	24,095,268	-	-	202,738	24,298,006
Public Works	2,326,161	-	-	-	2,326,161
Community Development	104,579	-	-	1,940,814	2,045,393
Community Services	5,698,465	-	-	1,104,270	6,802,735
Library and Cultural	1,415,168	-	-	-	1,415,168
Capital Outlay	4,316,151	-	-	-	4,316,151
Debt Service					
Principal	94,318	-	-	-	94,318
Interest and Fiscal Charges	31,303	-	653,209	-	684,512
Total Expenditures	44,387,293	-	1,116,416	3,247,822	48,751,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,284,841	1,543,400	(1,075,768)	1,324,031	4,076,504
Other Financing Sources (Uses)					
Issuance of refunding bonds	-	-	29,034,901	-	29,034,901
Payment to refunded bonds escrow agent	-	-	(27,379,338)	-	(27,379,338)
Transfers In	8,467,627	-	2,315,380	399,665	11,182,672
Transfers Out	(5,413,893)	(55,264)	-	(1,440,434)	(6,909,591)
Total Other Financing Sources (Uses)	3,053,734	(55,264)	3,970,943	(1,040,769)	5,928,644
Change in Fund Balances before Extraordinary Gain	5,338,575	1,488,136	2,895,175	283,262	10,005,148
Extraordinary Item Extraordinary Gain	(10,000)	-	-	-	(10,000)
Net Change in Fund Balances	5,328,575	1,488,136	2,895,175	283,262	9,995,148
Fund Balances - Beginning	50,485,634	1,064,984	2,590,515	6,235,940	60,377,073
Fund Balances - Ending	\$ 55,814,209	\$ 2,553,120	\$ 5,485,690	\$ 6,519,202	\$ 70,372,221

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ 9,995,148
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$7,248,973) exceeded depreciation (\$10,252,405) in the current period.	(3,003,432)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of prepaid insurance, premiums, original issue discounts, and deferred inflows of resources on bond refunding charge when debt is first issued, whereas these amounts are amortized to interest and expensed over the life of the debt in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	26,764,318
This amount represents amortization of bond discount/premiums	(1,796,962)
This amount represents proceeds from issuance of long-term debt	(26,675,000)
This amount represents costs of deferred gain on refunding	175,898
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	(242,758)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the interest expense is not reported as an expenditure in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.	56,129
In the Governmental Funds, certain deferred loans receivable from the former component unit are not recognized. In the Government-Wide financial statements, the deferred loan receivable is recognized as a special item.	(493,556)
Changes to the net pension liability and related deferred outflows and inflows of resources do not provide current financial resources and, therefore, are not reported in the Governmental Funds.	(2,906,594)
Changes to OPEB and related deferred outflows of resources do not provide current financial resources and, therefore, are not reported in the governmental funds.	50,028
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.	2,789,429
Change in Net Position of Governmental Activities	\$ 4,712,648

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

**CITY OF TULARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Assets and Deferred Outflows of Resources								
Current Assets								
Cash and Investments	\$ 1,325,361	\$ 924,347	\$ 7,061,348	\$ 5,837,933	\$ 23,804,588	\$ 415,042	\$ 39,368,619	\$ 12,914,758
Cash and Investments with Fiscal Agent	-	-	12,104,790	-	69,382,873	-	81,487,663	-
Accounts Receivable	68,067	4,362	1,273,759	903,499	3,159,967	10,024	5,419,678	154,608
Interest Receivable	5,497	-	-	-	-	-	5,497	8,590
Intergovernmental Receivable	1,880,349	-	-	-	-	25,756	1,906,105	-
Inventories	-	-	-	-	-	-	-	229,362
Advances to Other Funds	-	-	-	1,136,667	-	-	1,136,667	-
Total Current Assets	3,279,274	928,709	20,439,897	7,878,099	96,347,428	450,822	129,324,229	13,307,318
Noncurrent Assets								
Capital Assets								
Nondepreciable								
Land	193,261	-	2,491,682	-	4,588,446	279,215	7,552,604	75,000
Construction in Progress	-	-	10,427,071	-	1,010,515	-	11,437,586	-
Depreciable								
Buildings	4,424,385	-	40,958	-	427,624	161,451	5,054,418	6,187,770
Improvements Other Than Buildings	-	-	56,073,798	8,992	265,574,485	6,661,185	328,318,460	1,648,583
Machinery and Equipment	5,384,816	-	1,060,224	132,344	3,781,433	47,830	10,406,647	22,496,657
Accumulated Depreciation	(4,687,996)	-	(23,875,053)	(113,073)	(67,365,237)	(3,393,550)	(99,434,909)	(16,930,592)
Total Noncurrent Assets	5,314,466	-	46,218,680	28,263	208,017,266	3,756,131	263,334,806	13,477,418
Total Assets	8,593,740	928,709	66,658,577	7,906,362	304,364,694	4,206,953	392,659,035	26,784,736
Deferred Outflows of Resources								
Deferred Outflows from Pensions	72,768	869,343	671,137	1,094,783	1,112,374	4,239	3,824,644	444,316
Deferred Outflows from OPEB	1,171	13,683	15,224	26,529	21,656	63	78,326	9,646
Deferred Charges	-	-	78,782	-	2,998,178	-	3,076,960	-
Total Deferred Outflows of Resources	73,939	883,026	765,143	1,121,312	4,132,208	4,302	6,979,930	453,962
Total Assets and Deferred Outflows of Resources	\$ 8,667,679	\$ 1,811,735	\$ 67,423,720	\$ 9,027,674	\$ 308,496,902	\$ 4,211,255	\$ 399,638,965	\$ 27,238,698

(Continued)

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

CITY OF TULARE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities and Deferred Inflows of Resources								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 129,964	\$ 122,635	\$ 1,956,766	\$ 289,420	\$ 4,550,236	\$ 4,443	\$ 7,053,464	\$ 701,683
Deposits Payable	-	-	135,450	-	149,132	-	284,582	-
Due to Other Funds	-	-	-	-	-	-	-	69,002
Unearned Revenue	928,869	-	-	-	-	-	928,869	93,245
Other Payables	-	-	9,153	-	-	-	9,153	-
Compensated Absences - Current	5,173	17,446	17,484	28,866	18,885	97	87,951	5,900
Capital Leases Payable - Current	-	-	725,720	-	227,185	-	952,905	23,261
Revenue Bonds Payable - Current	-	-	403,287	-	3,849,000	-	4,252,287	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,710,714
Total Current Liabilities	1,064,006	140,081	3,247,860	318,286	8,794,438	4,540	13,569,211	2,603,805
Noncurrent Liabilities								
Advances from Other Funds	-	-	1,136,667	-	-	-	1,136,667	-
Compensated Absences Payable	62,013	209,124	209,582	346,015	226,376	1,160	1,054,270	70,727
Capital Leases Payable	-	-	2,811,613	-	1,848,460	-	4,660,073	90,052
Net Post-Employment Benefits Obligation	42,626	369,848	343,585	593,309	602,782	1,292	1,953,442	224,751
Net Pension Liability	308,304	3,696,066	2,846,437	4,638,904	4,707,018	17,925	16,214,654	1,885,675
Revenue Bonds Payable	-	-	19,913,674	-	236,092,551	-	256,006,225	-
Total Noncurrent Liabilities	412,943	4,275,038	27,261,558	5,578,228	243,477,187	20,377	281,025,331	2,271,205
Total Liabilities	1,476,949	4,415,119	30,509,418	5,896,514	252,271,625	24,917	294,594,542	4,875,010
Deferred Inflows of Resources								
Deferred Inflows from Pensions	8,921	106,953	82,367	134,236	136,207	519	469,203	54,566
Total Liabilities and Deferred Inflows of Resources	1,485,870	4,522,072	30,591,785	6,030,750	252,407,832	25,436	295,063,745	4,929,576
Net Position (Deficit)								
Net Investment in Capital Assets	5,314,466	-	22,364,386	28,263	35,382,943	3,756,131	66,846,189	13,364,105
Restricted for Capital Improvements	-	-	159,208	-	12,847,393	-	13,006,601	-
Unrestricted	1,867,343	(2,710,337)	14,308,341	2,968,661	7,858,734	429,688	24,722,430	8,945,017
Total Net Position (Deficit)	\$ 7,181,809	\$ (2,710,337)	\$ 36,831,935	\$ 2,996,924	\$ 56,089,070	\$ 4,185,819	\$ 104,575,220	\$ 22,309,122

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

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**CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds						Governmental	
						Total	Internal	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Service Funds
Operating Revenues								
Charges for Services	\$ 1,437,365	\$ 2,072,226	\$ 11,466,176	\$ 8,842,612	\$ 29,455,455	\$ 113,568	\$ 53,387,402	\$ -
Departmental Charges	-	-	-	-	-	-	-	12,571,419
Connection Fees	-	-	429,528	-	95,209	-	524,737	-
Employee Contributions	-	-	-	-	-	-	-	1,402,664
Other	109,217	185,632	399,593	147,487	2,649,780	11,474	3,503,183	-
Total Operating Revenues	1,546,582	2,257,858	12,295,297	8,990,099	32,200,444	125,042	57,415,322	13,974,083
Operating Expenses								
General Administration	-	-	-	-	-	-	-	258,825
Personnel Services	198,158	2,602,912	2,000,082	3,356,377	1,609,400	8,801	9,775,730	1,225,405
Contractual Services	-	-	-	-	-	-	-	263,661
Maintenance and Supplies	2,958,910	726,868	4,794,867	4,922,933	9,059,278	240,561	22,703,417	-
Equipment Usage and Operation	-	-	-	-	-	-	-	1,988,217
Insurance	-	-	-	-	-	-	-	8,048,451
Depreciation	500,418	-	1,272,260	9,049	5,723,400	171,983	7,677,110	1,530,045
Total Operating Expenses	3,657,486	3,329,780	8,067,209	8,288,359	16,392,078	421,345	40,156,257	13,314,604
Operating Income (Loss)	(2,110,904)	(1,071,922)	4,228,088	701,740	15,808,366	(296,303)	17,259,065	659,479
Nonoperating Revenues (Expenses)								
Interest Income	-	100	362,950	35,493	1,046,071	-	1,444,614	75,795
Interest Expense	(7,054)	-	(519,876)	-	(11,897,925)	(39)	(12,424,894)	-
Grants	1,472,722	-	-	-	-	225,125	1,697,847	1,370,444
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	119,593
Other Income	-	-	-	-	-	-	-	9,389
Total Nonoperating Revenues (Expenses)	1,465,668	100	(156,926)	35,493	(10,851,854)	225,086	(9,282,433)	1,575,221
Income (Loss) Before Transfers	(645,236)	(1,071,822)	4,071,162	737,233	4,956,512	(71,217)	7,976,632	2,234,700
Transfers In	-	-	18,517,473	390,000	1,164,760	131,814	20,204,047	4,737,184
Transfers Out	-	(2,020)	(18,843,015)	(396,150)	(1,601,820)	(23,814)	(20,866,819)	(4,182,455)
Change in Net Position	(645,236)	(1,073,842)	3,745,620	731,083	4,519,452	36,783	7,313,860	2,789,429
Net Position (Deficit), Beginning as restated	7,827,045	(1,636,495)	33,086,315	2,265,841	51,569,618	4,149,036	97,261,360	19,519,693
Net Position (Deficit), Ending	\$ 7,181,809	\$ (2,710,337)	\$ 36,831,935	\$ 2,996,924	\$ 56,089,070	\$ 4,185,819	\$ 104,575,220	\$ 22,309,122

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

**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds	
	Transit							
Cash Flows from Operating Activities:								
Cash Received from Customers for Current Services	\$ 4,497,360	\$ 2,257,447	\$ 12,053,510	\$ 8,894,058	\$ 31,627,153	\$ 178,970	\$ 59,508,498	\$ 13,920,388
Cash Received for Interfund Services Provided	-	-	-	-	-	-	-	(1,018,897)
Cash Paid for Salaries and Benefits	(179,089)	(1,801,702)	(1,769,960)	(3,143,199)	(1,729,787)	(9,590)	(8,633,327)	(2,196,427)
Cash Paid for Services and Supplies	(2,990,331)	(783,432)	(4,127,324)	(4,907,312)	(7,946,944)	(239,047)	(20,994,390)	(8,318,873)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(258,825)
Net Cash Provided by (Used for) Operating Activities	1,327,940	(327,687)	6,156,226	843,547	21,950,422	(69,667)	29,880,781	2,127,366
Cash Flows from Non-Capital Financing Activities:								
Grants	1,472,722	-	-	-	-	225,125	1,697,847	1,370,444
Advances to/from Other Funds	(193,000)	-	(103,333)	103,333	-	-	(193,000)	-
Due to Other Funds	(1,275,437)	-	-	-	-	-	(1,275,437)	69,002
Other Income	-	-	-	-	-	-	-	9,389
Transfers from Other Funds	-	-	18,517,473	390,000	1,164,760	131,814	20,204,047	4,737,184
Transfers to Other Funds	-	(2,020)	(18,843,015)	(396,150)	(1,601,820)	(23,814)	(20,866,819)	(4,182,455)
Net Cash Provided by (Used for) Non-Capital Financing Activities	4,285	(2,020)	(428,875)	97,183	(437,060)	333,125	(433,362)	2,003,564
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Assets	-	-	-	-	-	5,071	5,071	183,091
Proceeds from Revenue Bonds	-	-	20,353,605	-	-	-	20,353,605	-
Payments Made on Capital Leases	-	-	(1,250,720)	-	(212,724)	-	(1,463,444)	(22,251)
Principal and Interest Paid on Long-Term Debt	-	-	-	-	(15,654,277)	-	(15,654,277)	-
Deferred Charges	-	-	(78,782)	-	117,646	-	38,864	-
Acquisition of Capital Assets	(850)	-	(10,110,993)	(13,107)	(1,357,577)	-	(11,482,527)	(3,332,878)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(850)	-	8,913,110	(13,107)	(17,106,932)	5,071	(8,202,708)	(3,172,038)
Cash Flows from Investing Activities:								
Interest Income (Expense)	(7,054)	100	362,950	35,493	1,046,071	(39)	1,437,521	75,795
Net Increase (Decrease) in Cash and Cash Equivalents	1,324,321	(329,607)	15,003,411	963,116	5,452,501	268,490	22,682,232	1,034,687
Cash and Cash Equivalents, Beginning of the Year	1,040	1,253,954	4,162,727	4,874,817	87,734,960	146,552	98,174,050	11,880,071
Cash and Cash Equivalents, End of the Year	\$ 1,325,361	\$ 924,347	\$ 19,166,138	\$ 5,837,933	\$ 93,187,461	\$ 415,042	\$ 120,856,282	\$ 12,914,758

(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, 2018

	Business-Type Activities - Enterprise Funds						Governmental	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Income (Loss)	\$ (2,110,904)	\$ (1,071,922)	\$ 4,228,088	\$ 701,740	\$ 15,808,366	\$ (296,303)	\$ 17,259,065	\$ 659,479
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation	500,418	-	1,272,260	9,049	5,723,400	171,983	7,677,110	1,530,045
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	(48,601)	(411)	(241,787)	(96,041)	(701,970)	79,684	(1,009,126)	(40,095)
(Increase) in Inventory	-	-	-	-	-	-	-	(26,204)
(Increase) Decrease in Intergovernmental Receivable	2,797,635	-	-	-	128,679	(25,756)	2,900,558	-
(Increase) Decrease in Accounts Payable and Accrued Liabilities	(31,421)	(56,564)	667,543	15,621	1,122,334	1,514	1,719,027	81,655
(Decrease) in Deposits Payable	-	-	-	-	(10,000)	-	(10,000)	-
Increase (Decrease) in Unearned Revenue	201,744	-	-	-	-	-	201,744	(13,600)
(Decrease) in Insurance Claims Payable	-	-	-	-	-	-	-	(270,422)
Increase (Decrease) in OPEB	(611)	(13,496)	(11,785)	(19,353)	(12,936)	(100)	(58,281)	(16,141)
Increase (Decrease) in Net Pension Liability and Related Items	14,620	771,757	259,114	207,987	(93,583)	(916)	1,158,979	215,595
Increase (Decrease) in Compensated Absences Payable	5,060	42,949	(17,207)	24,544	(13,868)	227	41,705	7,054
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,327,940</u>	<u>\$ (327,687)</u>	<u>\$ 6,156,226</u>	<u>\$ 843,547</u>	<u>\$ 21,950,422</u>	<u>\$ (69,667)</u>	<u>\$ 29,880,781</u>	<u>\$ 2,127,366</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 1,325,361	\$ 924,347	\$ 7,061,348	\$ 5,837,933	\$ 23,804,588	\$ 415,042	\$ 39,368,619	\$ 12,914,758
Cash and Investments with Fiscal Agents	-	-	12,104,790	-	69,382,873	-	81,487,663	-
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 1,325,361</u>	<u>\$ 924,347</u>	<u>\$ 19,166,138</u>	<u>\$ 5,837,933</u>	<u>\$ 93,187,461</u>	<u>\$ 415,042</u>	<u>\$ 120,856,282</u>	<u>\$ 12,914,758</u>

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

**CITY OF TULARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 4,826,389	\$ 9,463,306
Cash and Investments with Fiscal Agent	10,913	-
Accounts Receivable	653,471	42,633
Interest Receivable	14,709	-
Note Receivable	8,682,715	-
Land Held for Sale	2,651,365	-
	<u>16,839,562</u>	<u>9,505,939</u>
Deferred Outflows of Resources		
Deferred Outflows from Deferred Loans	286,832	-
	<u>286,832</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 286,832</u>	<u>\$ -</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 446,636	\$ 17,414
Unearned Revenue	1,153,073	-
Deposits Payable	20,250	10,877,081
Bonds - Current	1,040,993	-
	<u>2,660,952</u>	<u>10,894,495</u>
Total Current Liabilities	<u>2,660,952</u>	<u>10,894,495</u>
Noncurrent Liabilities		
Bonds and Advances	36,163,215	-
	<u>36,163,215</u>	<u>-</u>
Total Noncurrent Liabilities	<u>36,163,215</u>	<u>-</u>
Total Liabilities	<u>38,824,167</u>	<u>10,894,495</u>
Net Position (Deficit)	<u>\$ (21,697,773)</u>	<u>\$ (1,388,556)</u>

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>
Additions	
Grants	\$ 2,587,609
Interest and Rentals	43,908
Other	573
Loss from Sale of Property	<u>(2,529,842)</u>
Total Additions	<u>102,248</u>
Deductions	
Community Development	<u>1,331,624</u>
Total Deductions	<u>1,331,624</u>
Other Financing Sources (Uses)	
Transfers Out	<u>(4,165,038)</u>
Total Other Financing Sources (Uses)	<u>(4,165,038)</u>
Change in Net Position	(5,394,414)
Net Position (Deficit), Beginning of Year	<u>(16,303,359)</u>
Net Position (Deficit), End of Year	<u><u>\$ (21,697,773)</u></u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements present the financial position of the City and the various funds and fund types, the results of operations of the City and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2018, 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 unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. However, elected officials of the City have a continuing accountability for fiscal matters of the other entity. The financial reporting entity consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

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

Blended Component Unit:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

Financing Authority Fund – The Financing Authority Fund accounts for the annual debt service on the 2018 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.

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

C. Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

Cash and Investments

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

Investments

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

Further cash and investment disclosures are presented in Note 2.

Interfund Transactions

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 statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions (Continued)

Interfund transfers are generally recorded as transfers except for the following types of transactions:

- Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as unbilled receivables at the end of the fiscal year.
- Reimbursements for costs of services performed are recorded as a reduction of expenditure in the performing fund and an expenditure of the requesting fund.

Receivables

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Financial Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Depreciation and amortization of all exhaustible capital assets are recorded as an allocated expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method of depreciation and amortization. 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 and amortization are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations (Continued)

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

Net Position/Fund Balances

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted* – 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* – This category represents net position of the City, not restricted for any project or other purpose.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances (Continued)

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

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

Property Taxes

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

The property tax calendar for the City is as follows:

Lien date	January 1
Levy dates	July 1 through June 30
Due dates	November 1 – 1 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Supplemental budgetary appropriations were negligible for the year ended June 30, 2018. 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. No budgets are adopted for the Financing Authority Debt Service Fund or the Proprietary and Fiduciary Fund types.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2018, the City Council approved \$6.1 million of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

F. Reclassifications and Eliminations

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

G. Recent Accounting Pronouncements – Implemented in the Financial Statements

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The requirements of this statement are effective for fiscal years beginning after June 15, 2017. This statement replaces GASB Statement No. 45, implemented by the City in 2009, and focuses primarily on enhanced note disclosures and schedules of required supplementary information. The City has implemented the provisions of GASB Statement No. 75 in the current year. As a result of implementation, the City reported a prior period adjustment to net position and recognized a net Other Postemployment Benefits (OPEB) liability, deferred inflow of resources and deferred outflow of resources associated with the City's OPEB as of June 30, 2018. See Note 10 for a detailed discussion of the effects of the City's current and prior period financial statements as a result of the adoption of this standard.

GASB Statement No. 81 – Irrevocable Split-Interest Agreements

The requirements of this statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. Upon implementation, there was no effect on the City's accounting and financial reporting.

GASB Statement No. 85 – Omnibus 2017

The requirements for this statement are effective for fiscal years beginning after June 15, 2017. This statement addresses practice issues that have been identified during implementation of various GASB Statements, including Fair Value Measurement and Application. Upon implementation, there was no effect on the City's accounting and financial reporting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*

The requirements of this statement are effective for periods beginning after June 15, 2017. Upon implementation, there was no effect on the City's accounting and financial reporting.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

J. Future Pronouncements

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

GASB Statement No. 83 – *Certain Asset Retirement Obligations*

The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City has not fully judged the effect of implementation of GASB Statement No. 83 as of the date of the basic financial statements.

GASB Statement No. 84 – *Fiduciary Activities*

The requirements for this statement are effective for fiscal years beginning after December 15, 2018. The City has not fully judged the effect of implementation of GASB Statement No. 84 as of the date of the basic financial statements.

GASB Statement No. 87 – *Leases*

The requirements of this statement are effective for periods beginning after December 15, 2019. The City has not fully judged the effect of implementation of GASB Statement No. 83 as of the date of the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Future Pronouncements (Continued)

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The requirements for this statement are effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The City has not fully judged the effect of implementation of GASB Statement No. 88 as of the date of the financial statements.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The requirements of this statement are effect for periods beginning after December 15, 2019. The City has not fully judged the effect of implementation of GASB Statement No. 89 as of the date of the financial statements.

GASB Statement No. 90 – Majority Equity Interests—an amendment of GASB Statement No. 14 and No. 61

The requirements of this statement are effect for periods beginning after December 15, 2018. The City has not fully judged the effect of implementation of GASB Statement No. 90 as of the date of the financial statements

K. Deferred Outflows and Inflows of Resources

As required by GASB Statements No. 63 and No. 65, the City recognized applicable deferred outflows and inflows of resources in the government-wide and proprietary fund type financial statements.

The Statements of Net Position will sometimes report a separate section for deferred outflows of resources, defined as a consumption of net position by the City that is applicable to a future funding period, or deferred inflows of resources, defined as an acquisition of net position by the City that is applicable to a future funding period. The City has items that qualify for reporting in these categories and are detailed in a separate note disclosure.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Cash and Investments	\$ 110,272,136
Cash and Investments with Fiscal Agent	85,494,401
Fiduciary Funds:	
Cash and Investments	14,289,695
Cash and Investments with Fiscal Agent	<u>10,913</u>
Total Cash and Investments	<u>\$ 210,067,145</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2018, consist of the following:

Cash on Hand	\$ 12,690
Deposits with Financial Institutions	959,701
Investments	123,589,238
Cash and Investment with Fiscal Agents	<u>85,505,516</u>
Total Cash and Investments	<u>\$ 210,067,145</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage/Amount of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	N/A	\$50 million	N/A
Bankers' Acceptances	180 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A
Repurchase Agreements(3)	90 days	N/A	N/A
Medium-Term Notes/Corporate Bonds(1)	5 years	30%	N/A
Money Market Mutual Funds(4)	N/A	15%	N/A
Commercial Paper(6)	N/A	25%	N/A
Zero Coupon Bonds(2)	N/A	N/A	N/A
Passbook Savings Account Demand Deposits(5)	N/A	N/A	N/A

- (1) Must be rated A or better by a nationally recognized rating service and may not exceed 30% of the City's surplus funds.
- (2) May only be purchased for purposes of bond defeasance or future capital improvement projects.
- (3) Requires physical delivery of the securities backing the repurchase agreements or safekeeping documentation to a qualified safekeeping institution.
- (4) Purchases may not exceed 15% of the City's surplus funds.
- (5) Requires investing only in FDIC savings and loans institutions.
- (6) Purchases may not exceed 25% of the City's surplus funds.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 81,667,910	2.4
LAIF	41,921,328	N/A
Held by Bond Trustee:		
Money Market Mutual Funds	18,589,526	0.2
Investment Contracts	15,452,186	1.5
U.S. T-Bills	51,452,891	
Held by Insurance Administrator:		
Pooled Investments	10,913	N/A
Total	<u>\$ 209,094,754</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	\$ 81,667,910	N/A	\$ -	\$ 81,667,910	\$ -
Certificates of Deposit	-	N/A	-	-	-
LAIF	41,921,328	Collateralized	-	-	41,921,328
Held by Bond Trustee:					
Money Market Mutual Funds	18,589,526	A	18,589,526	-	-
Investment Contracts	15,452,186	N/A	15,452,186	-	-
U.S. T-Bills	51,452,891	N/A	51,452,891	-	-
Held by Insurance Administrator:					
Pooled Investments	10,913	N/A	10,913	-	-
Total	\$ 209,094,754		\$ 85,505,516	\$ 81,667,910	\$ 41,921,328

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	\$ 43,233,620
Federal Farm Credit Banks	Federal Agency Securities	14,164,860
Federal National Mortgage	Federal Agency Securities	24,268,888
Government National Mortgage Association	Federal Agency Securities	542
	Total Federal Agency Securities	\$ 81,667,910

Custodial Credit Risk

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

The carrying amounts of the City's cash deposits were \$0 at June 30, 2018. Bank balances before reconciling items were \$2,904,704 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

Investments in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. 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.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The City has the following recurring fair value measurements as of June 30, 2018:

Investments by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities			
Federal Agency Securities	\$ 81,667,910	\$ 81,667,910	\$ -
Total Investments Measured at Fair Value	81,667,910	81,667,910	-
Investments Measured at Amortized Cost			
LAIF	41,921,328		
Pooled Insurance Investments	10,913		
Money Market Mutual Funds	18,589,526		
Investment Contracts	15,452,186		
U.S. Treasury Bills	51,452,891		
Total Investments Measured at Amortized Cost	127,426,844		
Total Pooled and Directed Investments	\$ 209,094,754		

NOTE 3 – NOTES AND LOANS RECEIVABLE

Notes receivable for the primary government consist of:

Primary Government

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

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

Total Primary Government \$ 1,284,453

Loans receivable consist of:

Primary Government

Home Program (Housing Successor Agency (HSA)) \$ 7,862,242
Housing Community Development Block Grant (CDBG) Loans 1,524,300
Rehabilitation Loans 973,780

Total Primary Government \$ 10,360,322

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 13,260,392	\$ 876,495	\$ -	\$ 14,136,887
Right-of-Way	15,882,631	1,036,291	-	16,918,922
Construction in Progress	46,290,661	2,296,896	-	48,587,557
Subtotal	<u>75,433,684</u>	<u>4,209,682</u>	<u>-</u>	<u>79,643,366</u>
Depreciable Capital Assets:				
Infrastructure	248,113,354	2,011,755	-	250,125,109
Structures and Improvements	58,748,412	242,249	-	58,990,661
Equipment	27,625,763	4,118,165	(1,896,648)	29,847,280
Subtotal	<u>334,487,529</u>	<u>6,372,169</u>	<u>(1,896,648)</u>	<u>338,963,050</u>
Accumulated Depreciation:				
Infrastructure	(127,708,433)	(8,908,458)	-	(136,616,891)
Structures and Improvements	(22,414,133)	(1,266,426)	-	(23,680,559)
Equipment	(20,616,214)	(1,607,566)	1,833,150	(20,390,630)
Subtotal	<u>(170,738,780)</u>	<u>(11,782,450)</u>	<u>1,833,150</u>	<u>(180,688,080)</u>
Net Capital Assets	<u>\$ 239,182,433</u>	<u>\$ (1,200,599)</u>	<u>\$ (63,498)</u>	<u>\$ 237,918,336</u>
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Business-Type Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 7,408,278	\$ 144,326	\$ -	\$ 7,552,604
Construction in Progress	2,830,488	9,648,604	(1,041,506)	11,437,586
Subtotal	<u>10,238,766</u>	<u>9,792,930</u>	<u>(1,041,506)</u>	<u>18,990,190</u>
Depreciable Capital Assets:				
Buildings	5,054,418	-	-	5,054,418
Improvements Other Than Buildings	325,941,953	2,381,578	(5,071)	328,318,460
Equipment	10,094,097	349,525	(36,975)	10,406,647
Subtotal	<u>341,090,468</u>	<u>2,731,103</u>	<u>(42,046)</u>	<u>343,779,525</u>
Accumulated Depreciation:				
Buildings	(1,659,932)	(116,507)	-	(1,776,439)
Improvements Other Than Buildings	(82,537,796)	(7,091,811)	-	(89,629,607)
Equipment	(7,597,046)	(468,792)	36,975	(8,028,863)
Subtotal	<u>(91,794,774)</u>	<u>(7,677,110)</u>	<u>36,975</u>	<u>(99,434,909)</u>
Net Capital Assets	<u>\$ 259,534,460</u>	<u>\$ 4,846,923</u>	<u>\$ (1,046,577)</u>	<u>\$ 263,334,806</u>

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2018, was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,019,724
Public Safety	627,798
Public Works	89,815
Community Development	7,862,060
Community Services	41,874
Library and Cultural	<u>2,141,179</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,782,450</u>
Business-Type Activities:	
Aviation	\$ 171,983
Transit	500,418
Water	1,272,260
Solid Waste	9,049
Sewer	<u>5,723,400</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 7,677,110</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2018, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 5,771,695
Financing Authority Fund	298,540
Nonmajor Governmental Funds	92,782
Internal Service Funds	<u>701,683</u>
Total Governmental Activities	<u>\$ 6,864,700</u>
Business-Type Activities:	
Transit	\$ 129,964
Community & Economic Development	122,635
Water	1,956,766
Solid Waste	289,420
Sewer	4,550,236
Aviation	<u>4,443</u>
Total Business-Type Activities	<u>\$ 7,053,464</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2018:

Type of Debt	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Lease Bonds Payable	\$ 26,670,000	\$ 26,675,000	\$ 26,670,000	\$ 26,675,000	\$ 1,040,000
Bond Premium	1,186,424	2,359,901	1,215,923	2,330,402	117,995
Bond Discount	(652,984)	652,984	-	-	-
Leases Payable	713,771	-	116,569	597,202	122,475
Compensated Absences Payable	2,866,972	546,709	296,897	3,116,784	239,992
Total Governmental Activities	\$ 30,784,183	\$ 30,234,594	\$ 28,299,389	\$ 32,719,388	\$ 1,520,462
Business-Type Activities:					
Revenue Bonds Payable	\$ 228,961,095	\$ 18,155,000	\$ 3,182,798	\$ 243,933,297	\$ 3,605,446
Bond Premium	14,736,808	2,198,605	610,198	16,325,215	646,841
Leases Payable	6,519,902	-	906,924	5,612,978	952,905
Compensated Absences Payable	1,100,516	55,573	13,868	1,142,221	87,951
Total Business-Type Activities	\$ 251,318,321	\$ 20,409,178	\$ 4,713,788	\$ 267,013,711	\$ 5,293,143
Primary Government:					
Revenue Bonds Payable	\$ 255,631,095	\$ 44,830,000	\$ 29,852,798	\$ 270,608,297	\$ 4,645,446
Bond Premium	15,923,232	4,558,506	1,826,121	18,655,617	764,836
Bond Discount	(652,984)	652,984	-	-	-
Leases Payable	7,233,673	-	1,023,493	6,210,180	1,075,380
Compensated Absences Payable	3,967,488	602,282	310,765	4,259,005	327,943
Total Primary Government	\$ 282,102,504	\$ 50,643,772	\$ 33,013,177	\$ 299,733,099	\$ 6,813,605

NOTE 6 – LONG-TERM DEBT (Continued)

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

Governmental Activities -

Lease Revenue Bonds (the Authority):

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1 each year, commencing April 1, 2009, through April 1, 2038, and bear interest at rates ranging from 2.00% to 3.30% depending upon the date of maturity. On March 27, 2018, the Council issued the 2018 Lease Revenue Bond which was an advance refunding of the 2008 Lease Revenue Bond.

\$ -

On March 27, 2018, the City issued \$26,675,000 in Lease Revenue Bonds to refund the City's 2008 Lease Revenue Bond with an outstanding balance of \$26,670,000. The reacquisition price exceeded the net carry amount of the old debt by \$5,000. The transaction resulted in an economic gain of \$4,478,415. Due to the advance refunding of the 2008 Lease Revenue Bond, a deferred outflow of resources (refunding of debt) of \$175,898 was calculated and will be amortized over the life of the debt. The bonds are payable in amounts ranging from \$1,040,000 to \$1,700,000 per year on April 1 each year, commencing April 1, 2019, through April 1, 2038, and bear interest at rates ranging from 3.00% to 5.00% depending upon the date of maturity. At June 30, 2018, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 29,005,402

Compensated Absences:

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

\$ 3,116,784

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. At June 30, 2018, the outstanding balance was:

\$ 597,202

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities - (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$135,649, are as follows:

Year Ending June 30,	Citi Capital Muni
2019	\$ 147,904
2020	147,904
2021	147,904
2022	147,904
2023	73,952
	<u>665,568</u>
Less Interest	<u>68,366</u>
Total	<u><u>\$ 597,202</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, 2018, the outstanding balance was \$3,763,451.

The annual requirements to amortize the lease payable outstanding, including interest of \$626,381, are as follows:

Year Ending June 30,	Citi Capital Muni
2019	\$ 932,444
2020	932,444
2021	932,444
2022	932,444
2023	466,222
	<u>4,195,998</u>
Less Interest	<u>432,547</u>
Total	<u><u>\$ 3,763,451</u></u>

In December 2010, the City entered into a lease agreement to obtain an obligation of \$4,893,322 on a capital lease for equipment of the City's solar project. The fifteen-year lease bears an interest rate of 4.99% and has semi-annual payments in the range of \$148,051 to \$424,860 each year. At June 30, 2018, the outstanding balance was \$1,849,527.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

Lease Payable: (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$523,853, are as follows:

Year Ending June 30,	Bank of America Solar Project
2019	\$ 270,816
2020	274,696
2021	278,554
2022	282,386
2023	286,187
2024-2028	<u>880,966</u>
	2,273,605
Less Interest	<u>424,078</u>
Total	<u>\$ 1,849,527</u>

2009 Sewer Revenue Bonds:

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principal is 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 interest is payable twice a year, 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, 2018, the outstanding balance was \$54,775,000.

2012 Sewer Revenue Refunding Bonds:

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.29%. At June 30, 2018, the outstanding balance was \$6,798,297.

2013 Sewer Revenue Refunding Bonds:

On May 1, 2013, the City issued \$32,855,000 in Sewer Revenue Refunding Bonds to refund the City's 2001 Sewer Revenue Bonds and the 2003 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2013, through November 15, 2033, and bear interest rates from 2% to 5%. At June 30, 2018, the outstanding balance, including the related unamortized bond premium was \$25,542,581.

2015 Sewer Revenue Refunding Bonds:

In November 2015, the City issued \$84,555,000 in Sewer Revenue Refunding Bonds to refund the City's 2006 Sewer Revenue Bonds with an outstanding principal of \$76,800,000. The reacquisition price exceeded the net carry amount of the old debt by \$7,755,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$7,433,828. Principal and interest payments are due semi-annually commencing on November 15, 2015, through November 15, 2045, and bear interest rates from 2% to 5%. At June 30, 2018, the outstanding balance, including the related unamortized bond premium was \$89,646,577.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

2016 Sewer Revenue Refunding Bonds:

On July 20, 2017, the City issued \$58,265,000 in Sewer Revenue Refunding Bonds to refund the City's 2010 Sewer Revenue Bonds with an outstanding principal of \$8,375,000. Due to the advance refunding of the 2010 Sewer Revenue Bonds, a deferred outflow of resources (refunding of debt) of \$387,453 was calculated and will be amortized over the life of the debt. The transaction resulted in a reduction of \$1,951,172 in future debt service payments. The economic gain was \$906,004. Principal and interest payments are due semi-annually commencing November 15, 2019, through November 15, 2044, and bear interest rates from 3% to 5%. At June 30, 2018, the outstanding balance was \$63,179,096.

2017 Water Revenue Refunding Bonds:

In 2018, the City issued \$18,155,000 in Water Revenue Refunding Bonds. The bond principal is payable in amounts ranging from \$330,000 to \$1,080,000 per year on December 1 each year, commencing December 1, 2018, through December 1, 2047, and bear interest rate of 2.00% to 5.00%. The bond interest is payable twice a year, on June 1 and December 1 each year. At June 30, 2018, the outstanding balance, including the related unamortized bond premium was \$20,316,961.

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

Year Ending June 30,	Primary Government			
	Governmental Activities	Business-Type Activities		
	2018 Lease Revenue Bonds	2013 Sewer Revenue Refunding Bonds	2009 Sewer Revenue Bonds	2012 Sewer Revenue Refunding Bonds
2019	\$ 2,221,180	\$ 2,872,500	\$ 4,792,813	\$ 923,355
2020	2,222,000	2,369,150	4,792,813	923,355
2021	2,228,600	2,371,900	4,792,813	923,355
2022	2,228,200	2,373,150	4,792,813	923,355
2023	2,221,000	1,447,000	4,792,813	923,355
2024-2028	10,664,750	8,210,550	23,964,060	3,231,743
2029-2033	8,854,250	10,869,525	24,709,935	-
2034-2038	8,846,500	1,202,125	32,462,065	-
2039-2043	-	-	37,675,689	-
2047-2048	-	-	22,422,657	-
	39,486,480	31,715,900	165,198,471	7,848,518
Less Interest	12,811,480	8,095,900	110,423,471	1,050,221
Plus Unamortized Premium	2,330,402	1,922,581	-	-
Total	\$ 29,005,402	\$ 25,542,581	\$ 54,775,000	\$ 6,798,297

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

Year Ending June 30,	Primary Government		
	Business-Type Activities		
	2015 Sewer Revenue Refunding Bonds	2016 Sewer Revenue Refunding Bonds	2017 Water Revenue Refunding Bonds
2019	\$ 4,246,500	\$ 2,141,100	\$ 1,106,500
2020	4,919,900	2,490,775	1,104,850
2021	4,923,750	2,747,850	1,106,325
2022	4,923,250	2,746,300	1,105,825
2023	5,799,750	2,773,950	1,103,200
2024-2028	29,145,250	13,837,825	5,524,500
2029-2033	29,287,875	13,763,900	5,522,000
2034-2038	29,724,097	19,243,900	5,526,251
2039-2043	23,914,911	26,310,475	5,521,375
2047-2048	12,037,500	19,252,675	5,520,625
	148,922,783	105,308,750	33,141,451
Less Interest	66,602,783	47,043,750	14,986,451
Plus Unamortized Premium	7,326,577	4,914,096	2,161,961
Total	<u>\$ 89,646,577</u>	<u>\$ 63,179,096</u>	<u>\$ 20,316,961</u>

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy. At June 30, 2018, the compensated absences payable totaled \$1,142,221 for business-type activities.

NOTE 7 – PENSION PLANS

The City participates in the Miscellaneous Plan, an agent multiple employer defined benefit pension plan of the City of Tulare, and the Safety Fire Plan and Safety Police Plan, cost-sharing multiple employer defined benefit pension plans of the City of Tulare, which are included in the Public Agency portion of CalPERS.

Miscellaneous Plan**A. General Information**Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan (the Plan), an agent multiple employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

A. General Information (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLA for the Miscellaneous Plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members, as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous Plan 1st and 2nd Tiers are closed to new entrants as of January 1, 2013.

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous 2nd Tier</u>	<u>Miscellaneous PEPRA</u>
Hire Date	Prior to January 1, 2011	January 1, 2011 through December 31, 2012	On or after January 1, 2013
Benefit Formula	2.7%@55	2.5%@55	2.0%@62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50-63	52-67
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	8.00%	8.00%
Required Employer Contribution Rates	9.901%	9.901%	9.901%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	251
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>236</u>
Total	<u><u>625</u></u>

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

A. General Information (Continued)

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The City's net pension liability for its Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% to 14.2% (1)
Investment Rate of Return	7.00% (2)
Mortality	Derived from CalPERS Membership Data for all Funds (3)

(1) Depending on age, service, and type of employment.

(2) Net of pension plan investment expenses, including inflation.

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

C. Changes in Net Pension Liability

The changes in the net pension liability for the Plan follow:

	Total Pension Liability (1)	Increase (Decrease) Plan Fiduciary Net Position (2)	Net Pension Liability (Asset) (3) = (1) - (2)
Balance at June 30, 2017	\$ 108,466,444	\$ 75,454,048	\$ 33,012,396
Changes Recognized for the Measurement Period:			
- Service Cost	2,302,467	-	2,302,467
- Interest on the Total Pension Liability	8,001,199	-	8,001,199
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	(1,583,358)	-	(1,583,358)
- Changes of Assumptions	6,473,120	-	6,473,120
- Contributions from the Employer	-	2,953,750	(2,953,750)
- Contributions from the Employees	-	1,173,897	(1,173,897)
- Net Investment Income	-	8,340,246	(8,340,246)
- Benefit Payments Including Refund of Employee Contributions	(5,205,114)	(5,205,114)	-
- Administrative Expenses	-	(111,403)	111,403
Net Changes	<u>9,988,314</u>	<u>7,151,376</u>	<u>2,836,938</u>
Balance at June 30, 2018	<u>\$ 118,454,758</u>	<u>\$ 82,605,424</u>	<u>\$ 35,849,334</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>MISCELLANEOUS PLAN</u>	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount Rate</u> <u>(7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability	\$ 51,480,403	\$ 35,849,334	\$ 22,910,447

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$4,902,579. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,007,436	\$ -
Differences between actual and expected experience	129,909	1,037,372
Changes in assumptions	4,241,009	-
Net differences between projected and actual earnings on plan investments	<u>1,080,694</u>	<u>-</u>
Total	<u>\$ 8,459,048</u>	<u>\$ 1,037,372</u>

The contributions of \$3,007,436 made after the measurement date of the net pension liability/collective net pension liability but before the end of the employer's or governmental nonemployer contributing the City's reporting period will be recognized as a reduction of the net pension liability/collective net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2019	\$ 1,786,842
2020	2,779,249
2021	455,814
2022	<u>(607,665)</u>
Total	<u>\$ 4,414,240</u>

E. Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Safety Police and Safety Fire Plans

A. General Information

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plans administered by CalPERS. The plans consist of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors six safety rate plans (three police and three fire). Benefit provisions under the plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

A. General Information (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual COLA, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLA for the plans are applied as specified by the PERL.

The plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety - Police 1st Tier	Safety - Police 2nd Tier	Safety - Police PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	19.723%	16.842%	11.990%
	Safety - Fire 1st Tier	Safety - Fire 2nd Tier	Safety - Fire PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	19.723%	17.875%	11.990%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$2,066,927 for the year ended June 30, 2018.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

A. General Information (Continued)

Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the plans for the year ended June 30, 2018, were \$3,368,410.

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the plans of \$24,905,736.

The City's net pension liability for the plans is measured as the proportionate share of the net pension liability. The net pension liability of the plans is measured as of June 30, 2017, and the total pension liability for the plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the plans as of June 30, 2016 and 2017, was as follows:

Proportion - June 30, 2016	0.4316%
Proportion - June 30, 2017	0.4168%
Change - Increase (Decrease)	-0.0148%

For the year ended June 30, 2018, the City recognized pension expense of \$4,935,099. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,549,074	\$ -
Changes of assumptions	3,997,904	306,730
Differences between actual and expected experience	275,670	71,875
Net difference between projected and actual earnings on plan investments	871,700	-
Change in City's proportion	1,071,864	528,482
Differences between the City's actual contributions and the City's proportionate share of contributions	1,349,052	-
Total	<u>\$ 10,115,264</u>	<u>\$ 907,087</u>

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

B. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$2,549,074 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	
2019	\$ 2,354,245
2020	2,908,650
2021	1,906,270
2022	<u>(510,062)</u>
Total	<u>\$ 6,659,103</u>

C. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Age-Entry Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.0% (2)
Mortality	Derived from CalPERS Membership Data for all Funds (3)

- (1) Depending on age, service, and type of employment.
- (2) Net of pension plan investment expenses, including inflation.
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

Change of Assumptions

In 2017, the accounting discount rate was reduced from 7.65 to 7.15 percent.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the PERF. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.69%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the plans, calculated using the discount rate for the plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>SAFETY POLICE AND SAFETY FIRE PLANS</u>	<u>Discount Rate -1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate +1% 8.15%</u>
Plans' Net Pension Liability	\$ 38,113,154	\$ 24,905,736	\$ 14,109,331

E. Pension Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plans

The City did not have an outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

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 the 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.

NOTE 8 – RISK MANAGEMENT (Continued)

Workers' Compensation: The workers' compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The annual retrospective computation of the deposit is based on the member's own losses up to its retention level plus a pro-rata share of general/administrative expenses and losses between \$100,000 and \$500,000. The City 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, 2018, were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds			
General Fund	General Operations	\$ 523,401	\$ 50,690
Nonmajor Governmental Funds	General Operations	-	403,709
Internal Service Funds			
Fleet Maintenance	General Operations	-	69,002
		<u>\$ 523,401</u>	<u>\$ 523,401</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers consist of transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2017-18 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<u>Governmental Major Funds</u>			
General Fund			
Special Revenue Funds	For Traffic Safety activity	\$ 26,727	\$ -
Nonmajor Governmental Funds	To fund activity	528,930	-
General Fund	To fund activity	112,020	-
Nonmajor Governmental Funds	To fund activity	55,000	-
	To fund construction-in-progress		
General Fund	(CIP) activity	1,254,100	-
Measure R Fund	To fund CIP activity	55,260	-
Nonmajor Governmental Funds	To fund CIP activity	1,390,030	-
Internal Service Funds	To fund CIP activity	880,520	-
Successor Agency Fund	To fund CIP activity	4,165,040	-
General Fund	General Fund contribution	-	528,923
Nonmajor Governmental Funds	General Fund contribution	-	1,561,050
Enterprise Funds	General Fund contribution	-	108,000
Financing Authority Fund	For lease revenue bond payment	-	2,315,380
Internal Service Funds	To pay unemployment claims	-	20,200
Nonmajor Governmental Funds	To fund CIP activity	-	504,100
Enterprise Funds	To fund equipment purchase	-	345,210
Internal Service Funds	To fund activity	-	31,030
Total General Fund		<u>8,467,627</u>	<u>5,413,893</u>
Measure R Fund			
General Fund	To fund CIP activity	-	55,264
Finance Authority Fund			
General Fund	For lease revenue bond payment	<u>2,315,380</u>	-
<u>Governmental Nonmajor Funds</u>			
Special Revenue Funds			
General Fund	General Fund contribution	321,855	-
General Fund	To fund CIP activity	-	1,389,864
General Fund	For traffic safety activity	-	9,710
General Fund	General Fund contribution	-	17,010
Internal Service Funds	To fund equipment purchase	-	23,850
Total Special Revenue Funds		<u>321,855</u>	<u>1,440,434</u>
Capital Projects Fund			
General Fund	To fund CIP activity	50,000	-
Enterprise Funds	To fund CIP activity	27,810	-
		<u>77,810</u>	<u>-</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Proprietary Major Funds

Enterprise Funds			
General Fund	General Fund contribution	107,997	-
Aviation Fund	To fund CIP activity	23,810	-
Water Fund	To fund CIP activity	10,180,480	-
Sewer Fund	To fund CIP activity	1,164,760	-
Water Fund	To fund CIP activity	7,991,790	-
Nonmajor Governmental Funds	To fund CIP activity	345,210	-
Sewer Fund	To fund CIP activity	390,000	-
Water Fund	To fund CIP activity	-	7,925,119
Solid Waste Fund	To fund CIP activity	-	390,000
General Fund	To fund activity	-	2,020
Water Fund	To fund activity	-	670,750
Solid Waste Fund	To fund activity	-	6,150
Sewer Fund	To fund activity	-	437,060
Aviation Fund	To fund activity	-	23,810
Water Fund	To fund activity	-	10,247,150
Sewer Fund	To fund activity	-	1,164,760
Total Enterprise Funds		<u>20,204,047</u>	<u>20,866,819</u>

Proprietary Nonmajor Funds

Internal Service Funds			
General Fund	To fund activity	323,234	-
Enterprise Funds	To fund activity	1,088,170	-
Fleet Maintenance Fund	To fund CIP activity	3,301,930	-
Special Revenue Funds	To fund CIP activity	23,850	-
Nonmajor Governmental Funds	To fund CIP activity	-	880,525
Fleet Maintenance Fund	To fund activity	-	3,301,930
Total Internal Service Funds		<u>4,737,184</u>	<u>4,182,455</u>

Trust Funds

Internal Service Funds			
Successor Agency Fund	To fund CIP activity	-	4,165,038

Totals		<u>\$ 36,123,903</u>	<u>\$ 36,123,903</u>
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Interfund advances to/from at June 30, 2018, were as follows:

	<u>Purpose</u>	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
Solid Waste Fund	To Construct Wells	\$ -	\$ 1,136,667
Water Fund	To Construct Wells	1,136,667	-
		<u>\$ 1,136,667</u>	<u>\$ 1,136,667</u>

Advances from Other Funds:

A loan from the Water Fund to the Solid Waste Fund in June 2014 for the construction of Wells: \$1,550,000 original loan in 15 annual payments of \$103,333 plus interest of 2.25%. \$ 1,136,667

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Plan Administration. The City provides a single-employer OPEB plan to cover eligible retirees' health care insurance and life insurance costs in accordance with a resolution approved by the City Council.

Benefits Provided. 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 OPEB 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. At July 1, 2017, members affected by this provision are as follows:

Active Employees	1
Retired Employees	<u>32</u>
Total	<u><u>32</u></u>

In June 1984, in the City's annual memorandum 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.

Effective August 1, 2006, management employees with more than 20 years of service with the City and attaining age 50 are eligible to continue of the City's health insurance at the same rate as if they were 55.

Plan membership. At July 1, 2017, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	46
Active plan members	<u>288</u>
Total	<u><u>334</u></u>

Contributions: The plan uses the pay-as-you-go method to fund the current cost.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017, that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Discount Rate	3.13%
Inflation	2.75%
Salary Increases	3.50% per annum, in aggregate
Investment Rate of Return	3.13%
Mortality Rate (1)	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover (2)	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	6 percent for 2018; 5.50 percent for 2019; 5.25 percent for 2020 and 5.00 percent for 2021 and later years

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Discount Rate. The discount rate used to measure the total OPEB liability was 3.13 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Continued)

Changes in the Net OPEB Liability. The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 4,430,010	\$ -	\$ 4,430,010
Changes in the Year:			
Service Cost	508	-	508
Interest on the Total OPEB Liability	134,199	-	134,199
Contribution - Employer	-	259,568	(259,568)
Contribution - Employee	-	-	-
Actual Investment Income	-	-	-
Administrative Expenses	-	-	-
Benefit Payments	(259,568)	(259,568)	-
Net Changes	(124,861)	-	(124,861)
Balance at June 30, 2018	\$ 4,305,149	\$ -	\$ 4,305,149

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1-percentage point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13)
Net OPEB Liability (Asset)	\$ 4,858,905	\$ 4,305,149	\$ 3,848,072

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00% decreasing to 4.00%) or 1-percentage point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB Liability (Asset)	\$ 3,682,684	\$ 4,305,149	\$ 5,036,674

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Recognition of Deferred Outflows and Deferred Inflows of Resources. Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$135,136. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 259,572	\$ -
Difference Between Expected and Actual Experience	-	-
Changes in Assumptions or Other Inputs	-	-
Differences Between Projected and Actual Return Investments	-	-
Total	<u>\$ 259,572</u>	<u>\$ -</u>

The \$259,572 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2018, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund	
Community Development	\$ 17,579
Community Services	159,801
Special Revenue - COPS - State Grant Fund	
Public Safety	14,600

NOTE 12 – COMMITMENTS AND CONTINGENCIES

General Liability

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

NOTE 13 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2018, is as follows:

	<u>General Fund</u>	<u>Measure R Fund</u>	<u>Financing Authority Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted for:					
Public Safety - Police	-	-	-	48,707	48,707
Public Safety - Fire	-	-	-	191,743	191,743
Public Works - Street	-	2,553,120	-	3,829,112	6,382,232
Debt Service	-	-	5,485,690	-	5,485,690
Development Services	-	-	-	2,167,921	2,167,921
Total restricted fund balance	<u>-</u>	<u>2,553,120</u>	<u>5,485,690</u>	<u>6,237,483</u>	<u>14,276,293</u>
Committed to:					
Cash Basis Reserve	8,255,722	-	-	-	8,255,722
Appropriation for Next Year's Budget	<u>47,558,487</u>	<u>-</u>	<u>-</u>	<u>281,719</u>	<u>47,840,206</u>
Total committed fund balance	<u>55,814,209</u>	<u>-</u>	<u>-</u>	<u>281,719</u>	<u>56,095,928</u>
Total fund balances	<u>\$ 55,814,209</u>	<u>\$ 2,553,120</u>	<u>\$ 5,485,690</u>	<u>\$ 6,519,202</u>	<u>\$ 70,372,221</u>

NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosures is January 30, 2019, which is the date that the financial statements were available to be issued.

NOTE 15 – DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2018, the following funds had a deficit fund balance or net position:

The Community & Economic Development Services Fund, an Enterprise Fund, had a deficit of \$2,710,337. The Community & Economic Development Services Fund deficit relates to GASB Statement No. 68. The City's plan is to increase the fund balance over time to cover the pension through rate increase and cost savings. This fund was created in the fiscal year 2012-13 and inherited the liability of staff without any consideration of the pension liability.

NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

During the fiscal year ended June 30, 2018, the City made the following prior period adjustments to restate the net position for governmental activity for adjustments to Net Position with regards to restatement necessary with the implementation of new reporting requirements for pension liabilities (GASB Statement No. 75).

Activity	Net Position Accounts		
	July 1, 2017 as previously reported	Adjustments	July 1, 2017 as restated
Net Position - Governmental Activities	\$ 260,140,151	\$ (1,747,741)	\$ 258,392,410
Internal Service Activities			
Fleet Maintenance	16,194,640	(178,972)	16,015,668
Employee Welfare	1,953,443	(7,974)	1,945,469
Workers' Compensation	(240,788)	(13,733)	(254,521)
General Insurance	563,802	(12,404)	551,398
Surface Water Management	963,058	(18,163)	944,895
Net Position - Business Activities			
Transit	7,866,365	(39,320)	7,827,045
Community & Economic Development	(1,266,834)	(369,661)	(1,636,495)
Water	33,407,535	(321,220)	33,086,315
Solid Waste	2,818,126	(552,285)	2,265,841
Sewer	52,134,310	(564,692)	51,569,618
Aviation	4,148,917	119	4,149,036

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 22,898,290	\$ 34,617,270	\$ 36,384,214	\$ 1,766,944
Intergovernmental	-	-	5	5
Licenses and Permits	-	105,000	100,416	(4,584)
Fines and Forfeitures	32,000	32,000	12,171	(19,829)
Charges for Services	2,415,770	4,721,440	4,401,984	(319,456)
Interest and Rentals	341,700	517,700	323,047	(194,653)
Grants	-	445,120	995,122	550,002
Assessments	-	87,000	85,269	(1,731)
Other	3,269,520	5,957,330	4,369,906	(1,587,424)
Total Revenues	28,957,280	46,482,860	46,672,134	189,274
Expenditures				
Current				
General Government	6,182,079	6,709,619	6,305,880	403,739
Public Safety	24,879,427	25,135,217	24,095,268	1,039,949
Public Works	3,681,850	3,704,870	2,326,161	1,378,709
Community Development	87,000	87,000	104,579	(17,579)
Community Services	5,538,664	5,538,664	5,698,465	(159,801)
Library and Cultural	1,524,521	1,524,521	1,415,168	109,353
Capital Outlay	12,642,923	13,606,204	4,316,151	9,290,053
Debt Service				
Principal	94,320	94,320	94,318	2
Interest and Fiscal Charges	275,080	275,080	31,303	243,777
Total Expenditures	54,905,864	56,675,495	44,387,293	12,288,202
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(25,948,584)	(10,192,635)	2,284,841	12,477,476
Other Financing Sources (Uses)				
Transfers In	-	(9,941,340)	8,467,627	18,408,967
Transfers Out	(8,109,050)	(8,162,980)	(5,413,893)	2,749,087
Total Other Financing Sources (Uses)	(8,109,050)	(18,104,320)	3,053,734	21,158,054
Change in Fund Balance Before				
Extraordinary Gain	(34,057,634)	(28,296,955)	5,338,575	33,635,530
Extraordinary Item				
Extraordinary Gain	-	-	(10,000)	(10,000)
Net Change in Fund Balance	(34,057,634)	(28,296,955)	5,328,575	33,625,530
Fund Balance, Beginning	50,485,634	50,485,634	50,485,634	-
Fund Balance, Ending	\$ 16,428,000	\$ 22,188,679	\$ 55,814,209	\$ 33,625,530

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE R FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,113,930	\$ 1,113,930	\$ 1,545,540	\$ 431,610
Interest and Rentals	-	-	(2,140)	(2,140)
Total Revenues	<u>1,113,930</u>	<u>1,113,930</u>	<u>1,543,400</u>	<u>429,470</u>
Other Financing Sources (Uses)				
Transfers Out	(1,252,650)	(1,252,650)	(55,264)	1,197,386
Net Change in Fund Balance	(138,720)	(138,720)	1,488,136	1,626,856
Fund Balance, Beginning	<u>1,064,984</u>	<u>1,064,984</u>	<u>1,064,984</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 926,264</u>	<u>\$ 926,264</u>	<u>\$ 2,553,120</u>	<u>\$ 1,626,856</u>

CITY OF TULARE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	2015	2016	2017	2018
Total Pension Liability				
Service cost	\$ 2,020,696	\$ 1,895,137	\$ 1,881,617	\$ 2,302,467
Interest on the total pension liability	7,176,661	7,433,900	7,819,665	8,001,199
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(1,775,482)	-	6,473,120
Differences between expected and actual experience	-	(1,397,005)	562,943	(1,583,358)
Benefit payments, including refunds of employee contributions	(4,290,119)	(4,661,365)	(5,023,725)	(5,205,114)
Administrative expenses	-	-	-	-
Net change in total pension liability	4,907,238	1,495,185	5,240,500	9,988,314
Total pension liability - beginning	96,823,521	101,730,759	103,225,944	108,466,444
Total pension liability - ending (a)	\$ 101,730,759	\$ 103,225,944	\$ 108,466,444	\$ 118,454,758
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,318,875	\$ 2,433,522	\$ 2,660,488	\$ 2,953,750
Contributions - employee	905,841	892,257	938,085	1,173,897
Net investment income	11,296,380	1,680,617	417,640	8,340,246
Administrative expenses	-	(86,194)	(46,628)	(111,403)
Benefit payments, including refunds of employee contributions	(4,290,119)	(4,661,365)	(5,023,725)	(5,205,114)
Net change in plan fiduciary net position	10,230,977	258,837	(1,054,140)	7,151,376
Plan fiduciary net position - beginning	66,018,374	76,249,351	76,508,188	75,454,048
Plan fiduciary net position - ending (b)	\$ 76,249,351	\$ 76,508,188	\$ 75,454,048	\$ 82,605,424
Net pension liability - ending (a)-(b)	\$ 25,481,408	\$ 26,717,756	\$ 33,012,396	\$ 35,849,334
Plan fiduciary net position as a percentage of the total pension liability	74.95%	74.12%	69.56%	69.74%
Covered payroll	\$ 10,372,469	\$ 10,614,682	\$ 10,997,715	\$ 11,261,890
Net pension liability as a percentage of covered payroll	245.66%	251.71%	300.18%	318.32%

Notes to the Schedule

Changes in Benefit Terms

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2064 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (A.K.A. Golden Handshakes).

Changes in Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially required contribution (actuarially determined)	\$ 2,229,666	\$ 2,416,465	\$ 2,660,488	\$ 3,007,436
Contributions in relation to the actuarially determined contributions	<u>2,229,666</u>	<u>2,416,465</u>	<u>2,660,488</u>	<u>3,007,436</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,372,469	\$ 10,614,682	\$ 10,997,715	\$ 9,499,135
Contributions as a percentage of covered payroll	21.50%	22.77%	24.19%	31.66%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF TULARE
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the net pension liability	0.4487%	0.4443%	43.1600%	0.4168%
Proportionate share of the net pension liability	\$ 16,966,410	\$ 18,307,442	\$ 22,352,131	\$ 24,905,736
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988	\$ 9,255,346
Proportionate share of the net pension liability as percentage of covered payroll	196.68%	201.36%	252.60%	269.10%
Plan fiduciary net position as a percentage of the total pension liability	77.86%	77.09%	73.74%	73.62%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially required contribution (actuarially determined)	\$ 2,917,669	\$ 3,136,890	\$ 3,071,894	\$ 2,549,074
Contributions in relation to the actuarially determined contributions	<u>2,917,669</u>	<u>3,136,890</u>	<u>3,071,894</u>	<u>2,549,074</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 9,255,346	\$ 8,887,143
Contributions as a percentage of covered payroll	33.82%	34.50%	33.19%	28.68%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF TULARE
SCHEDULE OF CHANGES IN THE NET OTHER POST-EMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30**

Total OPEB Liability

Service Cost	\$ 508
Interest	134,199
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	<u>(259,568)</u>
Net Change in Total OPEB Liability	(124,861)
Total OPEB Liability - Beginning (a)	<u>4,430,010</u>
Total OPEB Liability Ending (b)	<u><u>\$ 4,305,149</u></u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 259,568
Net Investment Income	-
Benefit Payments	(259,568)
Trustee Fees	-
Administrative Expense	<u>-</u>
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning (c)	<u>-</u>
Plan Fiduciary Net Position - Ending (d)	<u><u>\$ -</u></u>
Net OPEB Liability Beginning (c) - (a)	<u>\$ 4,430,010</u>
Net OPEB Liability Ending (d) - (b)	<u><u>\$ 4,305,149</u></u>

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and Investments	\$ 5,222,118	\$ 284,357	\$ 5,506,475
Receivables			
Accounts	37,307	-	37,307
Interest	422,810	-	422,810
Intergovernmental	666,715	-	666,715
Loans	10,360,322	-	10,360,322
Notes	1,284,453	-	1,284,453
Land Held for Resale	35,000	-	35,000
	<u>18,028,725</u>	<u>284,357</u>	<u>18,313,082</u>
Total Assets			
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,028,725</u>	<u>\$ 284,357</u>	<u>\$ 18,313,082</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 90,144	\$ 2,638	\$ 92,782
Due to Other Funds	403,709	-	403,709
Unearned Revenue	164,521	-	164,521
	<u>658,374</u>	<u>2,638</u>	<u>661,012</u>
Total Liabilities			
Deferred Inflows of Resources			
Deferred Loans	11,132,868	-	11,132,868
	<u>11,132,868</u>	<u>-</u>	<u>11,132,868</u>
Fund Balances			
Restricted	6,237,483	-	6,237,483
Committed	-	281,719	281,719
	<u>6,237,483</u>	<u>281,719</u>	<u>6,519,202</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,028,725</u>	<u>\$ 284,357</u>	<u>\$ 18,313,082</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 1,719,123	\$ -	\$ 1,719,123
Intergovernmental	1,340,283	-	1,340,283
Fines and Forfeitures	39,365	-	39,365
Interest and Rentals	17,575	-	17,575
Grants	824,081	-	824,081
Meals	17,496	-	17,496
Assessments	544,898	-	544,898
Other	55,532	13,500	69,032
	<u>4,558,353</u>	<u>13,500</u>	<u>4,571,853</u>
Total Revenues			
Expenditures			
Current			
Public Safety	202,738	-	202,738
Community Development	1,819,093	121,721	1,940,814
Community Services	1,104,270	-	1,104,270
	<u>3,126,101</u>	<u>121,721</u>	<u>3,247,822</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,432,252</u>	<u>(108,221)</u>	<u>1,324,031</u>
Other Financing Sources (Uses)			
Transfers In	322,023	77,810	399,833
Transfers Out	(1,440,602)	-	(1,440,602)
	<u>(1,118,579)</u>	<u>77,810</u>	<u>(1,040,769)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	313,673	(30,411)	283,262
Fund Balances - Beginning	<u>5,923,810</u>	<u>312,130</u>	<u>6,235,940</u>
Fund Balances - Ending	<u>\$ 6,237,483</u>	<u>\$ 281,719</u>	<u>\$ 6,519,202</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 Home Program Fund accounts for the activities and resources relating to the home loan assistance program, which are Federal block grants provided to local governments designed exclusively to create affordable housing for low-income households.

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

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

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

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

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

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

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

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

The Police Forfeiture Fund accounts for State and Federal revenues for narcotic suppression activities.

The Vehicle Abatement Fund accounts for State and Federal revenues for the abatement of abandoned vehicles.

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ 3,834	\$ 240,184	\$ -	\$ 3,676,813	\$ -	\$ 64,705
Receivables						
Accounts	7	1,318	35,417	-	-	-
Interest	-	401,953	-	15,251	40	268
Intergovernmental	12,922	-	429,661	137,048	18,631	9,876
Loans	-	7,862,242	1,524,300	-	-	-
Notes	-	-	1,284,453	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
Total Assets	<u>16,763</u>	<u>8,505,697</u>	<u>3,308,831</u>	<u>3,829,112</u>	<u>18,671</u>	<u>74,849</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 16,763</u>	<u>\$ 8,505,697</u>	<u>\$ 3,308,831</u>	<u>\$ 3,829,112</u>	<u>\$ 18,671</u>	<u>\$ 74,849</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts Payable and						
Accrued Liabilities	\$ 16,763	\$ -	\$ 20,787	\$ -	\$ -	\$ 6,521
Due to Other Funds	-	-	369,845	-	-	-
Unearned Revenue	-	-	74,383	-	-	68,328
Total Liabilities	<u>16,763</u>	<u>-</u>	<u>465,015</u>	<u>-</u>	<u>-</u>	<u>74,849</u>
Deferred Inflows of Resources						
Deferred Loans	-	8,505,697	1,524,300	-	-	-
Fund Balances						
Restricted	-	-	1,319,516	3,829,112	18,671	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,319,516</u>	<u>3,829,112</u>	<u>18,671</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,763</u>	<u>\$ 8,505,697</u>	<u>\$ 3,308,831</u>	<u>\$ 3,829,112</u>	<u>\$ 18,671</u>	<u>\$ 74,849</u>

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ -	\$ 849,413	\$ -	\$ 12,461	\$ 53,891	\$ 192,259
Receivables						
Accounts	-	465	100	-	-	-
Interest	-	3,622	70	52	224	797
Intergovernmental	33,694	24,883	-	-	-	-
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	33,694	878,383	170	12,513	54,115	193,056
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 33,694	\$ 878,383	\$ 170	\$ 12,513	\$ 54,115	\$ 193,056
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts Payable and Accrued Liabilities	\$ -	\$ 29,978	\$ -	\$ 4,282	\$ 10,500	\$ 1,313
Due to Other Funds	33,694	-	170	-	-	-
Unearned Revenue	-	-	-	-	21,810	-
Total Liabilities	33,694	29,978	170	4,282	32,310	1,313
Deferred Inflows of Resources						
Deferred Loans	-	-	-	-	-	-
Fund Balances						
Restricted	-	848,405	-	8,231	21,805	191,743
Total Fund Balances	-	848,405	-	8,231	21,805	191,743
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,694	\$ 878,383	\$ 170	\$ 12,513	\$ 54,115	\$ 193,056

(Continued)

**CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018**

	Public Mitigation Grant	Rental Rehabilitation	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and Investments	\$ -	\$ 128,558	\$ 5,222,118
Receivables			
Accounts	-	-	37,307
Interest	-	533	422,810
Intergovernmental	-	-	666,715
Loans	-	973,780	10,360,322
Notes	-	-	1,284,453
Land Held for Resale	-	-	35,000
Total Assets	-	1,102,871	18,028,725
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ -	\$ 1,102,871	\$ 18,028,725
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 90,144
Due to Other Funds	-	-	403,709
Unearned Revenue	-	-	164,521
Total Liabilities	-	-	658,374
Deferred Inflows of Resources			
Deferred Loans	-	1,102,871	11,132,868
Fund Balances			
Restricted	-	-	6,237,483
Total Fund Balances	-	-	6,237,483
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 1,102,871	\$ 18,028,725

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,719,123	\$ -	\$ -
Intergovernmental	119,872	7,151	1,213,260	-	-	-
Fines and Forfeitures	-	-	-	-	19,565	-
Interest and Rentals	-	(371)	662	14,654	(9)	255
Grants	-	-	576,011	-	-	147,275
Meals	17,496	-	-	-	-	-
Assessments	-	-	-	-	-	-
Other	26,306	-	-	-	-	-
Total Revenues	163,674	6,780	1,789,933	1,733,777	19,556	147,530
Expenditures						
Current						
Public Safety	-	-	-	-	-	147,530
Community Development	-	6,780	1,789,933	-	-	-
Community Services	485,529	-	-	-	-	-
Total Expenditures	485,529	6,780	1,789,933	-	-	147,530
Excess (Deficiency) of Revenues Over (Under) Expenditures	(321,855)	-	-	1,733,777	19,556	-
Other Financing Sources (Uses)						
Transfers In	321,855	-	-	-	-	-
Transfers Out	-	-	-	(1,390,034)	(9,708)	-
Total Other Financing Sources (Uses)	321,855	-	-	(1,390,034)	(9,708)	-
Net Change in Fund Balances	-	-	-	343,743	9,848	-
Fund Balances - Beginning	-	-	1,319,516	3,485,369	8,823	-
Fund Balances - Ending	\$ -	\$ -	\$ 1,319,516	\$ 3,829,112	\$ 18,671	\$ -

(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, 2018

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	19,800	-	-	-
Interest and Rentals	-	2,051	(95)	(54)	197	453
Grants	28,309	-	-	-	27,836	44,650
Meals	-	-	-	-	-	-
Assessments	-	544,898	-	-	-	-
Other	-	-	-	29,072	-	-
Total Revenues	28,309	546,949	19,705	29,018	28,033	45,103
Expenditures						
Current						
Public Safety	-	-	-	-	19,123	36,085
Community Development	-	-	-	22,226	-	-
Community Services	28,309	587,742	2,690	-	-	-
Total Expenditures	28,309	587,742	2,690	22,226	19,123	36,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(40,793)	17,015	6,792	8,910	9,018
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	(23,845)	(17,015)	-	-	-
Total Other Financing Sources (Uses)	-	(23,845)	(17,015)	-	-	-
Net Change in Fund Balances	-	(64,638)	-	6,792	8,910	9,018
Fund Balances - Beginning	-	913,043	-	1,439	12,895	182,725
Fund Balances - Ending	\$ -	\$ 848,405	\$ -	\$ 8,231	\$ 21,805	\$ 191,743

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Public Mitigation Grant	Rental Rehabilitation	Total
Revenues			
Taxes	\$ -	\$ -	\$ 1,719,123
Intergovernmental	-	-	1,340,283
Fines and Forfeitures	-	-	39,365
Interest and Rentals	(168)	-	17,575
Grants	-	-	824,081
Meals	-	-	17,496
Assessments	-	-	544,898
Other	-	154	55,532
Total Revenues	<u>(168)</u>	<u>154</u>	<u>4,558,353</u>
Expenditures			
Current			
Public Safety	-	-	202,738
Community Development	-	154	1,819,093
Community Services	-	-	1,104,270
Total Expenditures	<u>-</u>	<u>154</u>	<u>3,126,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(168)</u>	<u>-</u>	<u>1,432,252</u>
Other Financing Sources (Uses)			
Transfers In	168	-	322,023
Transfers Out	-	-	(1,440,602)
Total Other Financing Sources (Uses)	<u>168</u>	<u>-</u>	<u>(1,118,579)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>313,673</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>5,923,810</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,237,483</u>

**CITY OF TULARE
SENIOR SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 89,900	\$ 119,872	\$ 29,972
Meals	25,000	17,496	(7,504)
Other	25,500	26,306	806
Total Revenues	<u>140,400</u>	<u>163,674</u>	<u>23,274</u>
Expenditures			
Current			
Community Services	<u>505,170</u>	<u>485,529</u>	<u>19,641</u>
Total Expenditures	<u>505,170</u>	<u>485,529</u>	<u>19,641</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(364,770)	(321,855)	42,915
Other Financing Sources (Uses)			
Transfers In	<u>364,550</u>	<u>321,855</u>	<u>(42,695)</u>
Total Other Financing Sources (Uses)	<u>364,550</u>	<u>321,855</u>	<u>(42,695)</u>
Net Change in Fund Balance	(220)	-	220
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (220)</u>	<u>\$ -</u>	<u>\$ 220</u>

**CITY OF TULARE
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 100,060	\$ 7,151	\$ (92,909)
Interest and Rentals	-	(371)	(371)
Grants	(32,210)	-	32,210
	<u>67,850</u>	<u>6,780</u>	<u>(61,070)</u>
Total Revenues			
Expenditures			
Current			
Community Development	111,850	6,780	105,070
	<u>111,850</u>	<u>6,780</u>	<u>105,070</u>
Total Expenditures			
Net Change in Fund Balance	(44,000)	-	44,000
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	<u>\$ (44,000)</u>	<u>\$ -</u>	<u>\$ 44,000</u>

**CITY OF TULARE
HOUSING REDEVELOPMENT CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,409,700	\$ 1,213,260	\$ (196,440)
Interest and Rentals	-	662	662
Grants	<u>1,054,820</u>	<u>576,011</u>	<u>(478,809)</u>
Total Revenues	<u>2,464,520</u>	<u>1,789,933</u>	<u>(674,587)</u>
Expenditures			
Current			
Community Development	<u>1,844,525</u>	<u>1,789,933</u>	<u>54,592</u>
Total Expenditures	<u>1,844,525</u>	<u>1,789,933</u>	<u>54,592</u>
Net Change in Fund Balance	619,995	-	(619,995)
Fund Balance - Beginning	<u>1,319,516</u>	<u>1,319,516</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 1,939,511</u></u>	<u><u>\$ 1,319,516</u></u>	<u><u>\$ (619,995)</u></u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 1,774,580	\$ 1,719,123	\$ (55,457)
Interest and Rentals	-	14,654	14,654
Total Revenues	<u>1,774,580</u>	<u>1,733,777</u>	<u>(40,803)</u>
Expenditures			
Interest	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,774,580	1,733,777	(40,803)
Other Financing Sources (Uses)			
Transfers Out	<u>(3,843,130)</u>	<u>(1,390,034)</u>	<u>2,453,096</u>
Net Change in Fund Balance	(2,068,550)	343,743	2,412,293
Fund Balance, Beginning	<u>3,485,369</u>	<u>3,485,369</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,416,819</u></u>	<u><u>\$ 3,829,112</u></u>	<u><u>\$ 2,412,293</u></u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 160,000	\$ 19,565	\$ (140,435)
Interest and Rentals	-	(9)	(9)
	<u>160,000</u>	<u>19,556</u>	<u>(140,444)</u>
Expenditures			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	160,000	19,556	(140,444)
Other Financing Sources (Uses)			
Transfers Out	<u>(160,000)</u>	<u>(9,708)</u>	<u>150,292</u>
Net Change in Fund Balance	-	9,848	9,848
Fund Balance, Beginning	<u>8,823</u>	<u>8,823</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 8,823</u></u>	<u><u>\$ 18,671</u></u>	<u><u>\$ 9,848</u></u>

**CITY OF TULARE
COPS – STATE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 300	\$ 255	\$ (45)
Grants	150,000	147,275	(2,725)
Total Revenues	<u>150,300</u>	<u>147,530</u>	<u>(2,770)</u>
Expenditures			
Current			
Public Safety	132,930	147,530	(14,600)
Total Expenditures	<u>132,930</u>	<u>147,530</u>	<u>(14,600)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,370</u>	<u>-</u>	<u>(17,370)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	17,370	-	(17,370)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 17,370</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (17,370)</u></u>

**CITY OF TULARE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 28,309	\$ 28,309	\$ -
Total Revenues	<u>28,309</u>	<u>28,309</u>	<u>-</u>
Expenditures			
Current			
Community Services	28,309	28,309	-
Total Expenditures	<u>28,309</u>	<u>28,309</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TULARE
LANDSCAPE AND LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 5,000	\$ 2,051	\$ (2,949)
Assessments	613,870	544,898	(68,972)
Total Revenues	<u>618,870</u>	<u>546,949</u>	<u>(71,921)</u>
Expenditures			
Current			
Community Services	691,830	587,742	104,088
Total Expenditures	<u>691,830</u>	<u>587,742</u>	<u>104,088</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,960)	(40,793)	(176,009)
Other Financing Sources (Uses)			
Transfers Out	<u>(30,000)</u>	<u>(23,845)</u>	<u>6,155</u>
Net Change in Fund Balance	(102,960)	(64,638)	(169,854)
Fund Balance, Beginning	<u>913,043</u>	<u>913,043</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 810,083</u></u>	<u><u>\$ 848,405</u></u>	<u><u>\$ (169,854)</u></u>

**CITY OF TULARE
OTS GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 20,000	\$ 19,800	\$ (200)
Interest and Rentals	-	(95)	(95)
Total Revenues	<u>20,000</u>	<u>19,705</u>	<u>(295)</u>
Expenditures			
Current			
Community Services	<u>2,690</u>	<u>2,690</u>	<u>-</u>
Total Expenditures	<u>2,690</u>	<u>2,690</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,310	17,015	(295)
Other Financing Sources (Uses)			
Transfers Out	<u>(20,000)</u>	<u>(17,015)</u>	<u>2,985</u>
Net Change in Fund Balance	(2,690)	-	2,690
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (2,690)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,690</u></u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ 100	\$ (54)	\$ (154)
Other	29,070	29,072	2
Total Revenues	<u>29,170</u>	<u>29,018</u>	<u>(152)</u>
Expenditures			
Current			
Community Development	29,170	22,226	6,944
Total Expenditures	<u>29,170</u>	<u>22,226</u>	<u>6,944</u>
Net Change in Fund Balance	-	6,792	6,792
Fund Balance, Beginning	<u>1,439</u>	<u>1,439</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 1,439</u></u>	<u><u>\$ 8,231</u></u>	<u><u>\$ 6,792</u></u>

**CITY OF TULARE
POLICE FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 197	\$ 197
Grants	(21,030)	27,836	48,866
Total Revenues	<u>(21,030)</u>	<u>28,033</u>	<u>49,063</u>
Expenditures			
Current			
Public Safety	21,030	19,123	1,907
Total Expenditures	<u>21,030</u>	<u>19,123</u>	<u>1,907</u>
Net Change in Fund Balance	(42,060)	8,910	50,970
Fund Balance, Beginning	<u>12,895</u>	<u>12,895</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (29,165)</u></u>	<u><u>\$ 21,805</u></u>	<u><u>\$ 50,970</u></u>

**CITY OF TULARE
VEHICLE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 453	\$ 453
Grants	40,000	44,650	4,650
	<u>40,000</u>	<u>45,103</u>	<u>5,103</u>
Total Revenues	<u>40,000</u>	<u>45,103</u>	<u>5,103</u>
Expenditures			
Current			
Public Safety	38,050	36,085	1,965
	<u>38,050</u>	<u>36,085</u>	<u>1,965</u>
Total Expenditures	<u>38,050</u>	<u>36,085</u>	<u>1,965</u>
 Net Change in Fund Balance	 1,950	 9,018	 7,068
Fund Balance, Beginning	<u>182,725</u>	<u>182,725</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 184,675</u>	<u>\$ 191,743</u>	<u>\$ 7,068</u>

**CITY OF TULARE
PUBLIC MITIGATION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ (168)	\$ (168)
Grants	82,000	-	(82,000)
	<u>82,000</u>	<u>(168)</u>	<u>(82,168)</u>
Total Revenues	<u>82,000</u>	<u>(168)</u>	<u>(82,168)</u>
Expenditures			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,000	(168)	(82,168)
Other Financing Sources (Uses)			
Transfers In	(82,000)	168	82,168
	<u>(82,000)</u>	<u>168</u>	<u>82,168</u>
Net Change in Fund Balance	82,000	-	(82,168)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 82,000</u>	<u>\$ -</u>	<u>\$ (82,000)</u>

**CITY OF TULARE
RENTAL REHABILITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other	\$ 64,370	\$ 154	\$ (64,216)
Total Revenues	<u>64,370</u>	<u>154</u>	<u>(64,216)</u>
Expenditures			
Current			
Community Development	64,370	154	64,216
Total Expenditures	<u>64,370</u>	<u>154</u>	<u>64,216</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CAPITAL PROJECTS FUND

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

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

**CITY OF TULARE
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2018**

	Technology CIP
Assets	
Cash and Investments	\$ 284,357
Total Assets	\$ 284,357
Liabilities and Fund Balance	
Accounts Payable and Accrued Liabilities	\$ 2,638
Total Liabilities	2,638
Fund Balance Committed	281,719
Total Fund Balance	281,719
Total Liabilities and Fund Balance	\$ 284,357

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Technology CIP
Revenues	
Other	\$ 13,500
Total Revenues	13,500
Expenditures	
Current	
Community Development	121,721
Total Expenditures	121,721
Deficiency of Revenues Under Expenditures	(108,221)
Other Financing Sources	
Transfers In	77,810
Total Other Financing Sources	77,810
Net Change in Fund Balance	(30,411)
Fund Balance - Beginning	312,130
Fund Balance - Ending	\$ 281,719

**CITY OF TULARE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	2018		Variance With Final Budget
	Budget	Technology CIP	
Revenues			
Other	\$ 13,500	\$ 13,500	\$ -
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>-</u>
Expenditures			
Current			
Community Development	184,337	121,721	62,616
Total Expenditures	<u>184,337</u>	<u>121,721</u>	<u>62,616</u>
Deficiency of Revenues Under Expenditures	<u>(170,837)</u>	<u>(108,221)</u>	<u>62,616</u>
Other Financing Sources (Uses)			
Transfers In	77,810	77,810	-
Total Other Financing Sources (Uses)	<u>77,810</u>	<u>77,810</u>	<u>-</u>
Net Change in Fund Balance	(93,027)	(30,411)	62,616
Fund Balance - Beginning	<u>312,130</u>	<u>312,130</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 219,103</u>	<u>\$ 281,719</u>	<u>\$ 62,616</u>

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.

Surface Water Management accounts for the cost of flood control, water recharge, capacity enhancement and pollution control. Costs are funded by the General Fund, Water Fund and Sewer Fund contributions.

**CITY OF TULARE
COMBINING STATEMENT OF NET POSITION
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Investments	\$ 5,634,713	\$ 3,156,957	\$ 2,083,220
Accounts Receivable	120,772	21,683	8,641
Interest Receivable	-	-	-
Inventories	-	-	-
Total Current Assets	5,755,485	3,178,640	2,091,861
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	75,000	-	-
Depreciable			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	22,483,238	-	-
Accumulated Depreciation	(16,917,173)	-	-
Total Noncurrent Assets	13,477,418	-	-
Total Assets	19,232,903	3,178,640	2,091,861
Deferred Outflows of Resources			
Deferred Outflows from Pensions	322,019	23,567	39,701
Deferred Outflows from OPEB	8,212	362	590
Total Deferred Outflows of Resources	330,231	23,929	40,291
Total Assets and Deferred Outflows of Resources	\$ 19,563,134	\$ 3,202,569	\$ 2,132,152
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 163,550	\$ 358,502	\$ 3,911
Due to Other Funds	69,002	-	-
Compensated Absences Payable - Current	3,940	558	762
Capital Leases Payable - Current	23,261	-	-
Unearned Revenue	-	93,245	-
Insurance Claims Payable	-	-	1,560,910
Total Current Liabilities	259,753	452,305	1,565,583
Noncurrent Liabilities			
Capital Leases Payable	90,052	-	-
Compensated Absences Payable	47,234	6,691	9,131
Net Post-Employment Benefits Obligation	173,945	7,750	13,347
Net Pension Liability	1,365,860	100,378	168,492
Total Noncurrent Liabilities	1,677,091	114,819	190,970
Total Liabilities	1,936,844	567,124	1,756,553
Deferred Inflows of Resources			
Deferred Inflows from Pensions	39,524	2,905	4,876
Total Liabilities and Deferred Inflows of Resources	1,976,368	570,029	1,761,429
Net Position (Deficit)			
Net Investment in Capital Assets	13,364,105	-	-
Unrestricted	4,222,661	2,632,540	370,723
Total Net Position	\$ 17,586,766	\$ 2,632,540	\$ 370,723

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ 596,653	\$ -	\$ 252,831	\$ 1,190,384	\$ 12,914,758
2,475	-	1,037	-	154,608
-	-	-	8,590	8,590
-	-	229,362	-	229,362
<u>599,128</u>	<u>-</u>	<u>483,230</u>	<u>1,198,974</u>	<u>13,307,318</u>
-	-	-	-	75,000
-	-	-	-	6,187,770
-	-	-	-	1,648,583
-	-	13,419	-	22,496,657
-	-	(13,419)	-	(16,930,592)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,477,418</u>
<u>599,128</u>	<u>-</u>	<u>483,230</u>	<u>1,198,974</u>	<u>26,784,736</u>
33,805	-	23	25,201	444,316
482	-	-	-	9,646
<u>34,287</u>	<u>-</u>	<u>23</u>	<u>25,201</u>	<u>453,962</u>
<u>\$ 633,415</u>	<u>\$ -</u>	<u>\$ 483,253</u>	<u>\$ 1,224,175</u>	<u>\$ 27,238,698</u>
\$ 3,180	\$ -	\$ 160,667	\$ 11,873	\$ 701,683
-	-	-	-	69,002
640	-	-	-	5,900
-	-	-	-	23,261
-	-	-	-	93,245
149,804	-	-	-	1,710,714
<u>153,624</u>	<u>-</u>	<u>160,667</u>	<u>11,873</u>	<u>2,603,805</u>
-	-	-	-	90,052
7,671	-	-	-	70,727
12,056	-	-	17,653	224,751
143,397	-	-	107,548	1,885,675
<u>163,124</u>	<u>-</u>	<u>-</u>	<u>125,201</u>	<u>2,271,205</u>
<u>316,748</u>	<u>-</u>	<u>160,667</u>	<u>137,074</u>	<u>4,875,010</u>
4,149	-	-	3,112	54,566
<u>320,897</u>	<u>-</u>	<u>160,667</u>	<u>140,186</u>	<u>4,929,576</u>
-	-	-	-	13,364,105
312,518	-	322,586	1,083,989	8,945,017
<u>\$ 312,518</u>	<u>\$ -</u>	<u>\$ 322,586</u>	<u>\$ 1,083,989</u>	<u>\$ 22,309,122</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Revenues			
Departmental Charges	\$ 3,027,897	\$ 4,130,387	\$ 2,665,814
Employee Contributions	-	1,402,664	-
Total Operating Revenues	<u>3,027,897</u>	<u>5,533,051</u>	<u>2,665,814</u>
Operating Expenses			
General Administration	228	41,495	1,406
Personnel Services	802,594	91,612	133,204
Contractual Services	263,661	-	-
Equipment Usage and Operation	286,363	-	-
Insurance	187,064	4,713,652	1,908,562
Depreciation	1,530,045	-	-
Total Operating Expenses	<u>3,069,955</u>	<u>4,846,759</u>	<u>2,043,172</u>
Operating Income (Loss)	<u>(42,058)</u>	<u>686,292</u>	<u>622,642</u>
Nonoperating Revenues			
Interest Income/Expense	58,891	742	2,602
Grants	1,370,444	-	-
Other Income	9,352	37	-
Gain on Sale of Assets	119,593	-	-
Total Nonoperating Revenues	<u>1,558,280</u>	<u>779</u>	<u>2,602</u>
Income (Loss) Before Transfers	<u>1,516,222</u>	<u>687,071</u>	<u>625,244</u>
Transfers In	3,356,811	-	-
Transfers Out	<u>(3,301,935)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,571,098	687,071	625,244
Net Position (Deficit), Beginning, as restated	<u>16,015,668</u>	<u>1,945,469</u>	<u>(254,521)</u>
Net Position (Deficit), Ending	<u>\$ 17,586,766</u>	<u>\$ 2,632,540</u>	<u>\$ 370,723</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Total</u>
\$ 1,076,278	\$ -	\$ 1,671,043	\$ -	\$ 12,571,419
-	-	-	-	1,402,664
<u>1,076,278</u>	<u>-</u>	<u>1,671,043</u>	<u>-</u>	<u>13,974,083</u>
9,998	410	(26,840)	232,128	258,825
89,225	-	(8,895)	117,665	1,225,405
-	-	-	-	263,661
-	-	1,701,854	-	1,988,217
1,219,380	19,793	-	-	8,048,451
-	-	-	-	1,530,045
<u>1,318,603</u>	<u>20,203</u>	<u>1,666,119</u>	<u>349,793</u>	<u>13,314,604</u>
<u>(242,325)</u>	<u>(20,203)</u>	<u>4,924</u>	<u>(349,793)</u>	<u>659,479</u>
3,445	-	878	9,237	75,795
-	-	-	-	1,370,444
-	-	-	-	9,389
-	-	-	-	119,593
<u>3,445</u>	<u>-</u>	<u>878</u>	<u>9,237</u>	<u>1,575,221</u>
<u>(238,880)</u>	<u>(20,203)</u>	<u>5,802</u>	<u>(340,556)</u>	<u>2,234,700</u>
-	20,203	-	1,360,170	4,737,184
-	-	-	(880,520)	(4,182,455)
<u>(238,880)</u>	<u>-</u>	<u>5,802</u>	<u>139,094</u>	<u>2,789,429</u>
<u>551,398</u>	<u>-</u>	<u>316,784</u>	<u>944,895</u>	<u>19,519,693</u>
<u>\$ 312,518</u>	<u>\$ -</u>	<u>\$ 322,586</u>	<u>\$ 1,083,989</u>	<u>\$ 22,309,122</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 3,002,918	\$ 5,514,907	\$ 2,662,097
Cash paid for salaries and benefits	(691,143)	(63,616)	(112,702)
Cash received from (paid for) services and supplies	(478,561)	(76,317)	(441)
Cash paid for reported claims	(187,064)	(4,713,652)	(2,279,647)
Cash paid for other charges	(228)	(41,495)	(1,406)
Net Cash Provided by (Used for) Operating Activities	1,645,922	619,827	267,901
Cash Flows from Non-Capital Financing Activities:			
Due to other funds	69,002	-	-
Grants	1,370,444	-	-
Other income	9,352	37	-
Operating transfers from other funds	3,356,811	-	-
Operating transfers to other funds	(3,301,935)	-	-
Net Cash Provided by Non-Capital Financing Activities	1,503,674	37	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	183,091	-	-
Payments made on capital leases	(22,251)	-	-
Acquisition of capital assets	(3,332,878)	-	-
Net Cash Used for Capital and Related Financing Activities	(3,172,038)	-	-
Cash Flows from Investing Activities:			
Interest income (expense)	58,891	742	2,602
Net Cash Provided by Investing Activities	58,891	742	2,602
Net Increase (Decrease) in Cash and Cash Equivalents	36,449	620,606	270,503
Cash and Cash Equivalents, Beginning of the Year	5,598,264	2,536,351	1,812,717
Cash and Cash Equivalents, End of the Year	\$ 5,634,713	\$ 3,156,957	\$ 2,083,220

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Total
\$ 1,075,776	\$ -	\$ 1,670,519	\$ (5,829)	\$ 13,920,388
(76,424)	-	-	(75,012)	(1,018,897)
(3,761)	-	(1,635,296)	(2,051)	(2,196,427)
(1,118,717)	(19,793)	-	-	(8,318,873)
(9,998)	(410)	26,840	(232,128)	(258,825)
(133,124)	(20,203)	62,063	(315,020)	2,127,366
-	-	-	-	69,002
-	-	-	-	1,370,444
-	-	-	-	9,389
-	20,203	-	1,360,170	4,737,184
-	-	-	(880,520)	(4,182,455)
-	20,203	-	479,650	2,003,564
-	-	-	-	183,091
-	-	-	-	(22,251)
-	-	-	-	(3,332,878)
-	-	-	-	(3,172,038)
3,445	-	878	9,237	75,795
3,445	-	878	9,237	75,795
(129,679)	-	62,941	173,867	1,034,687
726,332	-	189,890	1,016,517	11,880,071
\$ 596,653	\$ -	\$ 252,831	\$ 1,190,384	\$ 12,914,758

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (42,058)	\$ 686,292	\$ 622,642
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,530,045	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(24,979)	(4,544)	(3,717)
(Increase) Decrease in inventory	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	71,463	(76,317)	(441)
Increase (Decrease) in insurance claims payable	-	-	(371,085)
Increase (Decrease) in compensated absences payable and related items	1,735	1,266	2,734
Increase (Decrease) in Net Post-Employment Benefits Obligation and related items	(13,239)	(586)	(976)
Increase (Decrease) in net pension liability and related items	122,955	27,316	18,744
Increase (Decrease) in unearned revenue	-	(13,600)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,645,922</u>	<u>\$ 619,827</u>	<u>\$ 267,901</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Purchasing</u>	<u>Total</u>
\$ (242,325)	\$ (20,203)	\$ 4,924	\$ (349,793)	\$ 659,479
-	-	-	-	1,530,045
(502)	-	(524)	(5,829)	(40,095)
-	-	(26,204)	-	(26,204)
(3,761)	-	92,762	(2,051)	81,655
100,663	-	-	-	(270,422)
1,319	-	-	-	7,054
(830)	-	-	(510)	(16,141)
12,312	-	(8,895)	43,163	215,595
-	-	-	-	(13,600)
<u>\$ (133,124)</u>	<u>\$ (20,203)</u>	<u>\$ 62,063</u>	<u>\$ (315,020)</u>	<u>\$ 2,127,366</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, 2018**

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
AGENCY FUND				
Assets				
Cash and Investments	\$ 775,169	\$ -	\$ 6,558	\$ 768,611
Accounts Receivable	543	870	-	1,413
Total Assets	\$ 775,712	\$ 870	\$ 6,558	\$ 770,024
Liabilities				
Accounts Payable	\$ 7,689	\$ 9,725	\$ -	\$ 17,414
Deposits Payable	768,023	-	15,413	752,610
Total Liabilities	\$ 775,712	\$ 9,725	\$ 15,413	\$ 770,024
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 5,557,217	\$ 3,137,478	\$ -	\$ 8,694,695
Accounts Receivable	25,883	15,337	-	41,220
Total Assets	\$ 5,583,100	\$ 3,152,815	\$ -	\$ 8,735,915
Liabilities				
Due to Other Funds	\$ 5,540	\$ -	\$ 5,540	\$ -
Deposits Payable	3,226,002	6,898,469	-	10,124,471
Total Liabilities	\$ 3,231,542	\$ 6,898,469	\$ 5,540	\$ 10,124,471
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 6,332,386	\$ 3,137,478	\$ 6,558	\$ 9,463,306
Accounts Receivable	26,426	16,207	-	42,633
Total Assets	\$ 6,358,812	\$ 3,153,685	\$ 6,558	\$ 9,505,939
Liabilities				
Accounts Payable	\$ 7,689	\$ 9,725	\$ -	\$ 17,414
Due to Other Funds	5,540	-	5,540	-
Deposits Payable	3,994,025	6,898,469	15,413	10,877,081
Total Liabilities	\$ 4,007,254	\$ 6,908,194	\$ 20,953	\$ 10,894,495

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 142,230	\$ 142,230	\$ 125,948	\$ 16,282
City Manager	514,170	661,070	697,038	(35,968)
Finance	1,284,630	1,295,230	1,270,435	24,795
Economic Development	233,560	233,560	220,577	12,983
CIP Admin	1,588,856	1,958,896	1,560,742	398,154
IT Division	503,439	503,439	452,672	50,767
Personnel	473,494	473,494	486,668	(13,174)
Non-Departmental	380,630	380,630	457,949	(77,319)
Animal Control	1,061,070	1,061,070	1,033,851	27,219
Total General Government	<u>6,182,079</u>	<u>6,709,619</u>	<u>6,305,880</u>	<u>403,739</u>
Public Safety				
Police	400,810	400,810	401,760	(950)
Fire Code Enforcement	24,478,617	24,734,407	23,693,508	1,040,899
Total Public Safety	<u>24,879,427</u>	<u>25,135,217</u>	<u>24,095,268</u>	<u>1,039,949</u>
Public Works				
Streets	3,681,850	3,704,870	2,326,161	1,378,709
Storm Drains	-	-	-	-
Total Public Works	<u>3,681,850</u>	<u>3,704,870</u>	<u>2,326,161</u>	<u>1,378,709</u>
Community Development				
Parking and Business Improvement	87,000	87,000	86,245	755
Dangerous Building Abatement	-	-	18,334	(18,334)
Total Community Development	<u>87,000</u>	<u>87,000</u>	<u>104,579</u>	<u>(17,579)</u>
Community Services				
Parks	2,526,874	2,526,874	2,540,468	(13,594)
Community Services	3,011,790	3,011,790	3,157,997	(146,207)
Total Community Services	<u>5,538,664</u>	<u>5,538,664</u>	<u>5,698,465</u>	<u>(159,801)</u>
Library and Cultural	<u>1,524,521</u>	<u>1,524,521</u>	<u>1,415,168</u>	<u>109,353</u>
Capital Outlay	<u>12,642,923</u>	<u>13,606,204</u>	<u>4,316,151</u>	<u>9,290,053</u>
Debt Service				
Principal	94,320	94,320	94,318	2
Interest	275,080	275,080	31,303	243,777
Total Debt Service	<u>369,400</u>	<u>369,400</u>	<u>125,621</u>	<u>243,779</u>
Transfers Out	<u>8,109,050</u>	<u>8,162,980</u>	<u>5,413,893</u>	<u>2,749,087</u>
Total General Fund Expenditures	<u>\$ 63,014,914</u>	<u>\$ 64,838,475</u>	<u>\$ 49,801,186</u>	<u>\$ 15,037,289</u>

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 4,995,480	\$ 5,561,065	\$ 565,585
Expenditures			
Measure I - Police	124,990	119,329	5,661
Measure I - Fire	4,555,630	4,299,192	256,438
Measure I - Code Enforcement	1,649,040	1,452,579	196,461
Total Expenditures	6,329,660	5,871,100	458,560
Excess of Revenues Over Expenditures	\$ (1,334,180)	\$ (310,035)	\$ 1,024,145

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2018**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

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

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

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

On February 16, 2017, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series A (Tax-Exempt). Series A bonds totaling \$7,915,000 are payable in amounts ranging from \$13,400 to \$752,900 semiannually on August 1 and February 1 commencing August 1, 2017, through August 1, 2040, and bear interest at rates from 2.00% to 5.00%. The transaction resulted in a reduction of \$2,218,010 in future debt service payments. The economic gain was \$646,754. At June 30, 2018, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 8,001,360

On February 16, 2017, the former Redevelopment Agency participated in issuing its Merged Tulare Redevelopment Serial Tax Allocation Bonds Series B (Tax-Exempt). Series A bonds totaling \$14,015,000 are payable in amounts ranging from \$14,130 to \$1,268,902 semiannually on August 1 and February 1 commencing August 1, 2017, through August 1, 2040, and bear interest at rates from 2.00% to 4.71%. The transaction resulted in a reduction of \$6,397,531 in future debt service payments. The economic gain was \$1,292,184. At June 30, 2018, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 13,150,000

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

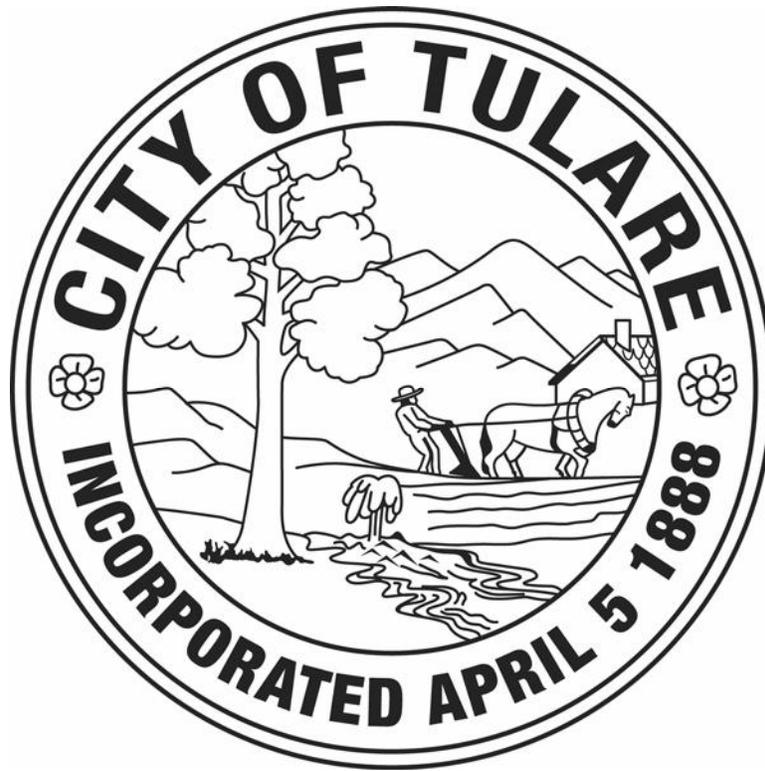
The City advanced funds to the former Redevelopment Agency for operations. These advances date back since inception, and were payable upon demand, with interest accruing at 8% per annum on the unpaid balance. As of June 30, 2009, the remaining balance was approximately \$66 million. On June 29, 2010, the former Redevelopment Agency and the City reached an amended repayment agreement. The City forgave \$44,258,915 to reduce the outstanding principal balance to the City to \$22,052,848. In addition, the former Redevelopment Agency repaid \$6,000,000 and reduced the balance to the amount of \$3,302,059 as of June 30, 2011. The former Redevelopment Agency would make annual payments to the City with the annual interest rate at 3%. Beginning in fiscal year 2010-11, the former Redevelopment Agency was required to make annual payments of interest only to the City. This agreement was to continue through fiscal year 2024-25 and commencing in fiscal year 2025-26, payments of principal and interest were to be due until all amounts due were paid in full. However, in 2013, after the dissolution of the former Redevelopment Agency and when the State took control, the State Controller's Office issued a written finding in regards to an accelerated loan payment made by the City in December 2011, after the effective date of AB 1X 26 and ordered the City to return \$1,634,962 in property taxes to be returned to the Successor Agency which increased the advance to \$4,937,021. Included in the \$16,052,848 ending balance as of June 30, 2017, is also \$465,736 in property to be sold to the County Superintendent of Schools. At June 30, 2018, the outstanding balance was:

\$ 16,052,848

The annual requirements to amortize debt payable are as follows:

Year Ending June 30,	Fiduciary Fund - Private Purpose Trust Fund		
	Allocation Bonds - Series A	Allocation Bonds - Series B	from the Help Primary Gov.
2019	\$ 361,775	\$ 1,469,824	\$ -
2020	360,425	1,477,687	-
2021	359,075	1,432,962	-
2022	362,400	1,443,763	16,052,848
2023	360,400	1,445,233	-
2024-2028	2,839,075	3,728,880	-
2029-2033	2,627,001	2,905,669	-
2034-2038	3,276,300	3,035,197	-
2039-2043	2,168,500	1,859,926	-
2048-2050	-	-	-
	12,714,951	18,799,141	16,052,848
Less Interest	4,839,951	5,649,141	-
Plus Unamortized Premium	126,360	-	-
Total	\$ 8,001,360	\$ 13,150,000	\$ 16,052,848

STATISTICAL SECTION (UNAUDITED)



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STATISTICAL SECTION (UNAUDITED)

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**CITY OF TULARE
STATISTICAL SECTION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

The statistical section of the City's Comprehensive Annual Financial Report (CAFR) 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.	134 - 143
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.	144 – 151
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.	152 – 159
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.	160 – 162
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.	163 – 167

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

	Fiscal Year				
	2009	2010	2011	2012	2013
<u>Governmental Activities:</u>					
Net Investment in					
Capital Assets	\$ 142,261,018	\$ 134,341,017	\$ 151,745,077	\$ 154,050,235	\$ 165,585,033
Restricted	19,215,692	5,079,552	5,950,633	5,112,388	2,212,182
Unrestricted	74,474,840	48,577,529	41,007,426	49,533,580	46,626,129
Total Governmental Activities Net Position	\$ 235,951,550	\$ 187,998,098	\$ 198,703,136	\$ 208,696,203	\$ 214,423,344
<u>Business-Type Activities:</u>					
Net Investment in					
Capital Assets	\$ 86,649,558	\$ 83,970,647	\$ 87,741,783	\$ 83,851,638	\$ 83,470,628
Restricted	51,229,220	33,428,794	11,328,132	14,901,129	14,901,128
Unrestricted	(52,851,820)	(34,593,405)	(16,441,899)	(11,609,337)	(8,501,979)
Total Business-Type Activities Net Position	\$ 85,026,958	\$ 82,806,036	\$ 82,628,016	\$ 87,143,430	\$ 89,869,777
<u>Primary Government:</u>					
Net Investment in					
Capital Assets	\$ 228,910,576	\$ 218,311,664	\$ 239,486,860	\$ 237,901,873	\$ 249,055,661
Restricted	70,444,912	38,508,346	17,278,765	20,013,517	17,113,310
Unrestricted	21,623,020	13,984,124	24,565,527	37,924,243	38,124,150
Total Primary Government Net Position	\$ 320,978,508	\$ 270,804,134	\$ 281,331,152	\$ 295,839,633	\$ 304,293,121

Sources:

 CAFR
 Statement of Net Position

Fiscal Year				
2014	2015	2016	2017	2018
\$ 177,172,689	\$ 207,289,716	\$ 211,461,105	\$ 211,265,222	\$ 208,315,732
1,283,898	1,164,494	1,198,432	1,168,992	4,006,738
47,137,211	11,560,174	44,306,438	47,705,937	50,782,588
<u>\$ 225,593,798</u>	<u>\$ 220,014,384</u>	<u>\$ 256,965,975</u>	<u>\$ 260,140,151</u>	<u>\$ 263,105,058</u>
\$ 85,354,787	\$ 86,153,865	\$ 80,626,706	\$ 79,725,820	\$ 66,846,189
12,828,344	8,572,997	8,572,997	7,675,730	-
(7,120,889)	(6,566,796)	4,481,990	11,706,869	39,517,809
<u>\$ 91,062,242</u>	<u>\$ 88,160,066</u>	<u>\$ 93,681,693</u>	<u>\$ 99,108,419</u>	<u>\$ 106,363,998</u>
\$ 262,527,476	\$ 293,443,581	\$ 292,087,811	\$ 290,991,042	\$ 275,161,921
14,112,242	9,737,491	9,771,429	8,844,722	4,006,738
40,016,322	4,993,378	48,788,428	59,412,806	90,300,397
<u>\$ 316,656,040</u>	<u>\$ 308,174,450</u>	<u>\$ 350,647,668</u>	<u>\$ 359,248,570</u>	<u>\$ 369,469,056</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses:				
Governmental Activities:				
General Government	\$ 4,372,097	\$ 7,227,222	\$ 8,642,445	\$ 8,067,355
Intergovernmental	3,904	22,198	3,325	4,875
Public Safety	17,919,518	18,150,196	18,593,186	18,318,598
Public Works	2,655,054	2,253,586	2,578,473	3,579,669
Community Development	5,367,023	7,548,417	6,750,085	6,997,115
Community Services	4,161,627	4,119,626	3,862,066	2,941,823
Library and Cultural	4,082,194	5,254,822	4,432,456	4,767,847
Interest on Long-Term Debt	2,649,504	1,873,941	1,558,168	1,541,400
Total Governmental Activities Expenses	<u>41,210,921</u>	<u>46,450,008</u>	<u>46,420,204</u>	<u>46,218,682</u>
Business-Type Activities:				
Aviation	135,527	377,402	382,051	367,763
Transit	2,569,527	2,491,326	2,646,089	2,543,927
Community and Development	-	-	-	-
Water	5,360,552	5,886,572	6,873,779	5,961,595
Solid Waste	6,392,221	6,630,196	5,413,630	6,170,699
Sewer	13,920,042	23,628,414	22,960,927	23,915,636
Total Business-Type Activities Expenses	<u>28,377,869</u>	<u>39,013,910</u>	<u>38,276,476</u>	<u>38,959,620</u>
Total Primary Government Expenses	<u>69,588,790</u>	<u>85,463,918</u>	<u>84,696,680</u>	<u>85,178,302</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	465,136	404,289	471,461	392,699
Intergovernmental	176,350	261,239	1,656,320	176,929
Public Safety	2,139,721	1,311,651	1,275,328	1,226,824
Public Works	282,465	126,065	140,660	174,249
Community Development	1,692,768	1,506,687	1,938,612	1,899,718
Community Services	442,745	230,451	210,683	143,201
Library and Cultural	434,294	293,953	241,799	232,086
Operating Grants and Contributions	153,891	647,282	1,131,073	1,181,916
Capital Grants and Contributions	150,871	182,021	4,449,047	10,881,509
Total Governmental Activities Program Revenues	<u>5,938,241</u>	<u>4,963,638</u>	<u>11,514,983</u>	<u>16,309,131</u>
Business-Type Activities:				
Charges for Services:				
Aviation	111,999	113,350	110,825	121,495
Transit	2,131,920	1,885,297	1,895,852	1,934,546
Community and Development	-	-	-	-
Water	4,673,549	5,112,671	4,978,664	5,187,429
Solid Waste	5,946,594	6,539,840	7,158,579	7,570,292
Sewer	16,887,266	20,134,580	22,549,039	26,595,579
Operating Grants and Contributions	-	-	850,130	1,679,277
Capital Grants and Contributions	4,604,955	2,246,055	-	-
Total Business-Type Activities Program Revenues	<u>34,356,283</u>	<u>36,031,793</u>	<u>37,543,089</u>	<u>43,088,618</u>
Total Primary Government Program Revenues	<u>40,294,524</u>	<u>40,995,431</u>	<u>49,058,072</u>	<u>59,397,749</u>

(Continued)

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	9,010,273	\$	4,862,056	\$	5,972,924	\$	4,975,254	\$	2,475,077	\$	5,805,716
	1,850		148,790		2,001		2,400		-		-
	19,059,260		19,915,983		20,543,299		18,978,334		22,434,933		27,123,518
	5,655,689		2,287,781		2,987,540		10,078,440		2,275,960		2,452,434
	3,122,172		5,968,778		4,217,078		10,236,915		5,682,852		8,126,574
	3,941,229		4,981,447		5,106,177		5,749,780		5,927,569		6,834,186
	4,114,378		4,438,440		3,210,010		5,952,134		3,128,200		3,083,550
	1,797,517		1,548,628		1,555,034		1,488,132		1,450,221		598,884
	<u>46,702,368</u>		<u>44,151,903</u>		<u>43,594,063</u>		<u>57,461,389</u>		<u>43,374,812</u>		<u>54,024,862</u>
	293,005		351,636		251,520		410,647		303,045		421,384
	2,618,740		2,948,977		3,111,671		3,123,964		3,526,009		3,664,540
	1,342,996		2,203,021		1,956,087		1,573,507		2,275,967		3,329,780
	6,998,271		6,497,620		5,926,633		6,784,595		8,148,054		8,587,085
	5,562,606		6,346,567		6,685,681		7,283,313		7,355,336		8,288,359
	26,131,677		27,656,817		25,267,201		29,281,564		30,471,856		28,290,003
	<u>42,947,295</u>		<u>46,004,638</u>		<u>43,198,793</u>		<u>48,457,590</u>		<u>52,080,267</u>		<u>52,581,151</u>
	<u>89,649,663</u>		<u>90,156,541</u>		<u>86,792,856</u>		<u>105,918,979</u>		<u>95,455,079</u>		<u>106,606,013</u>
	498,638		274,788		463,179		455,588		264,526		670,136
	179,467		103,241		321,569		220		-		56,396
	1,285,941		1,330,307		1,775,665		1,737,861		2,397,756		3,302,341
	312,403		129,298		231,673		922,891		243,245		298,589
	962,594		1,161,062		1,114,835		937,402		607,361		989,426
	217,701		281,516		395,966		526,512		633,515		832,075
	227,266		250,847		248,925		545,042		334,330		375,428
	1,151,910		1,033,917		1,240,627		1,782,930		959,415		3,189,647
	9,196,546		8,919,700		12,424,332		7,918,523		-		-
	<u>14,032,466</u>		<u>13,484,676</u>		<u>18,216,771</u>		<u>14,826,969</u>		<u>5,440,148</u>		<u>9,714,038</u>
	109,303		115,405		118,564		121,172		121,108		125,042
	2,248,152		2,370,665		2,338,653		1,615,709		1,684,809		1,546,582
	1,089,516		1,370,618		1,924,910		1,963,243		2,173,788		2,257,858
	6,063,775		6,635,639		8,112,880		8,014,181		10,611,372		12,295,297
	8,340,384		8,206,431		8,315,243		8,723,653		8,700,096		8,990,099
	26,051,737		26,207,894		27,054,457		29,436,905		30,349,080		32,200,444
	863,097		2,031,384		1,157,482		837,623		3,721,134		1,697,847
	-		-		2,221,961		-		-		-
	<u>44,765,964</u>		<u>46,938,036</u>		<u>51,244,150</u>		<u>50,712,486</u>		<u>57,361,387</u>		<u>59,113,169</u>
	<u>58,798,430</u>		<u>60,422,712</u>		<u>69,460,921</u>		<u>65,539,455</u>		<u>62,801,535</u>		<u>68,827,207</u>

(Continued)

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

	Fiscal Year			
	2009	2010	2011	2012
Net Revenues (Expenses):				
Governmental Activities	(35,272,680)	(41,486,370)	(34,905,221)	(29,909,551)
Business-Type Activities	5,978,414	(2,982,117)	(733,387)	4,128,998
Total Net Revenues (Expenses)	<u>(29,294,266)</u>	<u>(44,468,487)</u>	<u>(35,638,608)</u>	<u>(25,780,553)</u>
<u>General Revenues and Other Changes in Net Position:</u>				
Governmental Activities:				
Taxes:				
Sales Tax/Gas Tax/Measure R Taxes	14,466,030	17,003,577	16,314,384	20,311,365
Property Tax	4,583,226	4,040,713	4,153,674	4,447,600
Utility Tax	5,295,978	5,462,182	5,533,018	5,234,472
Motel/Hotel and Franchise Tax	2,548,329	2,147,819	2,299,093	820,038
Motor Vehicle-in-Lieu Tax				
(Intergovernmental, Unrestricted)	4,819,229	4,701,932	4,734,280	4,367,392
Other Taxes	-	-	-	1,608,623
Investment Income	6,709,281	897,402	579,731	652,931
Other General Revenues	9,123,660	3,035,817	3,357,639	3,514,588
Grants and Contributions Not				
Restricted to Specific Programs	955,672	591,426	265,222	-
Gain on Sale of Capital Assets	-	-	17,734	-
Transfers	3,305,524	-	8,355,484	2,713,404
Total Governmental Activities	<u>51,806,929</u>	<u>37,880,868</u>	<u>45,610,259</u>	<u>43,670,413</u>
Business-Type Activities:				
Investment Income	4,777,743	719,593	656,937	679,628
Gain on Sale of Capital Assets	-	41,602	-	-
Transfers	(3,305,524)	-	(101,570)	(293,211)
Total Business-Type Activities	<u>1,472,219</u>	<u>761,195</u>	<u>555,367</u>	<u>386,417</u>
Total Primary Government	<u>53,279,148</u>	<u>38,642,063</u>	<u>46,165,626</u>	<u>44,056,830</u>
<u>Special Items</u>				
Debt Forgiveness-Governmental Activities	-	(44,258,915)	-	-
Extraordinary Gain or (Loss) on Dissolution				
of Redevelopment Agency	-	-	-	(3,767,795)
Extraordinary Gain on Dissolution				
of Lawsuit Settlement	-	-	-	-
Total Special Items	<u>-</u>	<u>(44,258,915)</u>	<u>-</u>	<u>(3,767,795)</u>
Changes in Net Position				
Governmental Activities	16,534,249	(47,864,417)	10,705,038	9,993,067
Business-Type Activities	7,450,633	(2,220,922)	(178,020)	4,515,415
Total Primary Government	<u>\$ 23,984,882</u>	<u>\$ (50,085,339)</u>	<u>\$ 10,527,018</u>	<u>\$ 14,508,482</u>

Sources:

CAFR
Statement of Net Position

Fiscal Year					
2013	2014	2015	2016	2017	2018
(32,669,902)	(30,667,227)	(25,377,292)	(42,634,420)	(37,934,664)	(44,310,824)
1,818,669	933,398	8,045,357	2,254,896	5,281,120	6,532,018
<u>(30,851,233)</u>	<u>(29,733,829)</u>	<u>(17,331,935)</u>	<u>(40,379,524)</u>	<u>(32,653,544)</u>	<u>(37,778,806)</u>
23,905,777	23,393,201	31,070,736	26,818,588	18,074,636	19,519,868
4,026,662	4,705,679	4,688,189	4,780,267	5,181,172	5,553,078
5,343,876	5,592,318	5,869,634	5,622,124	5,568,461	5,961,321
1,984,941	2,101,367	2,215,176	2,219,734	2,326,641	2,465,042
4,229,944	4,326,227	4,629,563	4,882,755	5,107,399	5,349,628
633,097	660,950	695,971	726,940	740,839	799,940
212,232	736,701	567,673	711,185	140,642	454,925
-	1,708,873	8,499,838	28,876,448	4,213,419	4,585,416
-	-	-	-	-	-
-	-	-	-	-	-
<u>(304,524)</u>	<u>(728,438)</u>	<u>(746,270)</u>	<u>(1,328,598)</u>	<u>570,630</u>	<u>4,334,254</u>
<u>40,032,005</u>	<u>42,496,878</u>	<u>57,490,510</u>	<u>73,309,443</u>	<u>41,923,839</u>	<u>49,023,472</u>
631,930	692,776	636,054	588,133	820,923	1,444,614
-	-	-	-	(71,322)	-
<u>275,748</u>	<u>728,438</u>	<u>746,270</u>	<u>2,678,598</u>	<u>(570,630)</u>	<u>(662,772)</u>
<u>907,678</u>	<u>1,421,214</u>	<u>1,382,324</u>	<u>3,266,731</u>	<u>178,971</u>	<u>781,842</u>
<u>40,939,683</u>	<u>43,918,092</u>	<u>58,872,834</u>	<u>76,576,174</u>	<u>42,102,810</u>	<u>49,805,314</u>
-	-	-	-	-	-
(1,634,962)	-	-	-	-	-
-	-	-	6,276,568	-	-
<u>(1,634,962)</u>	<u>-</u>	<u>-</u>	<u>6,276,568</u>	<u>-</u>	<u>-</u>
5,727,141	11,829,651	32,113,218	36,951,591	3,989,175	4,712,648
<u>2,726,347</u>	<u>2,354,612</u>	<u>9,427,681</u>	<u>5,521,627</u>	<u>5,460,091</u>	<u>7,313,860</u>
<u>\$ 8,453,488</u>	<u>\$ 14,184,263</u>	<u>\$ 41,540,899</u>	<u>\$ 42,473,218</u>	<u>\$ 9,449,266</u>	<u>\$ 12,026,508</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund:					
Reserved	\$ 26,437,732	\$ 26,437,732	\$ -	\$ -	\$ -
Unreserved	9,409,100	6,320,602	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	(13,386)	-	8,708
Committed	-	-	21,781,536	22,797,424	19,998,080
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,951,915)	(1,634,962)
Total General Fund	\$ 35,846,832	\$ 32,758,334	\$ 21,768,150	\$ 18,845,509	\$ 18,371,826
All Other Governmental Funds:					
Reserved, Reported in:					
Debt Service Funds	\$ 16,374,755	\$ 4,293,093	\$ -	\$ -	\$ -
Unreserved, Reported in:					
Special Revenue Funds	6,069,714	7,141,590	-	-	-
Capital Projects Funds	(455,256)	(253,448)	-	-	-
Nonspendable	-	-	-	-	35,000
Restricted	-	-	12,310,686	17,345,677	14,986,150
Committed	-	-	3,381,226	-	626,408
Assigned	-	-	-	(189,068)	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	\$ 21,989,213	\$ 11,181,235	\$ 15,691,912	\$ 17,156,609	\$ 15,647,558

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

Sources:

CAFR
Balance Sheet – Governmental Funds

Fiscal Year				
2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
29,077	1,431,320	5,268,406	3,210,570	8,255,722
22,004,228	21,840,982	46,394,799	47,275,064	47,558,487
-	-	-	-	-
-	-	-	-	-
<u>\$ 22,033,305</u>	<u>\$ 23,272,302</u>	<u>\$ 51,663,205</u>	<u>\$ 50,485,634</u>	<u>\$ 55,814,209</u>
\$ 2,876,426	\$ 2,880,133	\$ 2,885,783	\$ 2,590,515	\$ 5,485,690
-	-	-	-	-
-	-	-	-	-
35,000	35,000	35,000	35,000	-
9,718,237	8,154,275	7,103,909	6,953,793	8,790,603
722,545	744,557	461,054	312,130	281,719
-	22,951	-	-	-
(1,082)	(624,325)	-	-	-
<u>\$ 13,351,126</u>	<u>\$ 11,212,591</u>	<u>\$ 10,485,746</u>	<u>\$ 9,891,438</u>	<u>\$ 14,558,012</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$ 31,712,792	\$ 33,356,223	\$ 28,300,169	\$ 36,789,494
Intergovernmental	317,124	259,997	6,390,419	176,692
Licenses and Permits	640,257	600,944	880,876	839,048
Fines and Forfeitures	233,308	296,334	261,035	335,121
Charges for Services	4,102,455	2,493,574	2,447,307	2,174,778
Interest and Rentals	2,893,221	740,036	502,658	555,667
Grants	1,232,934	1,420,729	5,845,341	12,063,425
Meals	57,093	35,006	40,879	40,238
Assessments	481,527	483,486	689,506	720,068
Other	8,620,736	2,770,855	2,658,216	2,845,740
Total Revenues	50,291,447	42,457,184	48,016,406	56,540,271
Expenditures:				
Current:				
General Government	4,194,242	3,842,671	4,250,919	4,426,111
Intergovernmental	3,904	22,198	3,325	4,875
Public Safety	16,934,752	17,119,531	17,934,692	17,592,694
Public Works	2,398,132	2,014,853	2,423,082	3,422,798
Community Development	7,945,185	15,862,715	5,347,788	4,972,369
Community Services	4,034,706	4,027,590	3,806,034	2,874,852
Library and Cultural	855,572	822,996	914,157	864,684
Capital Outlay	18,524,487	8,785,378	14,714,906	17,196,246
Debt Service:				
Principal	1,914,942	1,352,491	3,128,889	777,332
Interest and Fiscal Charges	2,604,554	2,266,398	1,758,832	1,677,870
Total Expenditures	59,410,476	56,116,821	54,282,624	53,809,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,119,029)	(13,659,637)	(6,266,218)	2,730,440
Other Financing Sources (Uses):				
Transfers In	22,570,192	23,144,987	14,415,335	11,796,917
Transfers Out	(19,581,747)	(23,381,826)	(14,628,624)	(12,217,506)
Issuance of Bonds	-	-	-	-
Total Other Financing Sources (Uses)	2,988,445	(236,839)	(213,289)	(420,589)
Net Change in Fund Balances Before Extraordinary Item	(6,130,584)	(13,896,476)	(6,479,507)	2,309,851
Extraordinary Item				
Extraordinary (Gain) Loss	-	-	-	(3,767,795)
Net Change in Fund Balances	\$ (6,130,584)	\$ (13,896,476)	\$ (6,479,507)	\$ (1,457,944)
Debt Service as a Percentage of Non-Capital Expenditures	11.05%	7.65%	12.35%	6.71%

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 40,124,297	\$ 40,779,742	\$ 49,169,269	\$ 45,050,408	\$ 36,999,148	\$ 39,648,877
179,365	94,832	321,414	861,728	269,782	1,340,288
78,939	102,983	89,279	100,478	107,543	100,416
233,167	204,719	182,604	238,400	167,492	51,536
2,481,343	2,407,782	3,259,979	3,207,668	3,161,371	4,401,984
239,841	648,751	491,354	599,787	126,029	379,130
5,564,425	9,913,617	13,664,959	9,652,535	959,415	1,819,203
26,296	26,416	24,935	23,657	23,722	17,496
711,196	720,743	698,536	717,240	774,545	630,167
4,088,635	1,241,758	8,118,499	28,749,291	4,164,384	4,438,938
<u>53,727,504</u>	<u>56,141,343</u>	<u>76,020,828</u>	<u>89,201,192</u>	<u>46,753,431</u>	<u>52,828,035</u>
3,354,212	3,477,232	5,276,640	4,695,792	4,989,627	6,305,880
1,850	80,434	2,001	2,400	11,669	463,207
18,458,371	18,951,852	21,472,541	22,337,198	23,623,776	24,298,006
5,544,549	2,159,172	2,913,300	9,930,778	2,435,929	2,326,161
2,149,595	1,715,725	914,959	1,864,782	781,757	2,045,393
3,884,359	4,915,473	5,075,036	5,682,940	6,356,615	6,802,735
794,455	879,266	1,185,082	1,307,433	1,170,100	1,415,168
16,668,830	19,376,263	33,103,216	17,604,871	5,088,655	4,316,151
1,062,010	839,461	878,069	916,840	955,783	26,764,318
1,753,594	1,605,503	1,563,978	1,524,185	1,486,669	1,393,850
<u>53,671,825</u>	<u>54,000,381</u>	<u>72,384,822</u>	<u>65,867,219</u>	<u>46,900,580</u>	<u>76,130,869</u>
<u>55,679</u>	<u>2,140,962</u>	<u>3,636,006</u>	<u>23,333,973</u>	<u>(147,149)</u>	<u>(23,302,834)</u>
17,031,556	19,122,308	22,601,066	17,507,010	7,812,006	11,182,672
(17,435,007)	(20,035,107)	(25,136,610)	(19,453,493)	(8,621,736)	(6,909,591)
-	-	-	-	-	29,034,901
<u>(403,451)</u>	<u>(912,799)</u>	<u>(2,535,544)</u>	<u>(1,946,483)</u>	<u>(809,730)</u>	<u>33,307,982</u>
<u>(347,772)</u>	<u>1,228,163</u>	<u>1,100,462</u>	<u>21,387,490</u>	<u>(956,879)</u>	<u>10,005,148</u>
<u>(1,634,962)</u>	<u>-</u>	<u>33,384,431</u>	<u>6,276,568</u>	<u>-</u>	<u>(10,000)</u>
<u>\$ (1,982,734)</u>	<u>\$ 1,228,163</u>	<u>\$ 34,484,893</u>	<u>\$ 27,664,058</u>	<u>\$ (956,879)</u>	<u>\$ 9,995,148</u>
7.61%	6.91%	6.87%	8.40%	24.24%	71.64%

**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	Utility	Unsecured		
2009	\$ 3,492,619,589	\$ 3,247,492	\$ 122,421,553	\$ 3,618,288,634	0.14%
2010	3,439,006,802	3,653,677	124,029,765	3,566,690,244	0.14%
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202	0.14%
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871	0.14%
2013	3,265,369,337	3,653,677	133,272,910	3,402,295,924	0.14%
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863	0.14%
2015	3,593,640,822	2,859,722	134,753,531	3,731,254,075	0.14%
2016	3,789,718,353	2,859,722	143,801,821	3,936,379,896	0.14%
2017	3,962,134,430	2,589,722	151,219,467	4,115,943,619	0.14%
2018	4,096,151,430	3,323,768	208,318,421	4,307,793,619	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 TEN YEARS AGO**

	2018	2008
City Direct Rates:		
City Basic Rate	0.1410	0.1410
Total Average City Direct Rate	0.1410	0.1410
Overlapping Rates:		
General	1.00000	0.00000
Tulare Joint Union High School District	0.07380	0.15100
College of the Sequoias	0.02430	0.04900
Kaweah Delta Water District	0.00040	0.02200
Tulare Local Health Care District	0.10030	0.02500
Total Average Direct Rate	1.339800	0.388000

NOTE:

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

Source:

County of Tulare, Office of the Auditor-Controller

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

Effective Date	End Date	State Mandated Purposes		City Rate	County Rate	Combined Rate
		State Jurisdiction	Local Transportation Fund			
8/1/1933	6/30/1935 (2)	2.50%				2.50%
7/1/1935	6/30/1943	3.00%				3.00%
7/1/1943	6/30/1949	2.50%				2.50%
7/1/1949	12/31/1961	3.00%		1.00%		4.00%
1/1/1962	7/31/1967	4.00%		1.00%		5.00%
8/1/1967	6/30/1972	3.75%	0.25%	1.00%		5.00%
7/1/1972	6/30/1973	4.75%	0.25%	1.00%		6.00%
7/1/1973	9/30/1973	3.75%	0.25%	1.00%		5.00%
10/1/1973	3/31/1974	0.05%	0.25%	1.00%		1.30%
4/1/1974	11/30/1989	5.00%	0.25%	1.00%		6.25%
12/1/1989	12/31/1990	4.75%	0.25%	1.00%		6.00%
1/1/1991	7/14/1991	6.00%	0.25%	1.00%		7.25%
7/15/1991	12/31/2000	5.75%	0.25%	1.00%		7.00%
1/1/2001	12/31/2001	6.00%	0.25%	1.00%		7.25%
1/1/2002	6/30/2004	6.25%	0.25%	0.75% (3)		7.25%
7/1/2004	3/31/2007 (3)	6.25%	0.25%	0.75%		7.25%
4/1/2006		7.25%	0.25%	1.25% (4)		8.75%
4/1/2007		7.25%	0.25%	1.25%	0.50% (5)	9.25%
7/1/2010		6.25%	0.25%	1.25%	0.50%	8.25%
1/1/2017	12/31/2016	6.00%	0.25%	1.50%	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 Education Revenue Augmentation Fund (ERAF). This “triple flip” is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
- (4) In November 2005, voters in the City of Tulare approved a local sales tax measure increasing the City rate by ½% which became effective April 1, 2006. The sales tax measure does not have a sunset period.
- (5) In November 2006, voters in the County of Tulare approved a countywide sales tax measure giving the County a ½% rate increase which became effective April 1, 2007. The sales tax measure has a sunset period of 30 years. The revenue is earmarked for transportation projects (i.e., streets, transit, etc.). The allocation is as follows: 50% - regional projects, 35% - goes to the cities for their street programs, 14% - transportation enhancement programs, and 1% - administration.

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

Taxpayer	2018 (2)		2008 (1)	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese and Protein LLC	\$ 229,767,854	5.61%	\$ 43,032,957	1.82%
Land O Lakes, Inc	176,586,699	4.31%	284,982,951	12.05%
U.S. Cold Storage of California	65,621,164	1.60%	43,364,740	1.83%
Dreyers Grand Ice Cream Inc.	59,779,466	1.46%	44,849,360	1.90%
Garrison Tulare LLC	45,482,577	1.11%		N/A
Oscar Mayer Foods Corporation	35,700,569	0.87%	51,558,940	2.18%
Sulphur Springs cultured Specialties LLC	23,737,180	0.58%	-	N/A
Target Corporation	23,348,996	0.57%		N/A
International Agri-Center Inc.	16,557,967	0.40%	-	N/A
Paul A. Daley Trust (Formerly Daley Ltd Partners)	15,658,184	0.38%		N/A
Woodside 06N LP	14,980,911	0.37%	-	N/A
Moyles Central Valley Health Care	13,282,217	0.32%		N/A
Store Master funding VII LLC	12,974,772	0.32%		N/A
Nomoto Investments LLC (HD Development of Maryland Inc.)	11,900,000	0.29%		N/A
Loves Country Stores of California	11,572,964	0.28%		N/A
Tulare Village LLC	11,288,367	0.28%		N/A
Lowes HIW Inc.	11,230,650	0.27%		N/A
Wal-Mart Real Estate Business Trust	11,122,327	0.27%		N/A
Kloeckner Metals Corporation	11,038,137	0.27%		N/A
BDC Prosperity LP (Pre/Tulare Holdings LLC)	10,778,609	0.26%	18,458,020	0.78%
GMAC Model Home Finance Inc	-	N/A	34,949,828	1.48%
McMillin Del Lago, LLC	-	N/A	35,424,748	1.50%
Ennis Land Development, LLC	-	N/A	16,675,167	0.70%
Reynen Bardis Comm, LLC	-	N/A	16,381,935	0.69%
Total taxable assessed value of top thirteen largest taxpayers	<u>\$ 812,409,610</u>	<u>19.83%</u>	<u>\$ 589,678,646</u>	<u>24.93%</u>
Total assessed value of all taxpayers	<u>\$ 4,096,151,430</u>	<u>100.00%</u>	<u>\$ 2,365,337,529</u>	<u>100.00%</u>

Source:

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

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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	
2009	(6) \$ 4,978,367	\$ 3,973,382	79.81%	(3)	\$ 3,973,382	79.81%	
2010	(7) 4,673,554	3,888,715	83.21%	\$ 80,491	3,969,206	84.93%	
2011	(8) 4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%	
2012	(9) 5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%	
2013	(10) 4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%	
2014	(11) 4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%	
2015	(12) 4,454,173	3,880,262	87.12%	133,290	4,013,552	90.11%	
2016	(13) 4,715,361	4,237,324	89.86%	146,721	4,384,045	92.97%	
2017	(14) 4,887,339	4,459,365	91.24%	103,452	4,562,817	93.36%	
2018	(15) 5,246,283	4,778,139	91.08%	106,867	4,885,006	93.11%	

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 \$1,568,945 for the property tax shift to education.
- (5) Reduced approximately \$1,385,911 for the property tax shift to education.
- (6) Reduced approximately \$1,635,368 for the property tax shift to education.
- (7) Reduced approximately \$1,774,310 for the property tax shift to education.
- (8) Reduced approximately \$1,675,639 for the property tax shift to education.
- (9) Reduced approximately \$1,698,640 for the property tax shift to education.
- (10) Reduced approximately \$1,626,244 for the property tax shift to education.
- (11) Reduced approximately \$1,639,505 for the property tax shift to education.
- (12) Reduced approximately \$1,747,188 for the property tax shift to education.
- (13) Reduced approximately \$1,861,417 for the property tax shift to education.
- (14) Reduced approximately \$1,980,278 for the property tax shift to education.
- (15) Reduced approximately \$2,074,913 for the property tax shift to education.

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

	Fiscal Year							
	2009		2010		2011		2012	
Sales:								
General Retail	\$ 1,961	30.08%	\$ 1,919	30.44%	\$ 1,909	26.95%	\$ 2,015	25.14%
Food Products	1,166	17.88%	1,260	19.98%	1,228	17.33%	1,163	14.51%
Transportation	1,637	25.11%	1,541	24.44%	2,266	31.99%	2,735	34.13%
Construction	1,041	15.97%	994	15.77%	1,027	14.50%	1,374	17.14%
Business to Business	656	10.06%	531	8.42%	604	8.53%	684	8.54%
Miscellaneous	59	0.90%	60	0.95%	50	0.70%	43	0.54%
Total	\$ 6,520	100.00%	\$ 6,305	100.00%	\$ 7,084	100.00%	\$ 8,014	100.00%

Source:
MuniServices, LLC

Fiscal Year

2013		2014		2015		2016		2017		2018	
\$ 2,119	25.69%	\$ 2,153	24.90%	\$ 2,156	24.40%	\$ 2,154	24.70%	\$ 2,203	24.97%	\$ 1,368	25.51%
1,268	15.37%	1,261	14.59%	1,280	14.49%	1,336	15.32%	1,417	16.06%	666	12.42%
2,849	34.54%	2,906	33.61%	2,958	33.48%	2,830	32.45%	2,946	33.39%	1,726	32.19%
1,334	16.17%	1,588	18.37%	1,615	18.28%	1,680	19.27%	1,575	17.85%	649	12.10%
628	7.61%	686	7.94%	785	8.89%	682	7.82%	637	7.22%	844	15.74%
51	0.62%	51	0.59%	41	0.46%	38	0.44%	45	0.51%	109	2.03%
<u>\$ 8,249</u>	<u>100.00%</u>	<u>\$ 8,645</u>	<u>100.00%</u>	<u>\$ 8,835</u>	<u>100.00%</u>	<u>\$ 8,720</u>	<u>100.00%</u>	<u>\$ 8,823</u>	<u>100.00%</u>	<u>\$ 5,362</u>	<u>100.00%</u>

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

Governmental Activities					
Fiscal Year Ended June 30	Lease Revenue Bonds (1), (3)	Leases Payable	Note Payable	General Obligation Bond	Total Governmental Activities
2009	\$ 37,397,009	\$ 1,400,851	\$ -	\$ -	\$ 38,797,860
2010	36,025,061	1,285,944	-	-	37,311,005
2011	32,883,113	1,273,634	291,000	-	34,447,747
2012	32,161,165	1,227,504	256,000	-	33,644,669
2013	31,334,216	1,133,674	-	-	32,467,890
2014	29,773,588	1,035,583	-	-	30,809,171
2015	28,951,872	933,039	-	-	29,884,911
2016	28,095,156	825,839	-	-	28,920,995
2017	27,203,440	713,771	-	-	27,917,211
2018	28,846,122	597,202	-	-	29,443,324

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

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

Business-Type Activities

Revenue Bonds Payable (1), (3)	Leases Payable	Notes Payable	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 187,544,091	\$ 8,334,263	\$ -	\$ 195,878,354	\$ 234,676,214	4,011	6.49%	(a)
185,330,504	8,108,519	-	193,439,023	230,750,028	3,876	6.47%	(a)
202,456,916	12,925,015	-	215,381,931	249,829,678	4,164	6.93%	(a)
200,218,330	12,190,869	-	212,409,199	246,053,868	4,106	8.57%	22.65%
197,068,905	11,059,545	-	208,128,450	240,596,340	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	203,575,787	234,384,958	3,911	6.73%	20.75%
189,179,833	8,657,524	1,031,886	198,869,243	228,754,154	3,817	6.13%	20.17%
192,182,638	7,382,888	521,793	200,087,319	229,008,314	3,627	5.90%	22.92%
243,697,903	6,519,902	-	250,217,805	278,135,016	4,301	6.76%	23.66%
260,258,512	5,612,978	-	265,871,490	295,314,814	4,476	6.86%	24.72%

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>
2009	\$ -	\$ 1,530	\$ 1,530	0.00%	26.67
2010	-	24,675	24,675	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	384.32
2013	-	23,250	23,250	0.67%	373.21
2014	-	22,845	22,845	0.66%	369.32
2015	-	22,415	22,415	0.60%	359.42
2016	-	21,810	21,810	0.53%	350.00
2017	-	21,930	21,930	0.53%	339.15
2018	-	26,675	26,675	0.62%	404.28

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, 2018**

	<u>Total Debt 6/30/18</u>	<u>Percentage Applicable (1)</u>	<u>City's Share of Debt 6/30/18</u>
<u>Overlapping Tax and Assessment Debt:</u>			
College of the Sequoias Tulare School Facilities Improvement District	\$ 32,633,500	48.646%	\$ 15,874,892
Tulare Union High School District	23,286,766	63.294%	14,739,126
Liberty School District	667,078	9.708%	64,760
Buena Vista School District	95,000	0.460%	437
Tulare Local Health Care District	83,555,000	61.451%	<u>51,345,383</u>
Total Overlapping Tax and Assessment Debt			<u>82,024,598</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Tulare County General Fund Obligations	33,425,000	12.919%	4,318,176
Tulare County Board of Education Certificates of Participation	251,220,000	12.919%	32,455,112
College of the Sequoias General Fund Obligations	34,660,000	12.919%	4,477,725
Tulare School District General Fund Obligations	5,235,000	13.987%	732,219
Liberty School District General Fund Obligations	9,842,371	94.730%	9,323,678
City of Tulare General Fund Capital Leases	2,490,000	9.708%	241,729
City of Tulare General Fund Obligations	26,675,000	100.000%	<u>26,675,000</u>
Total Direct and Overlapping General Fund Debt			<u>78,223,640</u>
<u>Overlapping Tax Increment Debt (Successor Agency)</u>	\$ 21,025,000	100.000%	21,025,000
Total Direct Debt			27,272,202
Total Overlapping Debt			<u>154,598,238</u>
Combined Total Debt			<u>\$ 181,870,440</u> ⁽²⁾
<u>Ratios to 2017-18 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.90%		
Total Direct Debt (\$28,365,000)	0.62%		
Combined Total Debt	4.21%		
<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$657,447,673):</u>			
Total Overlapping Tax Increment Debt	3.20%		

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, 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			
	2009	2010	2011	2012
Assessed Valuation	\$ 3,618,288,634	\$ 3,566,690,244	\$ 3,602,778,202	\$ 3,507,263,871
Debt Margin Ratio	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	135,685,824	133,750,884	135,104,183	131,522,395
Less Outstanding General Obligations	-	-	-	-
Net Debt Margin	<u>\$ 135,685,824</u>	<u>\$ 133,750,884</u>	<u>\$ 135,104,183</u>	<u>\$ 131,522,395</u>

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

Sources:

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 3,402,295,924	\$ 3,484,810,863	\$ 3,731,254,075	\$ 3,936,379,896	\$ 4,116,213,619	\$ 4,307,793,619
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
127,586,097	130,680,407	139,922,028	147,614,246	154,358,011	161,542,261
-	-	-	-	-	-
<u>\$ 127,586,097</u>	<u>\$ 130,680,407</u>	<u>\$ 139,922,028</u>	<u>\$ 147,614,246</u>	<u>\$ 154,358,011</u>	<u>\$ 161,542,261</u>

**CITY OF TULARE
PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(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
2009	\$ 21,512	\$ 9,140	\$ 12,372	\$ 1,233	10.03	\$ 11,139	\$ 6,627	1.68
2010	19,270	10,786	8,484	1,229	8.09	7,255	6,912	1.26
2011	21,431	8,778	12,653	1,230	11.65	11,423	10,032	1.31
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51
2013	24,963	9,087	15,876	1,056	15.04	14,820	11,076	1.34
2014	25,225	10,981 ⁽¹⁾	14,244	923	15.43	13,321	11,263	1.18
2015	26,023	9,615	16,408	923	17.77	15,485	11,221	1.38
2016	28,308	10,559 ⁽²⁾	17,749	923	19.22	16,826	10,858	1.55
2017	29,556	9,787 ⁽³⁾	19,769	923	21.41	18,846	10,617	1.78
2018	33,902	10,775 ⁽³⁾	23,127	923	25.05	22,204	10,673	2.08

- (1) Operating Expenses in Fiscal Year Ending June 30, 2014 included a number of extraordinary expenses for: a) sludge disposal of approximately 8 years of sludge accumulation, b) roadwork funded from the Capital Improvement Fund but written off as an expense, and c) higher-than-normal natural gas purchases incurred during removal of the Bulk Volume Fermenter cover for repair and during sludge removal.
- (2) Operating Expenses shown for Fiscal Year Ending June 30, 2016 exclude \$1,543,438.74 of bond-funded expenses related to the Series 2015 Bonds and the unamortized portions of the Series 2006 Bonds and Series 2010 Bonds.
- (3) Operating Expenses shown for Fiscal Year Ending June 30, 2017 exclude \$3,163,328.48 of bond funded expenses related to the Series 2016 Bonds and unamortized portion of the Series 2010 Bonds.

Operating Expenses exclude interest expenses and depreciation.

For purposes of calculating debt service coverage, Federal Reimbursable Credits for Build America Bonds are treated as reductions in debt service and are excluded from Sewer Revenues.

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

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

Source:

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

Water Revenue Bonds

Fiscal Year Ended June 30	Total Water Revenue	Less Operating Expenses	Net Revenues	Debt Service (1)	Debt Coverage
2009	\$ -	\$ -	\$ -	\$ -	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	12,303	6,548	5,755	379	15.18

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

Calendar Year	Population (1)	Personal Income	Personal Income (amounts expressed in thousands) (4)	Total Personal Income / Per Capita (4)	Assessed Valuation (in thousands) (2)	Per Capita Assessed Valuation	City Unemployment Rate (3)	County Unemployment Rate (3)
2009	58,506	(a)	(a)	(a)	\$ 3,618,289	61.84	12.50%	14.70%
2010	59,535	(a)	(a)	(a)	3,566,690	59.91	13.50%	15.70%
2011	59,926	(a)	(a)	\$ 17,734	3,602,778	60.12	13.40%	15.60%
2012	60,627	\$ 1,086,557,094	\$ 1,086,557	17,922	3,507,264	57.85	12.90%	15.10%
2013	61,199	1,114,556,188	1,114,556	18,212	3,402,296	55.59	10.90%	12.80%
2014	61,857	1,129,508,820	1,129,508	18,260	3,484,811	56.34	9.80%	11.60%
2015	62,363	1,134,393,312	1,134,393	18,336	3,731,254	59.83	9.20%	10.90%
2016	63,515	1,004,957,149	1,004,957	15,872	3,936,380	61.98	9.10%	10.60%
2017	64,661	1,175,483,033	1,175,483	18,179	4,116,214	63.66	8.90%	10.60%
2018	65,982	1,194,535,485	1,194,535	18,707	4,307,794	65.29	6.40%	9.60%

(a) Information unavailable

Sources:

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

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

Employer	2018		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Land O'Lakes, Inc. (formerly Dairyman's Cooperative Creamery)	600	2.37%	600	2.84%
Haagen Dazs (formerly Nestle Ice Cream Co.)	300	1.19%	300	1.42%
Wal-Mart	225	0.89%	280	1.33%
Southern Ca Edison Company	120	0.47%	200	0.95%
Saputo Cheese USA, Inc.	530	2.09%	150	0.71%
U.S. Cold Storage of California	200	0.79%		n/a
Ruan, Inc.	180	0.71%		n/a
Cheese & Protein International		n/a	170	0.80%
Kings County Truck Lines		n/a	150	0.71%
Kraft USA Tulare	250	0.99%	130	0.62%
J.D. Heiskell Company	350	1.38%	125	0.59%
Morris Levin & Sons Hardware	200	0.79%	170	0.80%
Golden Valley Dairy Products		n/a	215	1.02%

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

Sources:

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

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

Full-Time and Part-Time Employees as of June 30										
Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	40	40	40	48	48	48	46	38	40	37
Public Safety	166	166	166	158	158	156	160	159	124	161
Public Works	79	79	86	86	86	86	88	95	92	103
Community Development	24	24	24	16	16	16	17	15	17	21
Community Services	39	36	36	22	22	22	22	22	26	26
Library and Cultural	11	11	11	10	10	10	10	11	16	12
Total	359	356	363	340	340	338	343	340	315	360

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

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Arrests	3,405	3,479	3,118	3,046
Parking Citations Issued	(1)	623	308	400
(1) Fire:				
Number of Emergency Calls	5,152	5,393	5,813	6,216
Inspections	1,159	1,317	2,200	821
Parks and Recreation:				
Number of Recreation Classes	137	107	110	107
Number of Facility Rentals	2,137	1,983	1,989	1,852
Water:				
New Connections	250	85	157	101
Average Daily Consumption (millions of gallons)	17	16	16	16
Sewer:				
New Connections	263	101	161	128

(1) Information unavailable.

(2) Includes the addition of 323 Trade Accounts, a housing community outside of City limits.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year					
2013	2014	2015	2016	2017	2018
3,486	3,824	4,429	3,577	3,345	3,294
387	346	246	182	255	35
6,108	4,754	5,762	5,392	5,496	5,350
1,184	1,993	2,205	1,978	1,447	1,439
107	116	320	340	721	989
1,542	1,338	2,428	2,885	2,469	2,977
2	179	211	704 (2)	378	339
17	17	14	12	13	14
14	166	239	280	380	340

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

	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Fire:				
Fire Stations	3	3	3	3
Public Works:				
Streets (miles)	192.67	194.32	194.32	195.02
Traffic Signals	41	41	41	41
Parks and Recreation:				
Parks	17	17	18	18
Park Acreage	207.81	207.81	303.15	341.00
Water:				
Water Mains (miles)	214.32	215.26	215.98	219.26
Average Daily Consumption (millions of gallons)	16.48	15.80	16.04	16.44
Sewer:				
Sanitary Sewers (miles)	203.78	231.82	232.46	235.94
Average Daily Wastewater Flow (millions of gallon)	11.18	11.06	11.64	12.44

Source:

Various City of Tulare Departments as appropriate

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
3	3	3	3	3	3
195.23 44	211.00 47	215.32 47	220.00 47	221.72 47	223.32 46
18 363.00	18 363.00	18 363.00	18 363.00	18 363.00	18 367.52
220.82 17.50	227.00 16.99	231.68 14.43	232.16 12.46	234.19 13.31	235.75 13.55
242.40 11.79	239.00 11.74	243.31 11.37	243.76 11.08	245.89 11.24	247.35 11.54

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