
CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



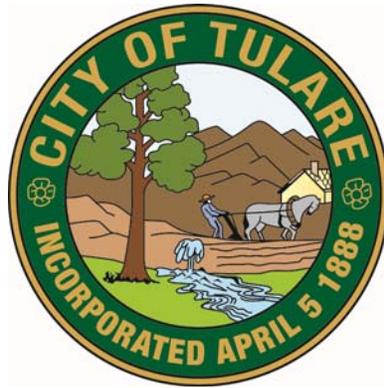
Financial Report

For the Fiscal Year Ended
JUNE 30, 2012

CITY OF
T U L A R E

CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2012

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2012**

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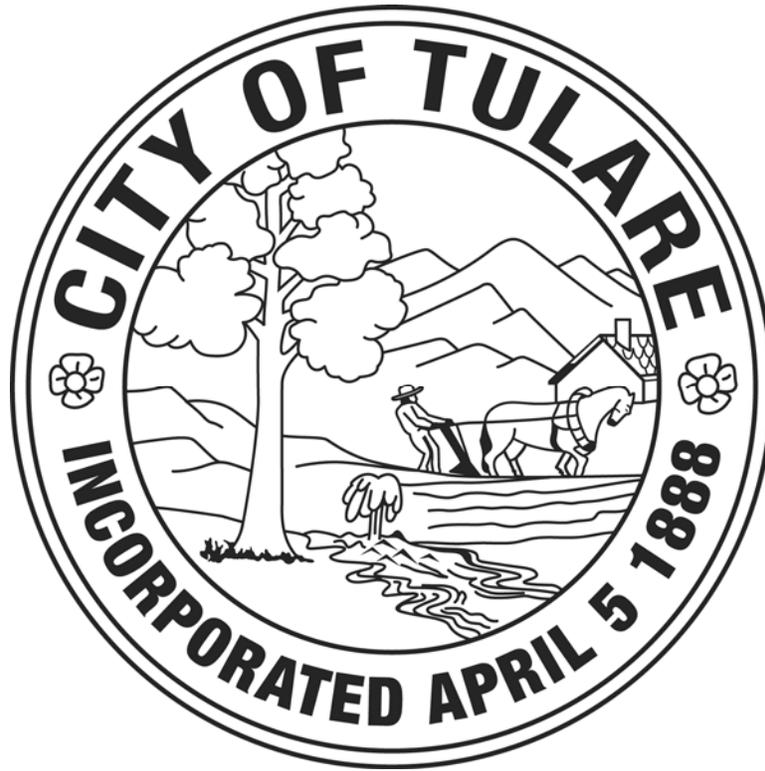
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INTRODUCTORY SECTION



February 28, 2013

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, 2012. 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 at large 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 59,535 as of January 2010.

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

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

Local Economy and Local Budget Issues - The City is showing signs of recovery after being impacted in past years by the statewide economic slump. Sales tax revenues have rebounded from prior year amounts. The local economic environment continues to improve slowly and is driven by our strong agricultural industries in the area. Sales tax revenues continue to show positive improvement with revenues more than 17% higher than those in the prior fiscal year. Property tax receipts increased by .05% in 2011-12.

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

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various cities in the county. The population of the area is approximately 448,965. The anticipated growth in population of the Metropolitan Area is approximately 1.28%, with the City estimated to increase by about 1.54%. There are approximately 212,700 jobs in Tulare County. The countywide unemployment rate is about 15.10%, not seasonally adjusted. The City has an unemployment rate of about 12.90% with 20,700 employed out of a workforce of 23,900.

State Budgetary Actions - The budget problems at the State level are a major concern for the City. The City has adjusted to prior State actions, including the reduction of Vehicle License Fees (VLF) and the State action of taking one-fourth of the City's sales tax revenues and replacing them with property tax revenues (the so called "triple flip" budget action). Additionally, the State decision to shut down redevelopment activities is especially discouraging for the City given the many success stories within the community. The City Council has taken actions to act as the Successor Agency for the former Redevelopment Agency as well as act as the Successor Housing Agency to wrap up the housing activities of the former Redevelopment Agency. The State Department of Finance continues to challenge the Successor Agency and Oversight Board regarding the implementation of AB 26 and AB 1484 and what constitutes an Enforceable Obligation of the former Redevelopment Agency. The City is diligently pursuing administrative remedies with the Department of Finance regarding disputed items. The City has completed both the County Auditor "Agreed Upon Procedures" review as well as outside audit "Due Diligence Reviews" as outlined in AB 26 and AB 1484. Both sets of reports found the City in compliance with all components of the review criteria.

The City is aware that the State has not addressed its structural budget problems and may again have a significant budget deficit looming on its horizon for 2012-13 and 2013-14. The City will continue to monitor any potential actions the State may propose that might have a negative effect on the City's financial status.

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

- Critical analysis of overall employee compensation programs
- Transitioning to alternative service delivery methods, for example, a greater use of contract services and greater involvement of non-profit organizations in providing certain services

- Reduction or elimination of programs on a cost-benefit basis
- Reviewing fees for purposes of enhancing revenues and making sure that those services special benefits or causing specific program burdens pay for those specific costs so that general revenues are used for programs of broader application
- Fostering a LEAN working climate

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2011-12 City appropriation limit established as required by State statute was \$39,117,457.

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

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

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

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

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the 14th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,

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

Darlene J. Thompson, CPA
Finance Director

**CITY OF TULARE
PRINCIPAL CITY OFFICIALS
JUNE 30, 2012**

City Council

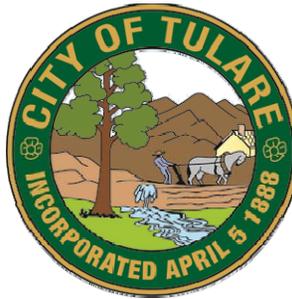
Wayne Ross	Mayor
Skip Barwick	Vice Mayor
David Macedo	Council Member
Craig Vejvoda	Council Member
Mark Watte	Council Member

Board of Public Utilities Commissioners

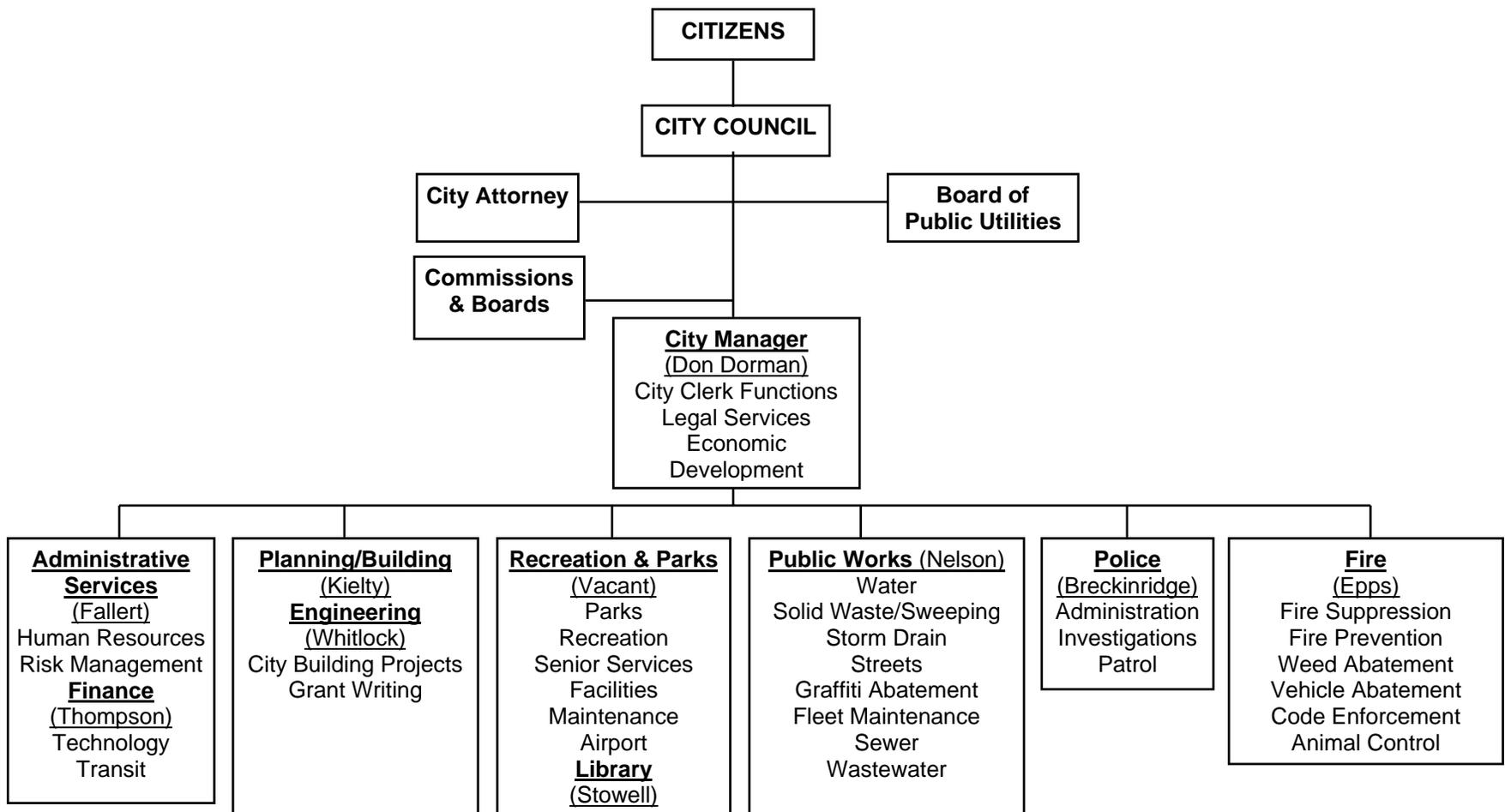
Wayne Hinman	President
Lee Brehm	Vice President
Richard Johnson	Commissioner
Ronald Quinn	Commissioner
Philip Smith	Commissioner

Administrative Officials and Department Heads

Don Dorman	City Manager
Jerry Breckinridge	Chief of Police
Willard Epps	Fire Chief
Margee Fallert	Administrative Services Director
Mark Kielty	Planning & Building Director
Lew Nelson	Public Works Director
Michael C. Stowell	Library Director
Darlene J. Thompson	Finance Director/Treasurer
Michael Whitlock	City Engineer
Vacant	Director of Recreation and Parks



Organizational Chart



Note: Underline denotes position is member of top management.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tulare
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Christopher P. Mouill

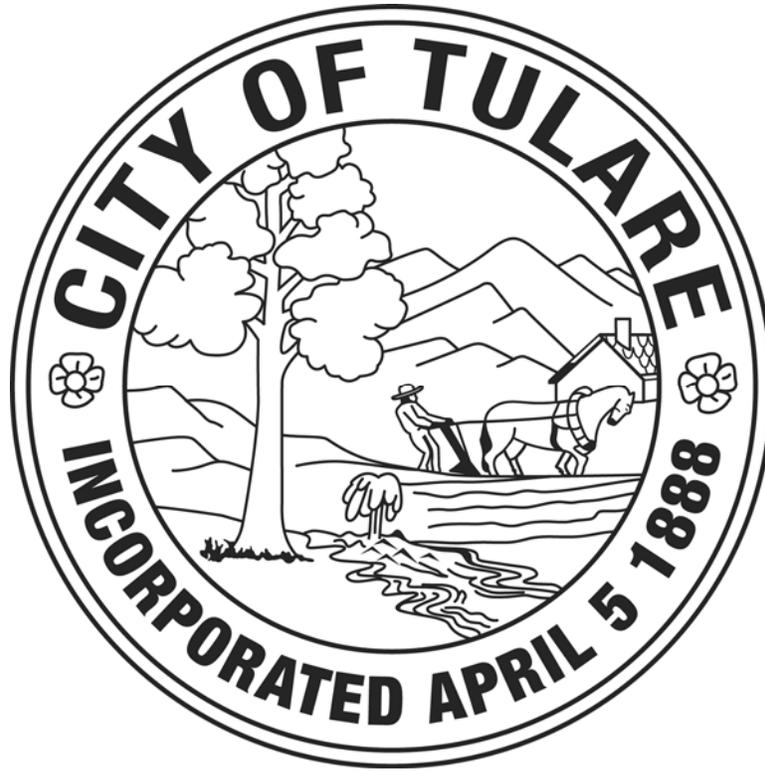
President

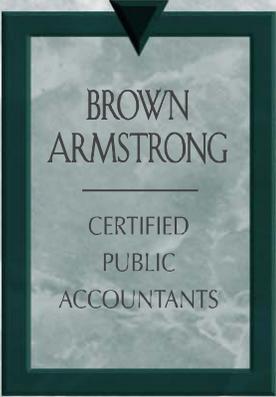
Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION





BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of
the City of Tulare, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California, (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Tulare, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, budgetary comparison schedules on pages 68 and 69, as well as schedules of funding progress on pages 70 and 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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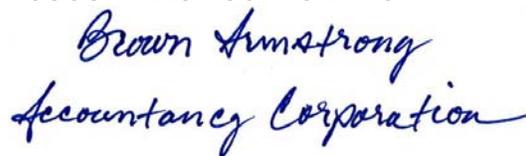


REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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 funds' statements and schedules, and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds' statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
February 28, 2013

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, 2012. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tulare (the City) exceeded its liabilities at the close of the most recent fiscal year by \$295,839,633 (net assets). Of this amount, \$37,924,243 (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$237,901,873 in net assets invested in capital assets net of related debt. The total net assets include all major infrastructure networks.
- The government's total net assets increased by \$18,276,277 before extraordinary gain/loss on dissolution of Redevelopment Agency over the prior fiscal year. The majority of this increase is attributable to depreciable capital assets (Cartmill Grade Separation).
- As of the close of the current fiscal year, the City of Tulare's governmental funds reported combined ending fund balance of \$36,002,118, a decrease of \$1,457,944 in comparison with the prior year. Amounts available for spending include restricted, committed, assigned, and unassigned fund balances. Of this amount \$17,345,677 is restricted by law or externally imposed requirements and \$22,797,424 is committed for specific purposes. Available fund balance for the General Fund decreased \$2,922,641, which equates to 6.05% of total General Fund expenditures for the year.
- The City of Tulare total debt showed a net decrease of \$3,516,159 (1.39%) during the current fiscal year. The decrease is due to the debt reduction (annual principal payment) and refunding of a portion of the 2001 Sewer Revenue Bonds.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Redevelopment Activities – The City's Government-Wide Financial Statements include not only the City itself (referred to as the primary government) but also a legally separate Redevelopment Agency (RDA or the Agency). State of California action dissolved the City's Redevelopment Agency as of February 1, 2012. The Government-Wide Financial Statements report the former Agency's activity for the seven month period from July 1, 2011, to January 31, 2012. Activities of the former Agency from February 1, 2012, to June 30, 2012, are incorporated into the City's financial statement in its role as Successor Agency.

FUND FINANCIAL STATEMENTS

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

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

Proprietary Funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets. In fact, the City's enterprise funds are the same as the business-type activities reported in the Government-Wide 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 Assets. 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, budgetary comparison schedules for the General Fund, and other major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$295,839,633 at the close of the most recent fiscal year, which is a \$14,508,482, or 5.16% increase in comparison with the prior year.

By far the largest portion of the City's net assets (80.42%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported in the net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the total current and other assets (\$102,591,796), approximately 69.57% (\$71,369,166) 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 Assets
As of June 30, 2011 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets:						
Current and Other Assets	\$ 68,444,750	\$ 67,110,893	\$ 45,684,822	\$ 35,515,902	\$ 114,129,572	\$ 102,626,795
Capital Assets (Net of Depreciation)	178,514,009	187,398,904	259,874,088	270,996,497	438,388,097	458,395,401
Total Assets	246,958,759	254,509,797	305,558,910	306,512,399	552,517,669	561,022,196
Liabilities:						
Current and Other Liabilities	11,165,028	10,578,693	6,940,244	9,851,622	18,105,272	20,430,315
Long-Term Liabilities	37,090,595	35,234,901	215,990,651	209,517,347	253,081,246	244,752,248
Total Liabilities	48,255,623	45,813,594	222,930,895	219,368,969	271,186,518	265,182,563
Net Assets:						
Invested in Capital Assets, Net of Related Debt	151,745,077	154,050,235	87,741,783	83,851,638	239,486,860	237,901,873
Restricted	5,950,633	5,112,388	11,328,132	14,901,129	17,278,765	20,013,517
Unrestricted	41,007,426	49,533,580	(16,441,900)	(11,609,337)	24,565,526	37,924,243
Total Net Assets	\$ 198,703,136	\$ 208,696,203	\$ 82,628,015	\$ 87,143,430	\$ 281,331,151	\$ 295,839,633

Governmental Activities – Total assets for governmental activities increased by \$7.6 million, with a current and other assets in governmental activities decrease of \$1.4 million and a capital assets increase of \$8.92 million. Total liabilities decreased by \$2.4 million with current and other liabilities decreasing by \$0.6 million and long-term liabilities decreasing by \$1.8 million.

Of the \$9.99 million increase in governmental activities total net assets, unrestricted net assets increased by \$8.53 million, restricted assets decreased by \$0.8 million, and an increase in capital assets, net of related debt by \$2.31 million. The increase in unrestricted net assets is due to an increase in taxes.

Business-Type Activities – Total assets for business-type activities increased by \$0.9 million with a current and other assets decrease of \$10.2 million and an increase in capital assets of \$11.1 million. Total liabilities decreased by \$3.6 million with other liabilities increasing by \$2.9 million and long-term liabilities decreasing by \$6.5 million. Total net assets for business-type activities increased by \$4.52 million. Business-type activities unrestricted net assets increased by \$4.83 million. The increase in unrestricted net assets is due to an increase in service charges and the completion of the domestic plant upgrade funded by bond proceeds.

Change in Net Assets of the City

The following table presents the government-wide changes in net assets for both 2011 and 2012. The City's total revenue and transfers of \$103.4 million exceeded expenses and special item of \$88.9 million for an increase in net assets of \$14.5 million.

Statement of Activities

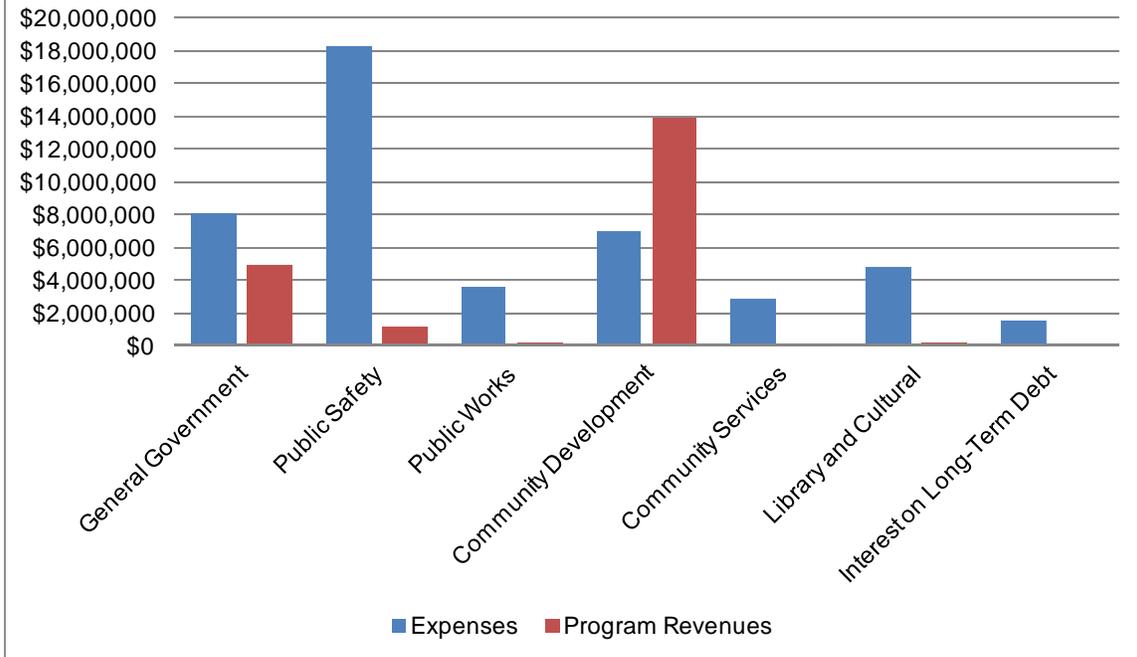
As discussed earlier, the Statement of Net Assets provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net assets changed from the beginning of the year to the end of the year, and whether net assets increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2012, than it was at June 30, 2011.

City of Tulare
Statement of Activities
Fiscal Year Ended June 30, 2011 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 5,934,863	\$ 4,245,706	\$ 36,692,959	\$ 41,409,341	\$ 42,627,822	\$ 45,655,047
Operating Grants and Contributions	1,131,073	1,181,916	850,130	1,679,277	1,981,203	2,861,193
Capital Grants and Contributions	4,449,047	10,881,509	-	-	4,449,047	10,881,509
General Revenues:						
Taxes	33,034,449	36,789,490	-	-	33,034,449	36,789,490
Investment Earnings	579,731	652,931	656,937	679,628	1,236,668	1,332,559
Other Revenue	3,640,595	3,514,588	-	-	3,640,595	3,514,588
TOTAL REVENUES	48,769,758	57,266,140	38,200,026	43,768,246	86,969,784	101,034,386
EXPENSES:						
Governmental Activities:						
General Government	8,642,445	8,067,355	-	-	8,642,445	8,067,355
Intergovernmental	3,325	4,875	-	-	3,325	4,875
Public Safety	18,593,186	18,318,598	-	-	18,593,186	18,318,598
Public Works	2,578,473	3,579,669	-	-	2,578,473	3,579,669
Community Development	6,750,085	6,997,115	-	-	6,750,085	6,997,115
Community Services	3,862,066	2,941,823	-	-	3,862,066	2,941,823
Library and Cultural	4,432,456	4,767,847	-	-	4,432,456	4,767,847
Debt Service	1,558,168	1,541,400	-	-	1,558,168	1,541,400
Business-Type Activities:						
Aviation	-	-	382,051	367,763	382,051	367,763
Transit	-	-	2,646,089	2,543,927	2,646,089	2,543,927
Water	-	-	6,873,779	5,961,595	6,873,779	5,961,595
Solid Waste	-	-	5,413,630	6,170,699	5,413,630	6,170,699
Sewer	-	-	22,960,927	23,915,636	22,960,927	23,915,636
TOTAL EXPENSES	46,420,204	46,218,682	38,276,476	38,959,620	84,696,680	85,178,302
Increase (Decrease) in Net Assets Before Transfers	2,349,554	11,047,458	(76,450)	4,808,626	2,273,104	15,856,084
Transfers	8,355,484	2,713,404	(101,570)	(293,211)	8,253,914	2,420,193
Special Item						
- Loss Due to Dissolution of RDA	-	(3,767,795)	-	-	-	(3,767,795)
Increase (Decrease) in Net Assets	10,705,038	9,993,067	(178,020)	4,515,415	10,527,018	14,508,482
Net Assets, Beginning of Year, as Restated	187,998,098	198,703,136	82,806,035	82,628,015	270,804,133	281,331,151
Net Assets, End of Year	\$ 198,703,136	\$ 208,696,203	\$ 82,628,015	\$ 87,143,430	\$ 281,331,151	\$ 295,839,633

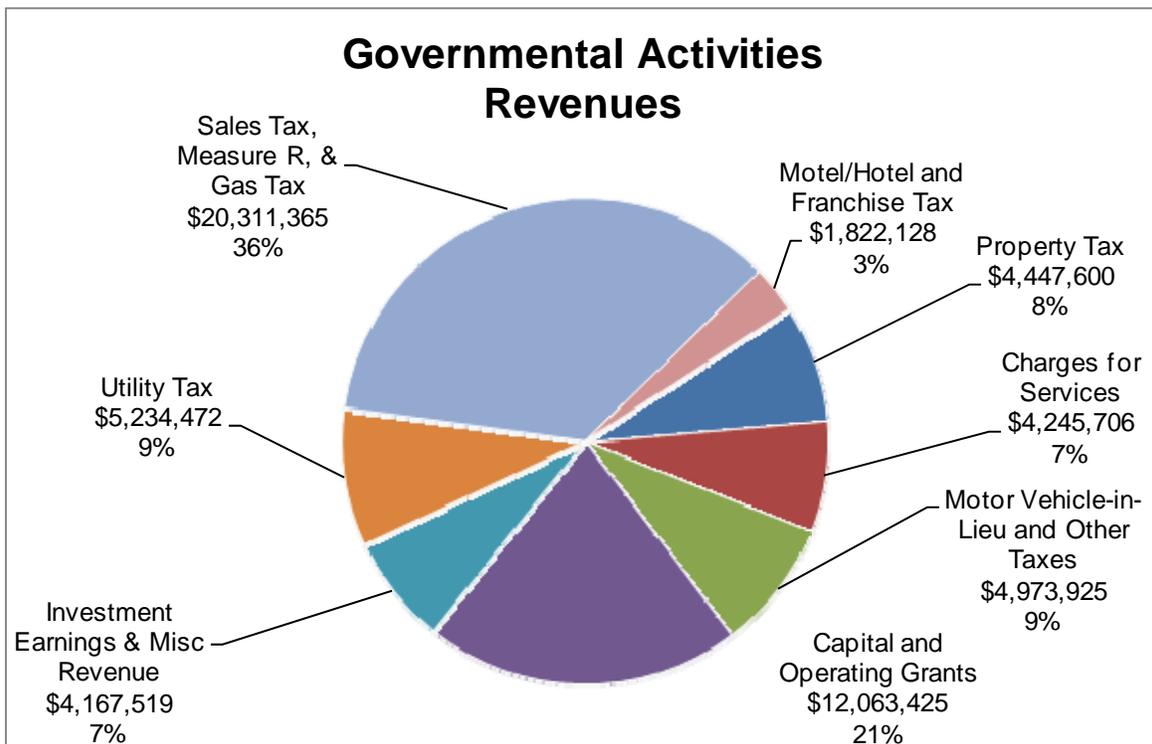
Governmental Activities – Governmental activities increased the City's net assets by \$10 million during the year. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenue by \$16.5 million. Public Safety programs rely heavily on taxes to support their operations.

Expenses and Program Revenues Governmental Activities



Revenues and expenses in the governmental activities have grown as the population has grown. The sales, Measure R, and Gas Tax category is the largest revenue source for governmental activities and amounts to \$20.3 million or 36% of the total revenues. Capital and operating grants are also a significant revenue source for the City's governmental activities, amounting to \$12 million or 21% of total revenue, and public safety is the largest expense activity, amounting to \$18.32 million or 39.63% of total expenses.

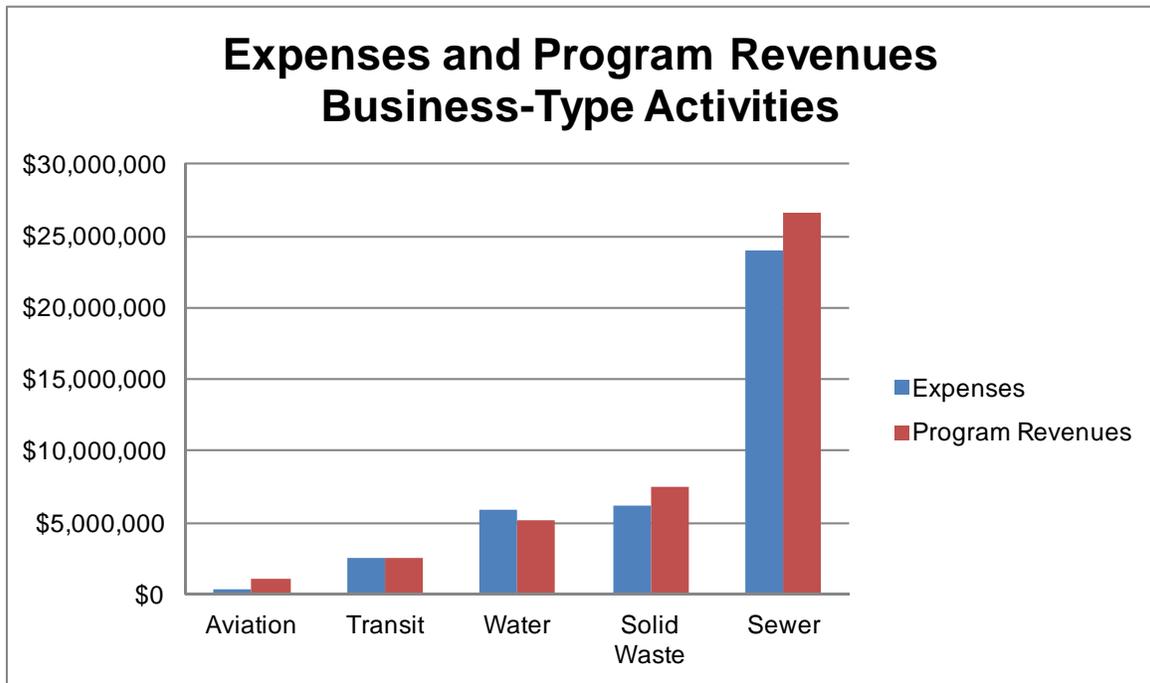
Governmental Activities Revenues



Governmental Activities Revenue increased \$8.5 million, a 17.42% increase compared to the previous fiscal year. This increase is due primarily to a 13% (\$6.4 million) increase in Capital and Operating Grants and Contributions. The City is happy to report that tax revenues increased by 7.70% or \$3.76 million.

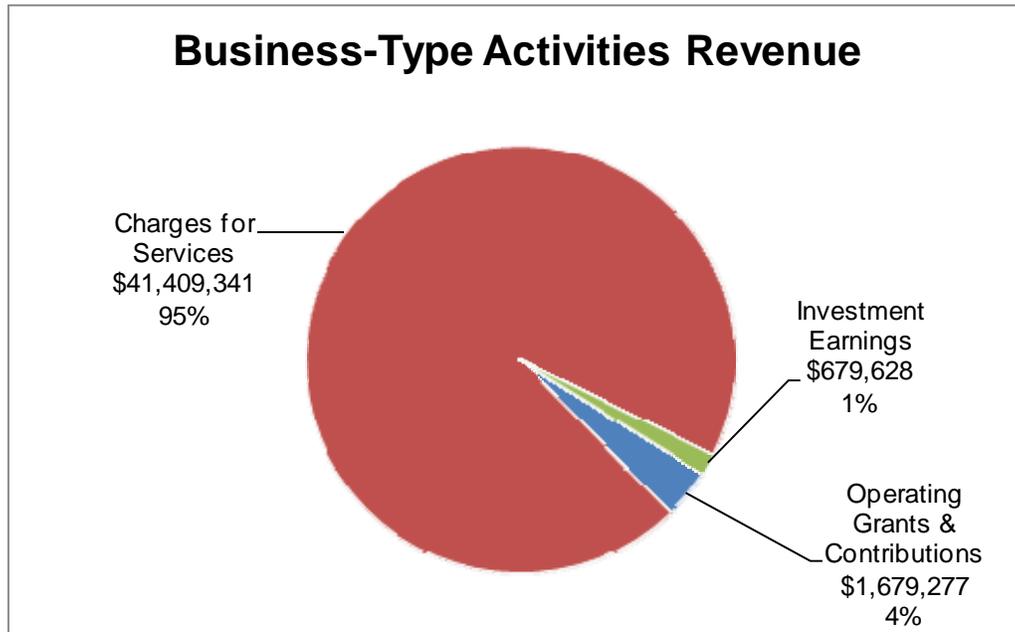
Total expenses in Governmental Activities had a modest decrease of \$201 thousand from the previous fiscal year for an over 0.4% decrease. The largest decrease of \$920 thousand was in community services.

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



Business-type activities increased the City's net assets by \$4.52 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Sewer by \$2.68 million, Solid Waste by \$1.40 million, Transit by \$58 thousand, and Aviation by \$764 thousand. These increases were offset by program expenses exceeding program revenues in Water by \$774 thousand. Total expenses increased by \$683 thousand, 1.78%, over the prior year with the Sewer Fund showing the largest increase of \$955 thousand. The slight increase is due to increased repairs and maintenance and supplies to run the wastewater plant.

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. Operating grants and contributions is the second largest revenue source at 4% of total revenue.



The total revenue increased by \$5.57 million, 14.58% over the prior year with sewer showing the largest increase of \$4.04 million. The increase is primarily due to \$ 2.87 million in user fee increase combined with increase revenue from Build America Bond rebate from Internal Revenue Service. Water has the largest decrease of \$209 thousand due to lower consumption of water usage.

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 of Tulare's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information useful in assessing the City of Tulare'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 of Tulare's Governmental Funds reported a combined ending fund balance of \$36,002,118, a decrease of \$1,457,944 in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 13 – Fund Balances):

- **Nonspendable Fund Balance** - \$35,000 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$17,345,677 consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for 1) \$8,164,370 for the purpose of the fund (i.e., Gas Tax and Measure R for street projects) and 2) \$3,111,050 for bond proceeds to remodel Fire Station 1 and Fire Station 2.
- **Committed Fund Balance** - \$22,797,424 has been committed by Council for appropriation for next year's budget.
- **Assigned Fund Balance** - are funds set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$(3,951,915) are residual funds.

General Fund - The General Fund is the chief operating fund of the City of Tulare. At the end of the fiscal year, the General Fund's total fund balance decreased by 13.43%, or \$2.92 million to \$18,845,509. Of this decrease, the majority relates to the Unassigned amounts of fund balance which was due entirely on dissolution of Redevelopment Agency. Major factors for this overall decrease:

- \$1.42 million increase in Taxes revenue. This represents a 5.07% increase over the prior fiscal year. The major increase are sales tax and the City's ½ district sales tax.
- \$3.7 million decrease is due to the dissolution of the Redevelopment Agency.
- \$4.496 million increase in Grants. This represents a 123.74% increase over the prior fiscal year. This increase accounts for the construction of the Cartmill Grade Separation funded by a state grant.
- \$2.486 million increase to Capital Outlay. This represents a 16.91% increase over the prior fiscal year. This increase accounts for the construction of the Cartmill Grade Separation.

Other Governmental Funds - As compared with the prior year, the total fund balances of the remaining governmental funds decreased from \$12,310,686 to \$12,070,559. Major factors for this overall decrease were:

- \$410 thousand decrease in Measure R Fund. This represents a 14.82% decrease over prior fiscal year. This decrease accounts for the City's priority to maintain its streets.
- \$1.9 million increase in Home Funds. This increase represents a 100% increase over the prior fiscal year. This increase accounts for the dissolution of the Redevelopment Agency who handled this grant. A transition has been made by contracting Self Help Enterprise to handle this grant on the City's behalf.

Proprietary Funds – The City of Tulare'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 assets of \$5,256,134 at the end of the fiscal year, an increase of \$61,987 or 1.19%. Total net assets include \$5,120,594 invested in capital assets, net of related debt, which are not available to cover current expenses. The increase to net assets was due to an increase to grants received for capital but will not be spent until the capital asset has been received (\$313,441 or 100%) from the prior fiscal year.

The Water Fund has total net assets of \$28,169,151 at the end of the fiscal year, a decrease of \$684,503 over the prior year. Total net assets include \$27,444,972 invested in capital assets, net of related debt, which are not available to cover current expenses. \$10,077,272 of total net assets is restricted for capital improvements (including plant and equipment replacement). The decrease to net assets is due to the operating expenses are higher than the operating expenses.

The Solid Waste Fund has total negative net assets of \$(2,581,400) at the end of the fiscal year, a decrease of \$1,103,592 over the prior year. Total net assets include \$82,626 invested in capital assets, which are not available to cover current expenses. The increase in the net assets is due to a new contract on how recyclables are being charged/reimbursed to the City.

The Sewer Fund has total net assets of \$53,277,735 at the end of the fiscal year, an increase of \$3,231,643 over the prior year. Total net assets include \$47,322,790 invested in capital assets, which are not available to cover current expenses. \$4,141,650 of total net assets is restricted for capital improvements.

The Aviation Fund has total net assets of \$3,021,810 at the end of the fiscal year, an increase of \$802,695 or 36.17%. Total net assets include \$3,880,655 invested in capital assets, which are not available to cover current expenses. The major factor for this increase is improvement to the runways with is funded majority by federal and state grants.

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, 2012, amounts to \$458,395,401 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and roads. The total increase in the City’s investment in capital assets for the current fiscal year was \$20,007,304 (Please refer to Note 4 – Capital Assets, page 48).

The majority of the increase is a result of infrastructure constructed or acquired and improvements made during the fiscal year. These financial statements include infrastructure assets constructed or acquired through the 2011-12 fiscal year.

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

- The construction of the Cartmill Grade Separation for \$10,722,382 which is scheduled to be completed in the next fiscal year.
- The design of the South Tulare Industrial Sewer Line for \$7,545,156.
- The completion of the head works for the domestic treatment plant for \$5,473,339.

City of Tulare Capital Assets As of June 30, 2011 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land, Right-of-Way, and Construction in Progress	\$ 39,229,472	\$ 53,911,473	\$ 24,349,285	\$ 17,930,526	\$ 63,578,757	\$ 71,841,999
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation	139,284,537	133,487,431	235,524,803	253,065,971	374,809,340	386,553,402
Total Capital Assets	<u>\$ 178,514,009</u>	<u>\$ 187,398,904</u>	<u>\$ 259,874,088</u>	<u>\$ 270,996,497</u>	<u>\$ 438,388,097</u>	<u>\$ 458,395,401</u>

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$245,757,868, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt, page 50)

City of Tulare Outstanding Debt As of June 30, 2011 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Lease Revenue Bonds	\$ 31,355,000	\$ 30,650,000	\$ -	\$ -	\$ 31,355,000	\$ 30,650,000
Lease Payable	1,273,634	1,227,504	12,925,015	12,190,869	14,198,649	13,418,373
Revenue Bonds Payable	-	-	202,456,917	200,218,330	202,456,917	200,218,330
Total Outstanding Debt	<u>\$ 34,156,747</u>	<u>\$ 31,877,504</u>	<u>\$ 215,381,932</u>	<u>\$ 212,409,199</u>	<u>\$ 248,010,566</u>	<u>\$ 244,286,703</u>

With respect to the Governmental Activities, the outstanding \$32,121,165 in lease revenue bonds (which include the bond premium) were issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II, and preliminary work on railroad grade separation crossings.

Of the \$212,409,199 outstanding debt in the Business-Type Activities, \$200,218,330 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 \$3,369,249 and can be briefly summarized as follow:

- \$1,611,000 increase in appropriations for the construction of an animal shelter.
- \$1,230,000 increase in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$605,550 increase in resources and appropriations for various parks (\$190,550), planning (\$315,000), and police (\$100,000) grants awarded to the City during the fiscal year.

The final amended revenue estimate budget figures in the General Fund were higher than actual revenue by \$294,794 and appropriations were higher than actual expenditures by \$12,336,708. The significant differences between budget and actual amounts are as follows:

- \$2,471,100 positive variance in tax revenue is primarily from property tax and sales tax. The City was unsure of 2011-12 revenues because of so much uncertainty with the economy. The estimates used were conservative in nature and the actual revenue amounts in these areas were significantly better than expected.
- \$1,714,880 negative variance in grants income is primarily from the ongoing construction of the Cartmill Grade Separation. This project is funded majority through a state grant .
- \$11,940,890 positive variance in Capital Outlay is primarily for appropriating street projects (\$5,556,300) even though the projects would not start or to completed until 2 - 3 years out, the remodeling of fire stations 1 and 2 (\$2,286,220) and the remodeling an animal shelter (\$1,178,700) to be completed in fiscal year 12-13.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2012-13 were:

- Property tax revenue is projected a modest growth at 2% growth to last year's revised revenue estimates.
- Sales tax revenue estimates are projected at an additional 3% growth as compared to last year's revised revenue estimates.
- City Council approved the use of around \$771,220 in reserve to balance the 2012-13 budget.
- Fostering a LEAN working climate.
- Reducing the City's vehicle fleet and the cost of fleet operations.
- Elimination of the literacy program at the library.
- Elimination of unfunded, but budgeted, positions that have been carried in prior City budgets.
- Reduction of General Fund subsidy to senior center from \$400,000 to \$275,000
- Elimination of CDBG sub-recipient programs thereby reducing administrative overhead.

REQUESTS FOR INFORMATION

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

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF TULARE
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 36,197,304	\$ 4,795,135	\$ 40,992,439
Cash and Investments with Fiscal Agent	5,112,388	21,207,788	26,320,176
Restricted Cash and Investments	-	4,056,551	4,056,551
Receivables:			
Accounts	538,348	3,660,046	4,198,394
Interest	69,641	-	69,641
Taxes	1,955,538	-	1,955,538
Intergovernmental	4,326,996	726,678	5,053,674
Inventories	261,144	-	261,144
Notes Receivable	1,284,453	-	1,284,453
Internal Balances	3,350,195	(3,350,195)	-
Deferred Charges	1,638,038	4,419,899	6,057,937
Deferred Loans Receivable	10,964,109	-	10,964,109
Land Held for Resale	35,000	-	35,000
Nondepreciable Capital Assets	53,911,473	17,930,526	71,841,999
Depreciable Capital Assets, Net	133,487,431	253,065,971	386,553,402
Bond Issuance Costs, Net of Amortization	1,377,739	-	1,377,739
Total Assets	\$ 254,509,797	\$ 306,512,399	\$ 561,022,196
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 8,061,662	\$ 5,482,460	\$ 13,544,122
Accrued Interest Payable	398,531	-	398,531
Deposits Payable	935,815	312,968	1,248,783
Due to Other Government	28,517	-	28,517
Deferred Revenue	-	309,196	309,196
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	148,062	50,069	198,131
Leases Payable	93,830	1,113,337	1,207,167
Notes Payable	37,000	-	37,000
Insurance Claims Payable	88,328	-	88,328
Revenue Bonds Payable	786,948	2,583,592	3,370,540
Total Due Within One Year	10,578,693	9,851,622	20,430,315
Due After One Year:			
Compensated Absences Payable	1,894,460	640,534	2,534,994
Leases Payable	1,133,674	11,077,532	12,211,206
Notes Payable	219,000	-	219,000
Net Post-Employment Benefits Obligation	653,550	164,543	818,093
Revenue Bonds Payable	31,334,217	197,634,738	228,968,955
Total Due After One Year	35,234,901	209,517,347	244,752,248
Total Liabilities	45,813,594	219,368,969	265,182,563
Net Assets			
Invested in Capital Assets, Net of Related Debt	154,050,235	83,851,638	237,901,873
Restricted for Capital Improvements	5,112,388	14,901,129	20,013,517
Unrestricted	49,533,580	(11,609,337)	37,924,243
Total Net Assets	\$ 208,696,203	\$ 87,143,430	\$ 295,839,633

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 8,067,355	\$ 392,699	\$ 235,332	\$ -	\$ 628,031
Intergovernmental	4,875	176,929	-	-	176,929
Public Safety	18,318,598	1,226,824	594,137	-	1,820,961
Public Works	3,579,669	174,249	-	10,881,509	11,055,758
Community Development	6,997,115	1,899,718	-	-	1,899,718
Community Services	2,941,823	143,201	-	-	143,201
Library and Cultural	4,767,847	232,086	352,447	-	584,533
Interest on Long-Term Debt	1,541,400	-	-	-	-
Total Governmental Activities	46,218,682	4,245,706	1,181,916	10,881,509	16,309,131
Business-Type Activities:					
Aviation	367,763	121,495	1,010,963	-	1,132,458
Transit	2,543,927	1,934,546	668,314	-	2,602,860
Water	5,961,595	5,187,429	-	-	5,187,429
Solid Waste	6,170,699	7,570,292	-	-	7,570,292
Sewer	23,915,636	26,595,579	-	-	26,595,579
Total Business-Type Activities	38,959,620	41,409,341	1,679,277	-	43,088,618
Total Primary Government	\$ 85,178,302	\$ 45,655,047	\$ 2,861,193	\$ 10,881,509	\$ 59,397,749
Component Unit:					
Redevelopment Agency	\$ 2,746,845	\$ -	\$ 104,810	\$ -	\$ 104,810

(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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			Component Unit Redevelopment Agency
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
Primary Government:				
Governmental Activities				
General Government	\$ (7,439,324)	\$ -	\$ (7,439,324)	\$ -
Intergovernmental	172,054	-	172,054	-
Public Safety	(16,497,637)	-	(16,497,637)	-
Public Works	7,476,089	-	7,476,089	-
Community Development	(5,097,397)	-	(5,097,397)	-
Community Services	(2,798,622)	-	(2,798,622)	-
Library and Cultural	(4,183,314)	-	(4,183,314)	-
Interest on Long-Term Debt	(1,541,400)	-	(1,541,400)	-
Total Governmental Activities	(29,909,551)	-	(29,909,551)	-
Business-Type Activities:				
Aviation	-	764,695	764,695	-
Transit	-	58,933	58,933	-
Water	-	(774,166)	(774,166)	-
Solid Waste	-	1,399,593	1,399,593	-
Sewer	-	2,679,943	2,679,943	-
Total Business-Type Activities	-	4,128,998	4,128,998	-
Total Primary Government	\$ (29,909,551)	\$ 4,128,998	\$ (25,780,553)	\$ -
Component Unit:				
Redevelopment Agency	\$ -	\$ -	\$ -	\$ (2,642,035)
General Revenues:				
Sales/Gas Tax/Measure R Taxes	\$ 20,311,365	\$ -	\$ 20,311,365	\$ -
Property Tax	4,447,600	-	4,447,600	3,554,676
Utility Tax	5,234,472	-	5,234,472	-
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	4,367,392	-	4,367,392	-
Other Taxes	606,533	-	606,533	-
Motel/Hotel and Franchise Tax	1,822,128	-	1,822,128	-
Investment Earnings - Unrestricted	652,931	679,628	1,332,559	-
Miscellaneous	3,514,588	-	3,514,588	16,989
Transfer of Noncurrent Assets, Net of the Related Debt to the Primary Government	2,420,193	-	2,420,193	-
Other Transfers	293,211	(293,211)	-	(2,773)
Total General Revenues and Transfers	43,670,413	386,417	44,056,830	3,568,892
Change in Net Assets before Extraordinary Item	13,760,862	4,515,415	18,276,277	926,857
Extraordinary Gain or (Loss) on Dissolution of Redevelopment Agency	(3,767,795)	-	(3,767,795)	11,179,209
Change in Net Assets	9,993,067	4,515,415	14,508,482	12,106,066
Net Assets - Beginning of Year	198,703,136	82,628,015	281,331,151	(12,106,066)
Net Assets - End of Year	\$ 208,696,203	\$ 87,143,430	\$ 295,839,633	\$ -

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, 2012**

	General Fund	HOME Program Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Investments	\$ 17,437,532	\$ -	\$ 1,499,435	\$ 7,712,561	\$ 26,649,528
Cash and Investments with Fiscal Agent	-	-	2,011,396	2,565,830	4,577,226
Receivables					
Accounts	442,517	1,696	-	6,233	450,446
Interest	33,900	-	-	35,741	69,641
Taxes	1,756,657	-	-	198,881	1,955,538
Intergovernmental	2,905,707	216,384	-	1,085,947	4,208,038
Deferred Loans Receivable	-	7,591,309	-	3,372,800	10,964,109
Notes Receivable	-	-	-	1,284,453	1,284,453
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	2,853,576	-	-	-	2,853,576
Advances to Other Funds	1,213,004	-	-	-	1,213,004
Total Assets	\$ 26,642,893	\$ 7,809,389	\$ 3,510,831	\$ 16,297,446	\$ 54,260,559
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 6,775,611	\$ 1,275	\$ 399,781	\$ 195,712	\$ 7,372,379
Deposits Payable	935,815	-	-	-	935,815
Due to Other Funds	85,958	192,425	-	317,276	595,659
Due to Other Government	-	-	-	28,517	28,517
Deferred Revenue	-	5,640,689	-	3,685,382	9,326,071
Total Liabilities	7,797,384	5,834,389	399,781	4,226,887	18,258,441
Fund Balances					
Nonspendable	-	-	-	35,000	35,000
Restricted	-	1,975,000	3,111,050	12,224,627	17,310,677
Committed	22,797,424	-	-	-	22,797,424
Unassigned	(3,951,915)	-	-	(189,068)	(4,140,983)
Total Fund Balances	18,845,509	1,975,000	3,111,050	12,070,559	36,002,118
Total Liabilities and Fund Balances	\$ 26,642,893	\$ 7,809,389	\$ 3,510,831	\$ 16,297,446	\$ 54,260,559

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 36,002,118
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	175,538,917
Deferred loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	10,964,109
Bond issuance costs do not require current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.	1,377,739
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 Assets.	21,227,794
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.	(398,531)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable	(32,121,165)
Notes Payable	(256,000)
Capital Leases Payable	(994,369)
Compensated Absences Payable	(1,990,859)
Net Post-Employment Benefits Obligation	(653,550)
Net Assets of Governmental Activities	\$ 208,696,203

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, 2012

	General Fund	HOME Program Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 29,430,025	\$ -	\$ -	\$ 7,359,469	\$ 36,789,494
Intergovernmental	396	62,473	-	113,823	176,692
Licenses and Permits	839,048	-	-	-	839,048
Fines and Forfeitures	36,127	-	-	298,994	335,121
Charges for Services	2,174,778	-	-	-	2,174,778
Interest and Rentals	398,634	-	21,715	135,318	555,667
Grants	8,128,522	2,399,866	-	1,535,037	12,063,425
Meals	-	-	-	40,238	40,238
Assessments	88,597	-	-	631,471	720,068
Other	2,721,123	-	-	124,617	2,845,740
Total Revenues	43,817,250	2,462,339	21,715	10,238,967	56,540,271
Expenditures					
Current					
General Government	4,426,111	-	-	-	4,426,111
Intergovernmental	-	-	4,875	-	4,875
Public Safety	17,141,234	-	-	451,460	17,592,694
Public Works	2,450,448	-	-	972,350	3,422,798
Community Development	3,356,135	487,339	-	1,128,895	4,972,369
Community Services	2,777,628	-	-	97,224	2,874,852
Library and Cultural	864,254	-	-	430	864,684
Capital Outlay	17,196,246	-	-	-	17,196,246
Debt Service					
Principal	37,332	-	705,000	35,000	777,332
Interest and Fiscal Charges	60,653	-	1,615,275	1,942	1,677,870
Total Expenditures	48,310,041	487,339	2,325,150	2,687,301	53,809,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,492,791)	1,975,000	(2,303,435)	7,551,666	2,730,440
Other Financing Sources (Uses)					
Transfers In	8,973,378	-	2,303,435	520,104	11,796,917
Transfers Out	(3,635,433)	-	(270,176)	(8,311,897)	(12,217,506)
Total Other Financing Sources (Uses)	5,337,945	-	2,033,259	(7,791,793)	(420,589)
Change in Fund Balances before Extraordinary Loss	845,154	1,975,000	(270,176)	(240,127)	2,309,851
Extraordinary Item Extraordinary Loss	(3,767,795)	-	-	-	(3,767,795)
Net Change in Fund Balances	(2,922,641)	1,975,000	(270,176)	(240,127)	(1,457,944)
Fund Balances - Beginning	21,768,150	-	3,381,226	12,310,686	37,460,062
Fund Balances - Ending	\$ 18,845,509	\$ 1,975,000	\$ 3,111,050	\$ 12,070,559	\$ 36,002,118

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, 2012**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ (1,457,944)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	9,483,999
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 assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	941,752
This amount represents amortization of bond issuance costs	(59,445)
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	(42,865)
This amount represents costs of post-employment benefits	(126,468)
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.	7,050
In the Governmental Funds, the deferred loan repayment from the former component unit was not recognized. In the Government-Wide Statements, the deferred loan receivable is recognized as a special item.	2,385,195
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The net revenue of certain activities of internal service funds is reported with Governmental Activities.	(1,138,207)
Change in Net Assets of Governmental Activities	\$ 9,993,067

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Transit	Water	Solid Waste	Sewer	Aviation		
Assets							
Current Assets							
Cash and Investments	\$ 856,168	\$ -	\$ -	\$ 3,938,967	\$ -	\$ 4,795,135	\$ 9,547,776
Cash and Investments with Fiscal Agent	-	-	-	21,207,788	-	21,207,788	535,162
Restricted Cash and Investments	-	-	-	4,056,551	-	4,056,551	-
Accounts Receivable	47,952	543,790	844,076	2,206,563	17,665	3,660,046	87,902
Intergovernmental Receivable	6,693	-	107,338	621	612,026	726,678	118,958
Inventories	-	-	-	-	-	-	261,144
Due from Other Funds	-	-	-	-	-	-	678,520
Advances to Other Funds	-	2,725,182	-	-	-	2,725,182	-
Deferred Charges	-	-	-	4,419,899	-	4,419,899	-
Total Current Assets	910,813	3,268,972	951,414	35,830,389	629,691	41,591,279	11,229,462
Noncurrent Assets							
Capital Assets							
Nondepreciable:							
Land	193,261	2,347,356	-	1,544,349	279,215	4,364,181	75,000
Construction in Progress	-	1,909,653	-	10,560,645	1,096,047	13,566,345	-
Depreciable:							
Buildings	4,211,998	6,900	-	396,132	161,451	4,776,481	6,187,770
Improvements Other Than Buildings	-	47,042,322	8,992	246,435,775	4,738,683	298,225,772	1,648,583
Machinery and Equipment	3,733,048	744,916	193,271	3,804,801	47,830	8,523,866	17,515,054
Accumulated Depreciation	(3,017,713)	(17,330,545)	(119,637)	(35,549,682)	(2,442,571)	(58,460,148)	(13,566,420)
Total Noncurrent Assets	5,120,594	34,720,602	82,626	227,192,020	3,880,655	270,996,497	11,859,987
Total Assets	\$ 6,031,407	\$ 37,989,574	\$ 1,034,040	\$ 263,022,409	\$ 4,510,346	\$ 312,587,776	\$ 23,089,449

(Continued)

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

CITY OF TULARE
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current Liabilities							
Accounts Payable and							
Accrued Liabilities	\$ 81,556	\$ 646,259	\$ 205,872	\$ 3,913,241	\$ 635,532	\$ 5,482,460	\$ 689,283
Deposits Payable	-	140,950	-	172,018	-	312,968	-
Due to Other Funds	-	1,469,659	788,258	-	-	2,257,917	678,520
Deferred Revenue	309,196	-	-	-	-	309,196	-
Compensated Absences - Current	1,610	18,018	10,960	19,481	-	50,069	3,745
Advances from Other Funds - Current	90,000	-	200,050	16,987	853,004	1,160,041	10,060
Leases Payable - Current	-	555,986	-	557,351	-	1,113,337	8,797
Revenue Bonds Payable - Current	-	-	-	2,583,592	-	2,583,592	-
Insurance Claims Payable	-	-	-	-	-	-	88,328
Total Current Liabilities	482,362	2,830,872	1,205,140	7,262,670	1,488,536	13,269,580	1,478,733
Noncurrent Liabilities							
Advances from Other Funds	270,000	-	2,200,562	186,857	-	2,657,419	110,666
Compensated Absences Payable	20,595	230,509	140,212	249,218	-	640,534	47,918
Leases Payable	-	6,719,644	-	4,357,888	-	11,077,532	224,338
Net Post-Employment Benefits Obligation	2,316	39,398	69,526	53,303	-	164,543	-
Revenue Bonds Payable	-	-	-	197,634,738	-	197,634,738	-
Total Noncurrent Liabilities	292,911	6,989,551	2,410,300	202,482,004	-	212,174,766	382,922
Total Liabilities	775,273	9,820,423	3,615,440	209,744,674	1,488,536	225,444,346	1,861,655
Net Assets (Deficit)							
Invested in Capital Assets,							
Net of Related Debt	5,120,594	27,444,972	82,626	47,322,790	3,880,655	83,851,637	11,626,852
Restricted for Capital Improvements	313,441	10,077,272	-	4,141,650	368,766	14,901,129	-
Unrestricted	(177,901)	(9,353,093)	(2,664,026)	1,813,295	(1,227,611)	(11,609,336)	9,600,942
Total Net Assets (Deficit)	\$ 5,256,134	\$ 28,169,151	\$ (2,581,400)	\$ 53,277,735	\$ 3,021,810	\$ 87,143,430	\$ 21,227,794

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

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Charges for Services	\$ 1,830,330	\$ 4,812,500	\$ 7,477,642	\$ 23,213,058	\$ 107,620	\$ 37,441,150	\$ 6,858,907
Connection Fees	-	223,183	-	70,692	-	293,875	-
Employee Contributions	-	-	-	-	-	-	1,391,352
Other	104,216	151,746	92,649	3,311,829	13,875	3,674,315	-
Total Operating Revenues	1,934,546	5,187,429	7,570,291	26,595,579	121,495	41,409,340	8,250,259
Operating Expenses							
General Administration	-	-	-	-	-	-	12,274
Personnel Services	109,362	1,272,084	2,019,113	1,983,482	-	5,384,041	937,117
Contractual Services	-	-	-	-	-	-	202,060
Maintenance and Supplies	2,100,597	3,531,986	4,097,961	5,973,569	256,828	15,960,941	-
Equipment Usage and Operation	-	-	-	-	-	-	2,414,103
Insurance	-	-	-	-	-	-	5,779,529
Depreciation	333,968	1,157,525	9,527	5,058,089	110,935	6,670,044	1,483,057
Total Operating Expenses	2,543,927	5,961,595	6,126,601	13,015,140	367,763	28,015,026	10,828,140
Operating Income (Loss)	(609,381)	(774,166)	1,443,690	13,580,439	(246,268)	13,394,314	(2,577,881)
Nonoperating Revenues (Expenses)							
Interest Income	3,054	89,663	-	586,911	-	679,628	97,264
Interest Expense	-	-	(44,098)	(10,900,496)	-	(10,944,594)	-
Grants	668,314	-	-	-	1,010,963	1,679,277	-
Gain on Sale of Assets	-	-	-	-	-	-	11,904
Other Income	-	-	-	-	-	-	616,706
Total Nonoperating Revenues (Expenses)	671,368	89,663	(44,098)	(10,313,585)	1,010,963	(8,585,689)	725,874
Income (Loss) Before Transfers	61,987	(684,503)	1,399,592	3,266,854	764,695	4,808,625	(1,852,007)
Transfers In	-	-	-	-	38,000	38,000	713,800
Transfers Out	-	-	(296,000)	(35,211)	-	(331,211)	-
Change in Net Assets	61,987	(684,503)	1,103,592	3,231,643	802,695	4,515,414	(1,138,207)
Net Assets, Beginning	5,194,147	28,853,654	(3,684,992)	50,046,092	2,219,115	82,628,016	22,366,001
Net Assets, Ending	\$ 5,256,134	\$ 28,169,151	\$ (2,581,400)	\$ 53,277,735	\$ 3,021,810	\$ 87,143,430	\$ 21,227,794

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

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**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Transit	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Cash Received from Customers for Current Services	\$ 2,382,144	\$ 5,065,177	\$ 7,469,015	\$ 26,330,131	\$ 111,069	\$ 41,357,536	\$ 2,482,656
Cash Paid for Salaries and Benefits	(106,384)	(1,160,010)	(1,996,757)	(1,874,462)	-	(5,137,613)	(945,756)
Cash Paid for Services and Supplies	(2,099,409)	(3,374,711)	(4,108,130)	(9,705,611)	(213,836)	(19,501,697)	(2,286,353)
Net Cash Provided by (Used for) Operating Activities	176,351	530,456	1,364,128	14,750,058	(102,767)	16,718,226	(749,453)
Cash Flows from Non-Capital Financing Activities:							
Grants	668,314	-	-	-	1,010,963	1,679,277	-
Advances from Other Funds	(90,000)	282,977	(200,051)	(460,642)	96,567	(371,149)	-
Due to Other Funds	-	617,140	(769,545)	-	-	(152,405)	-
Other Income	-	-	-	-	-	-	616,706
Transfers from Other Funds	-	-	-	-	38,000	38,000	713,800
Transfers to Other Funds	-	-	(296,000)	(35,211)	-	(331,211)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	578,314	900,117	(1,265,596)	(495,853)	1,145,530	862,512	1,330,506
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Assets	-	-	-	-	-	-	(872,050)
Principal and Interest Paid on Long-Term Debt	-	(555,986)	(44,098)	(13,156,565)	-	(13,756,649)	(8,797)
Acquisition of Capital Assets	(135)	(964,250)	(54,434)	(15,730,871)	(1,042,763)	(17,792,453)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(135)	(1,520,236)	(98,532)	(28,887,436)	(1,042,763)	(31,549,102)	(880,847)
Cash Flows from Investing Activities:							
Interest Income	3,054	89,663	-	586,911	-	679,628	97,264
Net Increase (Decrease) in Cash and Cash Equivalents	757,584	-	-	(14,046,320)	-	(13,288,736)	(202,530)
Cash and Cash Equivalents, Beginning of the Year	98,584	-	-	43,249,626	-	43,348,210	10,285,468
Cash and Cash Equivalents, End of the Year	\$ 856,168	\$ -	\$ -	\$ 29,203,306	\$ -	\$ 30,059,474	\$ 10,082,938

(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, 2012

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities
	Transit	Water	Solid Waste	Sewer	Aviation		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ (609,381)	\$ (774,166)	\$ 1,443,690	\$ 13,580,439	\$ (246,268)	\$ 13,394,314	\$ (2,577,881)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation	333,968	1,157,525	9,527	5,058,089	110,935	6,670,044	1,483,057
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	(28,744)	(122,252)	(83,385)	(265,448)	(10,426)	(510,255)	24,642
(Increase) Decrease in Inventory	-	-	-	534	(589,362)	(588,828)	9,618
(Increase) Decrease in Intergovernmental Receivable	167,146	-	(17,890)	-	-	149,256	(198,768)
(Increase) Decrease in Advances to Other Funds	-	227,098	-	-	-	227,098	-
(Increase) Decrease in Deferred Charges	-	-	-	614,064	-	614,064	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,188	(69,823)	(10,169)	(1,698,365)	632,354	(1,144,815)	329,810
Increase (Decrease) in Deferred Revenue	309,196	-	-	-	-	309,196	-
Increase (Decrease) in Due to Other Funds	-	-	-	(2,648,275)	-	(2,648,275)	198,768
Increase (Decrease) in Advances from Other Funds	-	-	-	-	-	-	(10,060)
Increase (Decrease) in Net Post-Employment Benefits Obligation	448	7,624	13,454	10,315	-	31,841	-
Increase (Decrease) in Compensated Absences Payable	2,530	104,450	8,901	98,705	-	214,586	(8,639)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 176,351</u>	<u>\$ 530,456</u>	<u>\$ 1,364,128</u>	<u>\$ 14,750,058</u>	<u>\$ (102,767)</u>	<u>\$ 16,718,226</u>	<u>\$ (749,453)</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Assets:							
Cash and Investments	\$ 856,168	\$ -	\$ -	\$ 3,938,967	\$ -	\$ 4,795,135	\$ 9,547,776
Cash and Investments with Fiscal Agents	-	-	-	21,207,788	-	21,207,788	535,162
Restricted Cash and Investments	-	-	-	4,056,551	-	4,056,551	-
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 856,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,203,306</u>	<u>\$ -</u>	<u>\$ 30,059,474</u>	<u>\$ 10,082,938</u>

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

**CITY OF TULARE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 7,787,236	\$ 2,471,896
Accounts Receivable	7,111,235	57,972
Deferred Loan Receivable	66,388	-
Land Held for Sale	369,517	-
	<u>15,334,376</u>	<u>2,529,868</u>
Total Assets	<u>\$ 15,334,376</u>	<u>\$ 2,529,868</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,930,472	\$ 21,741
Deferred Revenue	587,261	-
Deposits Payable	30,250	2,508,127
Notes	3,360,548	-
Bonds	50,000	-
	<u>5,958,531</u>	<u>2,529,868</u>
Total Current Liabilities	<u>5,958,531</u>	<u>2,529,868</u>
Noncurrent Liabilities		
Notes	745,615	-
Bonds	23,250,000	-
	<u>23,995,615</u>	<u>-</u>
Total Noncurrent Liabilities	<u>23,995,615</u>	<u>-</u>
Total Liabilities	<u>29,954,146</u>	<u>2,529,868</u>
Net Assets	<u>\$ (14,619,770)</u>	<u>\$ -</u>

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Private Purpose Trust Fund
Additions	
Interest and Rentals	\$ 13,246
Other	10,297
	23,543
Total Additions	\$ 23,543
 Deductions	
Community Development	\$ 178,077
Interest Expense	1,530,905
Contractual Services Expense	1,160,973
	2,869,955
Total Deductions	2,869,955
Change in Net Assets before Extraordinary Items	(2,846,412)
 Extraordinary Item:	
Extraordinary Loss on Dissolution of Redevelopment Agency	(11,773,358)
Change in Net Assets	(14,619,770)
Net Assets, Beginning of Year	-
Net Assets, End of Year	\$ (14,619,770)

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

Discretely Presented Component Unit:

The Tulare Redevelopment Agency (the Agency) was established pursuant to the State of California Health and Safety Code, Section 33000 entitled *Community Redevelopment Law*. Its purpose was to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities. The City Council members appointed the Agency's directors. The City was financially accountable for the Agency because the City Council used to approve the Agency's budget, levied taxes (if necessary), and would approve any debt issuance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Reporting Entity (Continued)

The Redevelopment Restructuring Act passed by the State in June 2011 dissolved all redevelopment agencies in California. As a result, the Agency ceased to exist as of February 1, 2012. Activities through the dissolution date are recorded in the discretely presented unit section of the Government-Wide financial statements. All assets, liabilities, and approved obligations were shifted to the City acting as Successor Agency. Former Housing assets and liabilities were shifted to the City acting as the Successor Housing Agency and were recorded in the Special Revenue section of this report. All other activities of the Successor Agency are now reflected in the Fiduciary section of this report. The Successor Agency activities are monitored by an oversight board consisting of representatives from the City.

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The government-wide financial statements, proprietary fund financial statements, and private purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis 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.

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

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

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

D. Assets, Liabilities, Net Assets or 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments (Continued)

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

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

Receivables

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

Inventory

Inventories of materials and supplies in the proprietary and internal 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 Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Noncurrent Governmental Assets/Liabilities

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

Net Assets/Fund Balances

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

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

In March 2009, 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, 2011. Fund balances for governmental funds are segregated as follows.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets/Fund Balances (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the 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 fiscal year ended June 30, 2012. All unencumbered appropriations lapse at year-end.

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

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

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2012, the City Council approved \$3,551,249 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Fund Balance

The Solid Waste Enterprise Fund had a deficit fund balance of \$2,581,400. The deficit is expected to be eliminated in future years through increase in charges for services and cost reductions. The Purchasing Internal Service Fund had a deficit fund balance of \$503,458. The deficit is expected to be eliminated in future years through departmental charges. The Landscape and Lighting Fund had a deficit fund balance of \$189,068. The deficit is expected to be eliminated in future years through additional grants revenue anticipated from the state.

F. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Capital Outlay	\$ 17,091,562
Depreciation Expense	<u>(7,607,563)</u>
Difference	<u>\$ 9,483,999</u>

G. Reclassifications and Eliminations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Recent Accounting Pronouncements

GASB Statement No. 60 – In November 2010, GASB issued *Accounting and Financial Reporting for Service Concession Arrangements* which addresses accounting and financial reporting issues related to public-private and public-public partnerships. The statement is effective for periods beginning after December 15, 2011. The City has not fully judged the effect of the implementation of GASB Statement No. 60 as of the date of the basic financial statements.

GASB Statement No. 61 – In November 2010, GASB issued *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14, and No. 34* which modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The statement is effective for periods beginning after June 15, 2012. As of the date of the basic financial statements, the City has not made an assessment of any changes that will occur upon this statement's implementation.

GASB Statement No. 62 – In December 2010, GASB issued *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements - Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011. However, as the statement codifies what is in current practice, there is no net effect on the City's accounting or financial reporting upon the statement's implementation.

GASB Statement No. 63 – In June 2011, GASB issued *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which modifies current financial reporting of those elements. The largest change will be the replacement of the current Statement of Net Assets with a Statement of Net Position and a Statement of Changes in Net Position instead of the current Statement of Changes in Net Assets upon implementation for periods beginning after December 15, 2011. The City has elected not to early implement Statement No. 63 and has not determined its effect on the City's financial statements.

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

I. Future Pronouncements

Additional standards released by GASB during the fiscal year that are required to be implemented in more than one year are as follows:

Statement No.	Title	Effective for Fiscal Years Beginning on or After
65	<i>Items Previously Reported as Assets and Liabilities</i>	December 15, 2012
66	<i>Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62</i>	December 15, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Future Pronouncements (Continued)

67	<i>Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25</i>	June 15, 2013
68	<i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27</i>	June 15, 2014

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Primary Government	
Cash and Investments	\$ 40,992,439
Cash and Investments with Fiscal Agent	26,320,176
Restricted Cash and Investments	4,056,551
Fiduciary Funds:	
Cash and Investments	<u>10,259,132</u>
Total Cash and Investments	<u><u>\$ 81,628,298</u></u>

Deposits and investments as of June 30, 2012, consist of the following:

Deposits:

Cash on Hand	\$ 10,080
Cash with Financial Institutions	4,114,664
Investments	41,243,120
Cash and Investment with Fiscal Agents	<u>36,260,434</u>
Total Cash and Investments	<u><u>\$ 81,628,298</u></u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage/Amount of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Time Certificates of Deposit	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	N/A	\$50 million	N/A
Bankers’ Acceptances	180 days	40%	30%
Treasury Bonds and Notes	10 years	N/A	N/A
Treasury Bills (T-Bills)	1 year	N/A	N/A
Federally Sponsored Agency Securities	N/A	N/A	N/A

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City’s Investment Policy
(Continued)

Repurchase Agreements	90 days	N/A	N/A
Medium-Term Notes/Corporate Bonds*	5 years	30%	N/A
Mutual Funds	N/A	15%	N/A
Commercial Paper	N/A	25%	N/A
Zero Coupon Bonds**	N/A	N/A	N/A
Passbook Savings Account Demand Deposits	N/A	N/A	N/A

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 20,096,324	2.4
Local Agency Investment Fund (LAIF)	20,925,491	N/A
Held by Bond Trustee:		
Money Market Funds	18,893,476	0.2
Investment Contracts	16,117,715	1.5
Held by Insurance Administrator:		
Pooled Investments	<u>1,470,548</u>	N/A
Total	<u>\$ 77,503,554</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	\$ 20,096,324	N/A	\$ -	\$ 20,096,324	\$ -
Local Agency Investment Fund (LAIF)	20,925,491	Collateralized	-	-	20,925,491
Held by Bond Trustee:					
Money Market Funds	18,893,476	A	18,893,476	-	-
Investment Contracts	16,117,715	N/A	16,117,715	-	-
Held by Insurance Administrator:					
Pooled Investments	<u>1,470,548</u>	N/A	<u>-</u>	<u>-</u>	<u>1,470,548</u>
Total	<u>\$ 77,503,554</u>		<u>\$ 35,011,191</u>	<u>\$ 20,096,324</u>	<u>\$ 22,396,039</u>

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
Federal Home Loan	Federal Agency Securities	\$ 5,033,860
Federal Farm Credit Banks	Federal Agency Securities	9,517,275
Federal National Mortgage	Federal Agency Securities	<u>5,545,189</u>
	Total Federal Agency Securities	<u>\$ 20,096,324</u>

Custodial Credit Risk

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: Effective December 31, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) fully guaranteed all funds in noninterest-bearing transaction deposit accounts held at FDIC insured depository institutions through December 31, 2012. As a result, the City's deposits with financial institutions in the amount of \$5,982,188 were fully insured as of June 30, 2012. As of June 30, 2012, \$76,479,840 was collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investments in State Investment Pool

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

NOTE 3 – NOTES RECEIVABLE

Notes receivable for the primary government consist of:

Primary Government

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

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

Total Primary Government \$ 1,284,453

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>Governmental Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 18,938,519	\$ 167,012	\$ (465,736)	\$ 18,639,795
Right-of-Way	7,712,642	-	-	7,712,642
Construction in Progress	12,578,311	14,980,725	-	27,559,036
Subtotal	39,229,472	15,147,737	(465,736)	53,911,473
Depreciable Capital Assets:				
Infrastructure	180,596,095	2,354,966	-	182,951,061
Structures and Improvements	51,750,746	13,394	-	51,764,140
Equipment	22,039,484	928,257	(242,647)	22,725,094
Subtotal	254,386,325	3,296,617	(242,647)	257,440,295
Accumulated Depreciation:				
Infrastructure	(87,674,445)	(5,665,393)	-	(93,339,838)
Structures and Improvements	(12,358,108)	(1,806,274)	-	(14,164,382)
Equipment	(15,069,235)	(1,618,953)	239,544	(16,448,644)
Subtotal	(115,101,788)	(9,090,620)	239,544	(123,952,864)
Net Capital Assets	<u>\$ 178,514,009</u>	<u>\$ 9,353,734</u>	<u>\$ (468,839)</u>	<u>\$ 187,398,904</u>
<u>Business-Type Activities</u>				
Nondepreciable Capital Assets:				
Land	\$ 4,364,181	\$ -	\$ -	\$ 4,364,181
Construction in Progress	19,985,104	9,743,236	(16,161,995)	13,566,345
Subtotal	24,349,285	9,743,236	(16,161,995)	17,930,526
Depreciable Capital Assets:				
Buildings	4,776,481	-	-	4,776,481
Improvements Other Than Buildings	274,249,540	23,976,232	-	298,225,772
Equipment	8,288,888	234,978	-	8,523,866
Subtotal	287,314,909	24,211,210	-	311,526,119
Accumulated Depreciation:				
Buildings	(1,040,419)	(101,856)	-	(1,142,275)
Improvements Other Than Buildings	(44,470,444)	(6,211,172)	-	(50,681,616)
Equipment	(6,279,243)	(357,014)	-	(6,636,257)
Subtotal	(51,790,106)	(6,670,042)	-	(58,460,148)
Net Capital Assets	<u>\$ 259,874,088</u>	<u>\$ 27,284,404</u>	<u>\$ (16,161,995)</u>	<u>\$ 270,996,497</u>

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ending June 30, 2012, was charged to the following activities:

Governmental Activities:	
General Government	\$ 1,005,248
Public Safety	816,201
Public Works	176,385
Community Development	2,628,797
Community Services	75,301
Library and Cultural	<u>4,388,688</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,090,620</u>
Business-Type Activities:	
Aviation	\$ 110,935
Transit	333,968
Water	1,157,525
Solid Waste	9,527
Sewer	<u>5,058,089</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 6,670,044</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2012, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 6,775,611
HOME Program Fund	1,275
Financing Authority Fund	399,781
Other Governmental Funds	195,712
Internal Service Funds	<u>689,283</u>
Total Governmental Activities	<u>\$ 8,061,662</u>
Business-Type Activities:	
Transit	\$ 81,556
Water	646,259
Solid Waste	205,872
Sewer	3,913,241
Aviation	<u>635,532</u>
Total Business-Type Activities	<u>\$ 5,482,460</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2012:

Type of Debt	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities:					
Lease Revenue Bonds	\$ 31,355,000	\$ -	\$ 705,000	\$ 30,650,000	\$ 730,000
Bond Premium	1,528,113	-	56,948	1,471,165	56,948
Leases Payable	1,273,634	-	46,130	1,227,504	93,830
Notes Payable	291,000	-	35,000	256,000	37,000
Net Post-Employment Benefits Obligation	527,082	126,468	-	653,550	-
Compensated Absences Payable	2,115,766	42,866	116,110	2,042,522	148,062
Total Governmental Activities	\$ 37,090,595	\$ 169,334	\$ 959,188	\$ 36,300,741	\$ 1,065,840
Business-Type Activities:					
Revenue Bonds Payable	\$ 202,456,917	\$ 10,580,000	\$ 12,818,587	\$ 200,218,330	\$ 2,583,592
Leases Payable	12,925,015	-	734,146	12,190,869	1,113,337
Net Post-Employment Benefits Obligation	132,703	31,840	-	164,543	-
Compensated Absences Payable	476,018	214,585	-	690,603	50,069
Total Business-Type Activities	\$ 215,990,651	\$ 10,826,425	\$ 13,552,733	\$ 213,264,345	\$ 3,746,998
Primary Government:					
Revenue Bonds Payable	\$ 233,811,916	\$ 10,580,000	\$ 13,523,587	\$ 230,868,330	\$ 3,313,592
Bond Premium	1,528,113	-	56,948	1,471,165	56,948
Leases Payable	14,198,649	-	780,276	13,418,373	1,207,167
Notes Payable	291,000	-	-	256,000	37,000
Net Post-Employment Benefits Obligation	659,785	158,308	-	818,093	-
Compensated Absences Payable	2,591,783	257,451	116,110	2,733,125	198,131
Total Primary Government:	\$ 253,081,246	\$ 10,995,759	\$ 14,476,921	\$ 249,565,086	\$ 4,812,838

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

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities -

Lease Revenue Bonds (the Authority):

On February 1, 2008, the Authority issued \$33,050,000 in Lease Revenue and Refunding Bonds. The bonds are payable in amounts ranging from \$375,000 to \$1,775,000 per year on April 1 each year, commencing April 1, 2009, through April 1, 2038, and bear interest at rates ranging from 4.00% to 4.50% depending upon the date of maturity. At June 30, 2012, the outstanding balance, including the related bond premium, was:

\$ 32,121,165

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 Assets.

\$ 2,042,522

Net Post-Employment Benefits Obligation:

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

\$ 653,550

Note Payable:

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

\$ 256,000

Lease Payable:

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

\$ 1,227,504

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the note payable outstanding, including interest of \$894, are as follows:

Year Ending June 30,	Section 108 Loan
2013	\$ 37,129
2014	39,136
2015	41,143
2016	44,154
2017	46,161
2018-2022	49,171
	256,894
Less Interest	894
Total	<u>\$ 256,000</u>

The annual requirements to amortize the lease payable outstanding, including interest of \$325,617, are as follows:

Year Ending June 30,	Citi Capital Muni
2013	\$ 147,960
2014	147,960
2015	147,960
2016	147,960
2017	147,960
2018-2022	739,801
2023-2027	73,520
	1,553,121
Less Interest	325,617
Total	<u>\$ 1,227,504</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, 2012, the outstanding balance was \$7,741,202.

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize the lease payable outstanding, including interest of \$2,052,541, are as follows:

Year Ending June 30,	Citi Capital Muni
2013	\$ 932,672
2014	932,672
2015	932,672
2016	932,672
2017	932,672
2018-2022	4,663,360
2023-2027	467,023
	<u>9,793,743</u>
Less Interest	<u>2,052,541</u>
Total	<u><u>\$ 7,741,202</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, 2012, the outstanding balance was \$4,449,667.

The annual requirements to amortize the lease payable outstanding, including interest of \$1,323,840, are as follows:

Year Ending June 30,	Build America Muni
2013	\$ 755,118
2014	746,774
2015	738,322
2016	729,752
2017	263,014
2018-2022	1,373,373
2023-2027	1,167,153
	<u>5,773,507</u>
Less Interest	<u>1,323,840</u>
Total	<u><u>\$ 4,449,667</u></u>

2003 Sewer Revenue Bonds:

On December 18, 2003, the City issued \$42,700,000 in Sewer Revenue Bonds. Serial bonds totaling \$32,035,000 are payable in amounts ranging from \$825,000 to \$2,085,000 per year on November 15 each year, commencing November 15, 2004, through November 15, 2024, and bear interest rates from 1.0% to 4.6%. Term bonds totaling \$4,145,000 are due November 15, 2028, at an interest rate of 4.75%. Other term bonds totaling \$6,520,000 are due November 15, 2033, at an interest rate of 4.875%. At June 30, 2012, the outstanding balance was \$31,255,000.

2001 Sewer Revenue Bonds:

On September 1, 2001, the City issued \$20,000,000 in Sewer Revenue Bonds. The bonds are payable in amounts ranging from \$320,000 to \$1,260,000 per year on November 15 each year, commencing November 15, 2002, through November 15, 2031, and bear interest rates from 4.375% to 4.750%. On May 18, 2012, the City partially refunded the 2001 Sewer Revenue Bonds by issuing the 2012 Sewer Revenue Refunding Bonds. At June 30, 2012, the outstanding balance was \$5,695,000.

NOTE 6 – LONG-TERM DEBT (Continued)

2006 Sewer Revenue Bonds:

On December 7, 2006, the City issued \$78,900,000 in Sewer Revenue Bonds. The bonds are payable in amounts ranging from \$0 to \$5,300,000 per year on November 15 each year, commencing 2008 through 2042 and bear interest rates from 3.33% to 4.39%. At June 30, 2012, the outstanding balance, including the related bond premium, was \$78,488,330.

2009 Sewer Revenue Bonds:

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principals are payable in amounts ranging from \$780,000 to \$10,590,000 per year on November 15 each year, commencing November 15, 2032, through November 15, 2044, and bear interest rate of 8.75%. The bond interests are payable twice a year respectively on May 15 and November 15 each year. The City is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009 Bonds. At June 30, 2012, the outstanding balance was \$54,775,000.

2010 Sewer Revenue Bonds:

On December 22, 2010, the City issued \$19,425,000 in Sewer Revenue Bonds. The bonds are payable semi-annually in amounts ranging from \$0 to \$10,700,000 per year on November 15 each year, commencing May 15, 2011, through November 15, 2045, and bear interest rates from 3.25% to 6%. At June 30, 2012, the outstanding balance was \$19,425,000.

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 3.290%. At June 30, 2012, the outstanding balance was \$10,580,000. The transaction resulted in an economic gain of \$882,053 and a reduction of \$3,970,962 in future debt service payments.

Net Post-Employment Benefits Obligation:

The City accounts for net post-employment benefits obligation in accordance with GASB Statement No. 45. Unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-Wide Statement of Net Assets. At June 30, 2012, the net post-employment benefits obligation totaled \$164,543.

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, 2012, the compensated absences payable totaled \$690,603 for business-type activities.

NOTE 6 – LONG-TERM DEBT (Continued)

The annual requirements to amortize bonded debt and notes payable, including interest of \$314,491,978 are as follows:

Year Ending June 30,	Primary Government				
	Governmental Activities			Business-Type Activities	
	2008 Lease Revenue Bonds	2008 Lease Revenue Bonds - Premium	Section 108 Loan	2001 Sewer Revenue Bonds	2003 Sewer Revenue Bonds
2013	\$ 2,324,125	\$ 56,948	\$ 37,129	\$ -	\$ 2,981,038
2014	2,324,925	56,948	39,136	-	2,978,088
2015	2,325,725	56,948	41,143	-	2,979,288
2016	2,324,950	56,948	44,154	-	2,982,587
2017	2,322,600	56,948	46,161	-	2,986,833
2018-2022	11,626,047	284,741	49,171	-	13,338,988
2023-2027	11,625,563	284,741	-	-	7,245,530
2028-2032	9,368,969	284,741	-	5,695,000	7,313,668
2033-2037	9,362,950	284,741	-	-	2,948,694
2038-2042	1,872,625	47,458	-	-	-
2043-2045	-	-	-	-	-
	55,478,479	1,471,165	256,894	5,695,000	45,754,714
Less Interest	24,828,479	-	894	-	14,499,714
Total	<u>\$ 30,650,000</u>	<u>\$ 1,471,165</u>	<u>\$ 256,000</u>	<u>\$ 5,695,000</u>	<u>\$ 31,255,000</u>

Year Ending June 30,	Primary Government				
	Business-Type Activities				
	2006 Sewer Revenue Bonds	2006 Sewer Revenue Bonds - Premium	2009 Sewer Revenue Bonds	2010 Sewer Revenue Bonds	2012 Sewer Revenue Refunding
2013	\$ 3,947,625	\$ 18,587	\$ 4,792,813	\$ 1,155,678	\$ 458,777
2014	3,952,825	18,587	4,792,813	1,155,678	923,355
2015	3,957,225	18,587	4,792,813	1,155,678	923,355
2016	3,990,225	18,587	4,792,813	1,499,990	923,355
2017	4,040,825	18,587	4,792,813	1,463,615	923,355
2018-2022	21,889,925	92,935	23,964,063	7,218,163	4,616,775
2023-2027	27,485,775	92,935	23,964,063	7,716,819	4,616,781
2028-2032	27,607,375	92,935	23,964,063	7,513,853	-
2033-2037	28,023,938	92,935	31,360,468	3,477,500	-
2038-2042	27,691,875	83,655	31,336,001	3,477,500	-
2043-2045	-	-	35,402,623	13,134,250	-
	152,587,613	548,330	193,955,345	48,968,721	13,385,753
Less Interest	74,647,613	-	139,180,345	29,543,721	2,805,753
Total	<u>\$ 77,940,000</u>	<u>\$ 548,330</u>	<u>\$ 54,775,000</u>	<u>\$ 19,425,000</u>	<u>\$ 10,580,000</u>

NOTE 7 – PENSION PLAN

Plan Description

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

Funding Policy

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

<u>Category</u>	<u>Members Rates as a Percentage of Wages</u>
Local miscellaneous members	8%
Local safety members with benefits Under article 21252.02	8% Modified (July 1, 2001 - December 31, 2001, Bi-weekly contributions = 8% X Earnings - \$109.84) 9% (January 1, 2002 - June 30, 2012)

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2012, was 17.20% for miscellaneous employees. The required employer contribution rate for safety (police and fire) employees was 29.47% for the period July 1, 2011, through June 30, 2012. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

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

CalPERS uses the market related value method of valuing the plans' assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0% and overall payroll growth at 3.25%. Annual salary increases are assumed to vary by category, entry age, and duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial method are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and 10% of the net balance is amortized annually.

NOTE 7 – PENSION PLAN (Continued)

Annual Pension Cost

For the fiscal year ended June 30, 2012, the City's annual pension cost of \$6,293,048 for CalPERS was equal to the City's required and actual contributions. The required contribution for the fiscal year ended June 30, 2012, was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% discount rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 3.30% to 14.20% for safety members), and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial values of the Miscellaneous and the Safety Plans of the City's assets were determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a fifteen year period, depending on the size of investment gains and/or losses. The Miscellaneous and the Safety Plans of the City's unfunded actuarial accrued liabilities (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 15 years for miscellaneous and 4 years for safety.

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 4,729	100%	\$ -
6/30/11	\$ 4,806	100%	\$ -
6/30/12	\$ 5,267	100%	\$ -

Three-Year Funding Status (dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>(A) Entry Age Actuarial Accrued Liability</u>	<u>(B) Actuarial Asset Value</u>	<u>(C) Unfunded Liability (Excess Assets) (A)-(B)</u>	<u>(D) Funded Ratio (B)/(A)</u>	<u>(E) Covered Payroll</u>	<u>(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)</u>
6/30/09						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	1,803	1,520	283	84.3%	222	127.5%
Total	<u>\$ 95,056</u>	<u>\$ 78,259</u>	<u>\$ 16,797</u>	82.3%	<u>\$ 16,153</u>	104.0%
6/30/10						
Misc.	\$ 79,375	\$ 64,553	\$ 14,822	81.3%	\$ 10,904	135.9%
Safety Police	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire First Tier	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire Second Tier	1,915	1,628	287	85.0%	225	127.6%
Total	<u>\$ 101,620</u>	<u>\$ 83,121</u>	<u>\$ 18,499</u>	81.8%	<u>\$ 13,041</u>	141.9%
6/30/11						
Misc.	\$ 85,384	\$ 68,085	\$ 17,299	79.7%	\$ 10,912	158.5%
Safety Police	10,952	9,136	1,816	83.4%	950	191.2%
Safety Fire First Tier	10,952	9,136	1,816	83.4%	950	191.2%
Safety Fire Second Tier	2,061	1,759	302	85.3%	225	134.2%
Total	<u>\$ 109,349</u>	<u>\$ 88,116</u>	<u>\$ 21,233</u>	80.6%	<u>\$ 13,037</u>	162.9%

NOTE 7 – PENSION PLAN (Continued)

Annual Pension Cost (Continued)

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

NOTE 8 – RISK MANAGEMENT

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

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

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

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

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

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund due from/to other funds at June 30, 2012, were as follows:

	Purpose	Due From Other Funds	Due To Other Funds
Major Governmental Funds			
General Fund	General Operations	\$ 2,853,576	\$ 85,958
HOME Program Fund	General Operations	-	192,425
Nonmajor Governmental Funds	General Operations	-	317,276
Enterprise Funds			
Water Fund	General Operations	-	1,469,659
Solid Waste	General Operations	-	788,258
Internal Service Funds	General Operations	678,520	678,520
		<u>\$ 3,532,096</u>	<u>\$ 3,532,096</u>

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2011-12 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
General Fund			
Nonmajor Governmental Funds	To purchase equipment	\$ -	\$ 240,777
Nonmajor Governmental Funds	To pay unemployment claims	-	40,938
Nonmajor Governmental Funds	General fund contribution	-	476,317
Nonmajor Governmental Funds/Library	To fund activity	-	43,787
Nonmajor Governmental Funds	To fund construction in progress activity	8,605,809	59,903
Housing Redevelopment CDBG Financing Authority Fund	To fund construction in progress activity	115,760	-
Enterprise Funds	For lease revenue bond payment	-	2,303,435
Nonmajor Governmental Funds	To fund aviation activity	-	38,000
Nonmajor Governmental Funds	For traffic safety activity	231,524	-
Nonmajor Governmental Funds	To reimburse General Fund	20,285	432,276
Total General Fund		<u>8,973,378</u>	<u>3,635,433</u>
Debt Service Fund			
Financing Authority Fund	To fund construction in progress activity	-	270,176
General Fund	For lease revenue bond payment	2,303,435	-
Total Debt Service Funds		<u>2,303,435</u>	<u>270,176</u>
Nonmajor Special Revenue Funds			
Nonmajor Governmental Funds	To fund construction in progress activity	-	7,843,454
Nonmajor Governmental Funds	To fund construction in progress activity	-	115,760
General Fund	For Traffic Safety activity	-	251,809
Nonmajor Governmental Funds	To purchase equipment	-	100,874
General Fund	General Fund contribution	126,011	-
Nonmajor Governmental Funds	To fund construction in progress activity	394,093	-
Nonmajor Governmental Funds	To reimburse Senior Services	-	-
Total Nonmajor Special Revenue Funds		<u>520,104</u>	<u>8,311,897</u>
Internal Service Funds			
General Fund	To pay for unemployment claims	40,938	-
General Fund	To fund equipment	240,777	-
Enterprise Funds	To fund equipment	331,211	-
Nonmajor Governmental Funds	To fund equipment	100,874	-
Total Internal Service Funds		<u>713,800</u>	<u>-</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

	Purpose	Transfers In	Transfers Out
Enterprise Funds			
Sewer Fund	To fund construction in progress activity	-	35,211
Aviation Fund	To fund activity	38,000	-
Solid Waste Fund	To fund construction in progress activity	-	296,000
Total Enterprise Funds		<u>38,000</u>	<u>331,211</u>
Totals		<u>\$ 12,548,717</u>	<u>\$ 12,548,717</u>

Interfund advances to/from at June 30, 2012, were as follows:

	Purpose	Advances From Other Funds	Advances To Other Funds
General Fund	For General Operations - Airport	\$ -	\$ 853,004
	For General Operations - Transit	-	360,000
Water Fund	To Construct LNG Fuel and Corporate Maintenance Facility	-	2,725,182
Solid Waste Fund	To Construct Corporation Maintenance Facility	2,400,612	-
Sewer Fund	For General Operations	203,844	-
Aviation Fund	For General Operations	853,004	-
Transit Fund	For General Operations	360,000	-
Internal Service Funds	Fleet Maintenance	120,726	-
		<u>\$ 3,938,186</u>	<u>\$ 3,938,186</u>

Advances from Other Funds:

A loan from the Water Fund to the Solid Waste Fund in June 2009 for the construction of a Corporation Maintenance Facility: \$3,000,765 original loan in 15 annual payments of \$200,051 plus interest of 7.00%. \$ 2,400,612

A loan from the Water Fund to the Sewer Fund in June 2009 for the construction of a Corporation Maintenance Facility: \$254,804 original loan in 15 annual payments of \$16,987 plus interest of 3.0%. \$ 203,844

On June 30, 2009, the City's General Fund advanced \$686,369 to the Aviation Fund for operations. The advance is due within one year at an interest rate of 0%. \$ 853,004

A loan from the City's General Fund to the Transit Fund in January 2007 to fund the general operation needs of the transit services: \$900,000 original loan; 10 annual installment payments of \$90,000 including interest at the City pooled investments interest rate. \$ 360,000

A loan from the Water Fund to the Fleet Maintenance Fund in June 2009 for the construction of a new Corporation Maintenance Facility: \$150,907 original loan; 15 annual installment payments of \$10,060 including interest of 3.00%. \$ 120,726

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

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

The City recognizes the cost of the retiree health care costs insurance benefits as expenditures as insurance contributions are paid on a monthly basis in advance, which at June 30, 2012, approximated \$350,633. Because the City is self-insured, no payments are made to an outside insurer and because the City has not established a separate irrevocable trust or made payments of benefits directly to or on behalf of a retiree or beneficiary, no contributions are recognized. The plan uses the pay-as-you-go method to fund the current cost. At June 30, 2012, fifty-four (54) employees were affected by the provisions of these benefits.

B. Funding Policy

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

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

The following table shows the City's post-employment benefit plan assets/liabilities at June 30, 2012:

<u>Item</u>	<u>Primary Government</u>
Annual Required Contributions	\$ 153,860
Interest on Net OPEB Obligation/(Asset)	23,068
Adjustment to Annual Required Contributions	<u>(18,620)</u>
Annual OPEB Cost	158,308
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	158,308
Net OPEB Obligation - Beginning of Year	<u>659,785</u>
Net OPEB Obligation - End of Year	<u>\$ 818,093</u>

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2010, 2011, and 2012, are as follows:

Fiscal Year	Annual OPEB Cost	Actual Annual Contribution	Annual Required Contribution	Percentage Contribution	Net OPEB Obligation/(Asset)
6/30/10	\$ 255,000	\$ -	\$ 255,000	0.00%	\$ 510,000
6/30/11	\$ 161,000	\$ -	\$ 161,000	0.00%	\$ 671,000
6/30/12	\$ 158,308	\$ -	\$ 153,860	0.00%	\$ 818,093

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, the end of the third year of GASB Statement No. 45 applicability, was as follows:

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

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

E. Actuarial Methods and Assumptions

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

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

Other critical assumptions used in the actuarial valuation are the health care cost trend rate, participation, inflation rate, investment return, and salary increase assumptions. The health care cost trend assumption is used to project the cost of health care to future years. The valuation uses a **health care cost trend rate assumption** of 11% in the year July 1, 2011, to June 30, 2012, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

E. Actuarial Methods and Assumptions (Continued)

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

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

The City's unfunded AAL is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2012, was 29 years.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2012, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
<u>General Fund</u>	
General Government	\$ 1,063,201
Interest and Fiscal Charges	4,483
<u>Special Revenue - COPS-State Grant Fund</u>	
Public Safety	9,897

NOTE 12 – CITY AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a discretely presented component unit.

The Bill provides that upon dissolution of a redevelopment agency either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 3, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-02.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

On June 27, 2012, the California State Legislature passed budget trailer bill Assembly Bill (AB) 1484, the primary purpose of which was to make technical and substantive amendments to the dissolution act AB 1X 26. In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

NOTE 12 – CITY AS SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY
(Continued)

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency are valid obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds as a discretely presented component unit of the City. After the date of dissolution, as allowed under Section 34176(a) of the Bill, the City elected to retain the housing assets and functions previously performed by the former redevelopment agency. The assets and activities for the Successor Agency Housing will be reported in the City's governmental fund financial statements. The remaining assets, liabilities, and activities of the dissolved redevelopment agency, are reported in the Successor Agency fiduciary fund (private purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012, (effectively the same date as January 31, 2012) from governmental funds of the discretely presented component unit to fiduciary funds of the City was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012, was reported in the private purpose trust fund as an extraordinary gain (or loss). Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers	\$ 11,773,358
Tax allocation bonds - Series A, B, and C	23,300,000
Transfers of loans and bonds payable, net of reserve and unamortized costs of issuance	(10,698,325)
Transfers of notes receivable	(6,581,617)
Gain from release of advances	(3,767,795)
Decrease to the net assets of the Successor Agency from operations	<u>(2,846,412)</u>
Amount of extraordinary gain reported in the government-wide financial statements of the City	<u>\$ 11,179,209</u>

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, 2012, is as follows:

	General Fund	HOME Program Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Total nonspendable fund balance	-	-	-	-	-
Restricted for:					
Public Safety - Police	-	-	-	135,647	135,647
Public Safety - Fire	-	-	-	2,640,093	2,640,093
Public Works - Street	-	-	-	8,164,370	8,164,370
Debt Service	-	-	3,111,050	-	3,111,050
Development Services	-	1,975,000	-	1,319,517	3,294,517
Total restricted fund balance	-	1,975,000	3,111,050	12,259,627	17,345,677
Committed to:					
Cash Basis Reserve	5,074,000	-	-	-	5,074,000
Appropriation for Next Year's Budget	17,723,424	-	-	-	17,723,424
Total committed fund balance	22,797,424	-	-	-	22,797,424
Assigned to purpose of fund:	-	-	-	(189,068)	(189,068)
Total assigned to fund balance	-	-	-	(189,068)	(189,068)
Unassigned fund balance:	(3,951,915)	-	-	-	(3,951,915)
Total unassigned fund balance	(3,951,915)	-	-	-	(3,951,915)
Total fund balances	<u>\$ 18,845,509</u>	<u>\$ 1,975,000</u>	<u>\$ 3,111,050</u>	<u>\$ 12,070,559</u>	<u>\$ 36,002,118</u>

NOTE 14 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2012, have been evaluated for possible adjustments to the financial statements or disclosures is February 28, 2013, which is the date that the financial statements were available to be issued.

Dissolution of Redevelopment Agency

The State Legislature passed the Dissolution Act (AB 1X 26) on June 28, 2011. As part of the fiscal year 2012-13 state budget package, on June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which was to make technical and substantive amendments to the Dissolution Act. The budget trailer bill took immediate effect upon signature by the Governor.

The City, acting in its capacity as Successor Agency to the former Tulare Redevelopment Agency, has taken several actions after June 30, 2012, that were outlined in AB 1484. Those actions include the following:

July 6, 2012 - The County Auditor Controller's Office determined the Tulare Successor Agency owes repayment of funds previously distributed pursuant to Health and Safety Code (HSC) Section 34183(a)(4) and Section 34183.5(b)(2)(A). Under protest, \$775,445 was paid by the Tulare Successor Agency on July 12, 2012.

August 1, 2012 - The Tulare Housing Successor Agency submitted to the Department of Finance a listing of all housing assets transferred to it by the dissolved redevelopment agency in accordance with HSC Section 34176(a)(2), which was accepted by the State Department of Finance.

NOTE 14 – SUBSEQUENT EVENTS (Continued)

On August 29, 2012, the Tulare Oversight Board approved the Recognized Obligation Payment Schedule (aka: ROPS III) in accordance with AB 1484 guidelines for the six month period covering payments from January 1, 2013, through June 30, 2013.

On October 8, 2012, in accordance with HSC Sections 34179.5 and 34179.6, the Tulare Successor Agency submitted the Due Diligence Review report to the Department of Finance as prepared by the outside audit firm of Brown Armstrong Accountancy Corporation for the Housing Funds. In accordance with the law, the Oversight Board held a public comment session and then took an action approving the report. There were no findings of noncompliance in the report.

On January 23, 2013, in accordance with HSC Sections 34179.5 and 34179.6, the Tulare Successor Agency submitted the Due Diligence Review report to the Department of Finance as prepared by the outside audit firm of Brown Armstrong Accountancy Corporation for the Non-Housing Funds (or “all other funds”). In accordance with the law, the Oversight Board held a public comment session and then took an action approving the report. There were no findings of noncompliance in the report.

College of the Sequoias (COS) Commitment

On December 18, 2012, the City authorized an agreement with COS to purchase certain water and sewer system infrastructure facilities that will benefit the City’s water and sewer infrastructure for a total sum of \$2,034,658 payable as follows: \$1,000,000 on or before January 31, 2013, \$500,000 on or before September 30, 2013, with the remaining balance of \$534,658 on or before April 30, 2014. The purchase will be made with loans from the City’s General Fund to the Water and Sewer Funds.

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 26,883,010	\$ 26,958,910	\$ 29,430,025	\$ 2,471,115
Intergovernmental	481,580	481,580	396	(481,184)
Licenses and Permits	740,420	740,420	839,048	98,628
Fines and Forfeitures	45,000	45,000	36,127	(8,873)
Charges for Services	2,255,210	2,255,210	2,174,778	(80,432)
Interest and Rentals	334,130	340,190	398,634	58,444
Grants	9,428,650	9,843,400	8,128,522	(1,714,878)
Assessments	88,300	88,300	88,597	297
Other	2,746,410	3,359,034	2,721,123	(637,911)
Total Revenues	43,002,710	44,112,044	43,817,250	(294,794)
Expenditures				
Current				
General Government	3,346,690	3,362,910	4,426,111	(1,063,201)
Public Safety	17,697,630	17,778,690	17,141,234	637,456
Public Works	2,454,830	2,486,330	2,450,448	35,882
Community Development	3,695,880	3,895,880	3,356,135	539,745
Community Services	2,715,100	2,847,620	2,777,628	69,992
Library and Cultural	883,270	879,684	864,254	15,430
Capital Outlay	26,043,600	29,137,135	17,196,246	11,940,889
Debt Service				
Principal	202,330	202,330	37,332	164,998
Interest and Fiscal Charges	56,170	56,170	60,653	(4,483)
Total Expenditures	57,095,500	60,646,749	48,310,041	12,336,708
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,092,790)	(16,534,705)	(4,492,791)	12,041,914
Other Financing Sources (Uses)				
Transfers In	16,123,040	18,132,875	8,973,378	(9,159,497)
Transfers Out	(5,533,450)	(7,201,080)	(3,635,433)	3,565,647
Total Other Financing Sources (Uses)	10,589,590	10,931,795	5,337,945	(5,593,850)
Change in Fund Balance Before Extraordinary Loss	(3,503,200)	(5,602,910)	845,154	6,448,064
Extraordinary Loss	-	-	(3,767,795)	(3,767,795)
Net Change in Fund Balance	(3,503,200)	(5,602,910)	(2,922,641)	2,680,269
Fund Balance, Beginning	21,768,150	21,768,150	21,768,150	-
Fund Balance, Ending	\$ 18,264,950	\$ 16,165,240	\$ 18,845,509	\$ 2,680,269

**CITY OF TULARE
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 76,200	\$ 95,000	\$ 62,473	\$ (32,527)
Grants	850,000	2,721,750	2,399,866	(321,884)
Total Revenues	<u>926,200</u>	<u>2,816,750</u>	<u>2,462,339</u>	<u>(354,411)</u>
Expenditures				
Current				
Community Services	951,200	2,816,750	487,339	2,329,411
Total Expenditures	<u>951,200</u>	<u>2,816,750</u>	<u>487,339</u>	<u>2,329,411</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,000)</u>	<u>-</u>	<u>1,975,000</u>	<u>1,975,000</u>
Other Financing Sources (Uses)				
Transfers In	25,000	-	-	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	1,975,000	1,975,000
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,975,000</u>	<u>\$ 1,975,000</u>

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

Actuarial Valuation Date	(A) Entry Age Actuarial Accrued Liability	(B) Actuarial Asset Value	(C) Unfunded Liability (Excess Assets) (A)-(B)	(D) Funded Ratio (B)/(A)	(E) Covered Payroll	(F) Unfunded Actuarial Liability as Percentage of Covered Payroll (A)-(B)/(E)
Retirement Program						
6/30/06						
Misc.	\$ 51,216	\$ 45,508	\$ 5,708	88.9%	\$ 11,489	49.7%
Safety	<u>43,462</u>	<u>36,465</u>	<u>6,997</u>	83.9%	<u>4,494</u>	155.7%
Total	<u>\$ 94,678</u>	<u>\$ 81,973</u>	<u>\$ 12,705</u>	86.6%	<u>\$ 15,983</u>	79.5%
6/30/07						
Misc.	\$ 59,522	\$ 52,404	\$ 7,118	88.0%	\$ 12,070	59.0%
Safety	<u>50,510</u>	<u>43,186</u>	<u>7,324</u>	85.5%	<u>5,254</u>	139.4%
Total	<u>\$ 110,032</u>	<u>\$ 95,590</u>	<u>\$ 14,442</u>	86.9%	<u>\$ 17,324</u>	83.4%
6/30/08						
Misc.	\$ 65,496	\$ 57,077	\$ 8,419	87.1%	\$ 13,130	64.1%
Safety	<u>55,022</u>	<u>47,214</u>	<u>7,808</u>	85.8%	<u>5,781</u>	135.1%
Total	<u>\$ 120,518</u>	<u>\$ 104,291</u>	<u>\$ 16,227</u>	86.5%	<u>\$ 18,911</u>	85.8%
6/30/09						
Misc.	\$ 73,809	\$ 60,685	\$ 13,124	82.2%	\$ 13,983	93.9%
Safety Police	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire First Tier	9,722	8,027	1,695	82.6%	974	174.0%
Safety Fire Second Tier	<u>1,803</u>	<u>1,520</u>	<u>283</u>	84.3%	<u>222</u>	127.5%
Total	<u>\$ 95,056</u>	<u>\$ 78,259</u>	<u>\$ 16,797</u>	82.3%	<u>\$ 16,153</u>	104.0%
6/30/10						
Misc.	\$ 79,375	\$ 64,553	\$ 14,822	81.3%	\$ 10,904	135.9%
Safety Police	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire First Tier	10,165	8,470	1,695	83.3%	956	177.3%
Safety Fire Second Tier	<u>1,915</u>	<u>1,628</u>	<u>287</u>	85.0%	<u>225</u>	127.6%
Total	<u>\$ 101,620</u>	<u>\$ 83,121</u>	<u>\$ 18,499</u>	81.8%	<u>\$ 13,041</u>	141.9%
6/30/11						
Misc.	\$ 85,384	\$ 68,085	\$ 17,299	79.7%	\$ 10,912	158.5%
Safety Police	10,952	9,136	1,816	83.4%	950	191.2%
Safety Fire First Tier	10,952	9,136	1,816	83.4%	950	191.2%
Safety Fire Second Tier	<u>2,061</u>	<u>1,759</u>	<u>302</u>	85.3%	<u>225</u>	134.2%
Total	<u>\$ 109,349</u>	<u>\$ 88,116</u>	<u>\$ 21,233</u>	80.6%	<u>\$ 13,037</u>	162.9%

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

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

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OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Investments	\$ 7,710,906	\$ 1,655	\$ 7,712,561
Cash and Investments with Fiscal Agent	-	2,565,830	2,565,830
Receivables			
Accounts	6,233	-	6,233
Interest	35,737	4	35,741
Taxes	198,881	-	198,881
Intergovernmental	1,050,711	35,236	1,085,947
Deferred Loans Receivable	3,372,800	-	3,372,800
Notes Receivable	1,284,453	-	1,284,453
Land Held for Resale	35,000	-	35,000
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,694,721</u>	<u>\$ 2,602,725</u>	<u>\$ 16,297,446</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 105,287	\$ 90,425	\$ 195,712
Due to Other Funds	317,276	-	317,276
Due to Other Governments	28,517	-	28,517
Deferred Revenue	3,685,382	-	3,685,382
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,136,462</u>	<u>90,425</u>	<u>4,226,887</u>
Fund Balances			
Nonspendable	35,000	-	35,000
Restricted	9,712,327	2,512,300	12,224,627
Unassigned	(189,068)	-	(189,068)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>9,558,259</u>	<u>2,512,300</u>	<u>12,070,559</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 13,694,721</u>	<u>\$ 2,602,725</u>	<u>\$ 16,297,446</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 7,359,469	\$ -	\$ 7,359,469
Intergovernmental	113,823	-	113,823
Fines and Forfeitures	298,994	-	298,994
Interest and Rentals	132,541	2,777	135,318
Grants	1,535,037	-	1,535,037
Meals	40,238	-	40,238
Assessments	631,471	-	631,471
Other	86,081	38,536	124,617
	<u>10,197,654</u>	<u>41,313</u>	<u>10,238,967</u>
Total Revenues			
	<u>10,197,654</u>	<u>41,313</u>	<u>10,238,967</u>
Expenditures			
Current			
Public Safety	451,460	-	451,460
Community Development	659,125	313,225	972,350
Community Services	1,128,895	-	1,128,895
Library and Cultural	97,224	-	97,224
Capital Outlay	430	-	430
Debt Service			
Principal	35,000	-	35,000
Interest	1,942	-	1,942
	<u>2,374,076</u>	<u>313,225</u>	<u>2,687,301</u>
Total Expenditures			
	<u>2,374,076</u>	<u>313,225</u>	<u>2,687,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,823,578</u>	<u>(271,912)</u>	<u>7,551,666</u>
Other Financing Sources (Uses)			
Transfers In	520,104	-	520,104
Transfers Out	(8,311,897)	-	(8,311,897)
	<u>(7,791,793)</u>	<u>-</u>	<u>(7,791,793)</u>
Total Other Financing Sources (Uses)			
	<u>(7,791,793)</u>	<u>-</u>	<u>(7,791,793)</u>
Net Change in Fund Balances	31,785	(271,912)	(240,127)
Fund Balances - Beginning	<u>9,526,474</u>	<u>2,784,212</u>	<u>12,310,686</u>
Fund Balances - Ending	<u>\$ 9,558,259</u>	<u>\$ 2,512,300</u>	<u>\$ 12,070,559</u>

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SPECIAL REVENUE FUNDS

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

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

The Housing Redevelopment 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.

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

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

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

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

The EPA Grant Fund accounts for the federal revenues received from the U.S. Environmental Protection Agency for the purpose of improving environmental conditions.

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	Senior Services	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets					
Cash and Investments	\$ 200	\$ -	\$ 5,589,635	\$ 1,633	\$ 126,753
Receivables					
Accounts	2,916	1,365	-	128	-
Interest	-	-	17,755	527	287
Taxes	-	-	169,114	29,767	-
Intergovernmental	7,585	52,956	29,618	-	19,788
Deferred Loans Receivable	-	2,258,212	-	-	-
Notes Receivable	-	1,284,453	-	-	-
Land Held for Resale	-	35,000	-	-	-
Total Assets	\$ 10,701	\$ 3,631,986	\$ 5,806,122	\$ 32,055	\$ 146,828
Liabilities and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 10,277	\$ 25,726	\$ -	\$ -	\$ -
Due to Other Funds	424	-	-	-	-
Due to Other Governments	-	28,517	-	-	-
Deferred Revenue	-	2,258,226	-	-	146,828
Total Liabilities	10,701	2,312,469	-	-	146,828
Fund Balances					
Nonspendable	-	35,000	-	-	-
Restricted	-	1,284,517	5,806,122	32,055	-
Unassigned	-	-	-	-	-
Total Fund Balances	-	1,319,517	5,806,122	32,055	-
Total Liabilities and Fund Balances	\$ 10,701	\$ 3,631,986	\$ 5,806,122	\$ 32,055	\$ 146,828

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets						
Cash and Investments	\$ -	\$ -	\$ 1,443	\$ 7,015	\$ 105,652	\$ 128,318
Receivables						
Accounts	-	1,724	100	-	-	-
Interest	-	-	49	16	239	290
Taxes	-	-	-	-	-	-
Intergovernmental	7,584	48,784	-	-	-	-
Deferred Loans Receivable	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	\$ 7,584	\$ 50,508	\$ 1,592	\$ 7,031	\$ 105,891	\$ 128,608
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 39,977	\$ 1,592	\$ -	\$ 9,330	\$ 815
Due to Other Funds	7,584	199,599	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	7,584	239,576	1,592	-	9,330	815
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	7,031	96,561	127,793
Unassigned	-	(189,068)	-	-	-	-
Total Fund Balances	-	(189,068)	-	7,031	96,561	127,793
Total Liabilities and Fund Balances	\$ 7,584	\$ 50,508	\$ 1,592	\$ 7,031	\$ 105,891	\$ 128,608

(Continued)

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	2009 COPS Hiring Recovery Program	Library Literacy Grant	Rental Rehabilitation	Measure R	EPA Grant	Total
Assets						
Cash and Investments	\$ -	\$ 2,648	\$ 165,366	\$ 1,582,243	\$ -	\$ 7,710,906
Receivables						
Accounts	-	-	-	-	-	6,233
Interest	-	-	374	16,200	-	35,737
Taxes	-	-	-	-	-	198,881
Intergovernmental	71,425	-	-	759,805	53,166	1,050,711
Deferred Loans Receivable	-	-	1,114,588	-	-	3,372,800
Notes Receivable	-	-	-	-	-	1,284,453
Land Held for Resale	-	-	-	-	-	35,000
Total Assets	\$ 71,425	\$ 2,648	\$ 1,280,328	\$ 2,358,248	\$ 53,166	\$ 13,694,721
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 14,922	\$ 2,648	\$ -	\$ -	\$ -	\$ 105,287
Due to Other Funds	56,503	-	-	-	53,166	317,276
Due to Other Governments	-	-	-	-	-	28,517
Deferred Revenue	-	-	1,280,328	-	-	3,685,382
Total Liabilities	71,425	2,648	1,280,328	-	53,166	4,136,462
Fund Balances						
Nonspendable	-	-	-	-	-	35,000
Restricted	-	-	-	2,358,248	-	9,712,327
Unassigned	-	-	-	-	-	(189,068)
Total Fund Balances	-	-	-	2,358,248	-	9,558,259
Total Liabilities and Fund Balances	\$ 71,425	\$ 2,648	\$ 1,280,328	\$ 2,358,248	\$ 53,166	\$ 13,694,721

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**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Senior Services	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues					
Taxes	\$ -	\$ -	\$ 2,184,298	\$ -	\$ -
Intergovernmental	111,050	2,773	-	-	-
Fines and Forfeitures	-	-	-	230,094	-
Interest and Rentals	-	-	72,261	1,430	1,575
Grants	-	883,207	101,237	-	108,322
Meals	40,238	-	-	-	-
Assessments	-	-	-	-	-
Other	38,055	22,251	-	-	-
Total Revenues	189,343	908,231	2,357,796	231,524	109,897
Expenditures					
Current					
Public Safety	-	-	-	-	9,897
Community Services	583,436	597,167	-	-	-
Library and Cultural	-	-	-	-	-
Debt Service					
Principal	-	35,000	-	-	-
Interest	-	1,942	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	583,436	634,109	-	-	9,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	(394,093)	274,122	2,357,796	231,524	100,000
Other Financing Sources (Uses)					
Transfers In	394,093	-	-	-	-
Transfers Out	-	(115,760)	(2,204,531)	(231,524)	(100,000)
Total Other Financing Sources (Uses)	394,093	(115,760)	(2,204,531)	(231,524)	(100,000)
Net Change in Fund Balances	-	158,362	153,265	-	-
Fund Balances - Beginning	-	1,161,155	5,652,857	32,055	-
Fund Balances - Ending	\$ -	\$ 1,319,517	\$ 5,806,122	\$ 32,055	\$ -

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Local Law Enforcement Block Grant	Landscape And Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	68,900	-	-	-
Interest and Rentals	-	-	115	79	1,264	1,338
Grants	12,960	-	-	-	10,729	17,132
Meals	-	-	-	-	-	-
Assessments	-	631,471	-	-	-	-
Other	-	-	-	-	10,775	-
Total Revenues	12,960	631,471	69,015	79	22,768	18,470
Expenditures						
Current						
Public Safety	12,031	-	-	-	53,279	27,285
Community Services	499	461,042	48,730	-	-	-
Library and Cultural	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlay	430	-	-	-	-	-
Total Expenditures	12,960	461,042	48,730	-	53,279	27,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	170,429	20,285	79	(30,511)	(8,815)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(20,285)	(874)	-	-
Total Other Financing Sources (Uses)	-	-	(20,285)	(874)	-	-
Net Change in Fund Balances	-	170,429	-	(795)	(30,511)	(8,815)
Fund Balances - Beginning	-	(359,497)	-	7,826	127,072	136,608
Fund Balances - Ending	\$ -	\$ (189,068)	\$ -	\$ 7,031	\$ 96,561	\$ 127,793

(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, 2012

	2009 COPS Hiring Recovery Program	Library Literacy Grant	Rental Rehabilitation	Measure R	EPA Grant	Total
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 5,175,171	\$ -	\$ 7,359,469
Intergovernmental	-	-	-	-	-	113,823
Fines and Forfeitures	-	-	-	-	-	298,994
Interest and Rentals	-	-	877	53,602	-	132,541
Grants	305,181	-	61,081	-	35,188	1,535,037
Meals	-	-	-	-	-	40,238
Assessments	-	-	-	-	-	631,471
Other	-	15,000	-	-	-	86,081
Total Revenues	305,181	15,000	61,958	5,228,773	35,188	10,197,654
Expenditures						
Current						
Public Safety	348,968	-	-	-	-	451,460
Community Services	-	-	61,958	-	35,188	1,788,020
Library and Cultural	-	97,224	-	-	-	97,224
Debt Service						
Principal	-	-	-	-	-	35,000
Interest	-	-	-	-	-	1,942
Capital Outlay	-	-	-	-	-	430
Total Expenditures	348,968	97,224	61,958	-	35,188	2,374,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,787)	(82,224)	-	5,228,773	-	7,823,578
Other Financing Sources (Uses)						
Transfers In	43,787	82,224	-	-	-	520,104
Transfers Out	-	-	-	(5,638,923)	-	(8,311,897)
Total Other Financing Sources (Uses)	43,787	82,224	-	(5,638,923)	-	(7,791,793)
Net Change in Fund Balances	-	-	-	(410,150)	-	31,785
Fund Balances - Beginning	-	-	-	2,768,398	-	9,526,474
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ 2,358,248	\$ -	\$ 9,558,259

**CITY OF TULARE
 SENIOR SERVICES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 91,050	\$ 111,050	\$ 20,000
Meals	35,010	40,238	5,228
Other	18,530	38,055	19,525
Total Revenues	<u>144,590</u>	<u>189,343</u>	<u>44,753</u>
Expenditures			
Current			
Community Services	598,720	583,436	15,284
Capital Outlay	-	-	-
Total Expenditures	<u>598,720</u>	<u>583,436</u>	<u>15,284</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(454,130)	(394,093)	60,037
Other Financing Sources (Uses)			
Transfers In	350,000	394,093	44,093
Net Change in Fund Balance	(104,130)	-	104,130
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ (104,130)</u>	<u>\$ -</u>	<u>\$ 104,130</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 2,773	\$ 2,773
Grants	1,899,870	883,207	(1,016,663)
Other	-	22,251	22,251
Total Revenues	<u>1,899,870</u>	<u>908,231</u>	<u>(991,639)</u>
Expenditures			
Current			
Community Services	1,749,870	597,167	1,152,703
Debt Service			
Principal	35,000	35,000	-
Interest	5,000	1,942	3,058
Total Expenditures	<u>1,789,870</u>	<u>634,109</u>	<u>1,155,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>110,000</u>	<u>274,122</u>	<u>164,122</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(110,000)</u>	<u>(115,760)</u>	<u>(5,760)</u>
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(115,760)</u>	<u>(5,760)</u>
Net Change in Fund Balance	-	158,362	158,362
Fund Balance - Beginning	<u>1,161,155</u>	<u>1,161,155</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,161,155</u>	<u>\$ 1,319,517</u>	<u>\$ 158,362</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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 1,585,560	\$ 2,184,298	\$ 598,738
Interest and Rentals	85,000	72,261	(12,739)
Grants	-	101,237	101,237
	<u>1,670,560</u>	<u>2,357,796</u>	<u>687,236</u>
Total Revenues			
Other Financing Sources (Uses)			
Transfers Out	(5,940,000)	(2,204,531)	3,735,469
	<u>(5,940,000)</u>	<u>(2,204,531)</u>	<u>3,735,469</u>
Net Change in Fund Balance	(4,269,440)	153,265	4,422,705
Fund Balance, Beginning	5,652,857	5,652,857	-
	<u>5,652,857</u>	<u>5,652,857</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,383,417</u>	<u>\$ 5,806,122</u>	<u>\$ 4,422,705</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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 130,000	\$ 230,094	\$ 100,094
Interest and Rentals	-	1,430	1,430
Total Revenues	<u>130,000</u>	<u>231,524</u>	<u>101,524</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(130,000)</u>	<u>(231,524)</u>	<u>(101,524)</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>32,055</u>	<u>32,055</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 32,055</u></u>	<u><u>\$ 32,055</u></u>	<u><u>\$ -</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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 1,575	\$ 1,575
Grants	100,000	108,322	8,322
Total Revenues	<u>100,000</u>	<u>109,897</u>	<u>9,897</u>
Expenditures			
Current			
Public Safety	-	9,897	(9,897)
Total Expenditures	<u>-</u>	<u>9,897</u>	<u>(9,897)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ -	\$ -
Grants	62,749	12,960	(49,789)
Other	-	-	-
	<u>62,749</u>	<u>12,960</u>	<u>(49,789)</u>
Total Revenues	<u>62,749</u>	<u>12,960</u>	<u>(49,789)</u>
Expenditures			
Current			
Public Safety	21,750	12,031	9,719
Community Services	499	499	-
Capital Outlay	40,500	430	40,070
	<u>62,749</u>	<u>12,960</u>	<u>49,789</u>
Total Expenditures	<u>62,749</u>	<u>12,960</u>	<u>49,789</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Assessments	\$ 604,780	\$ 631,471	\$ 26,691
Other	72,800	-	(72,800)
	<u>677,580</u>	<u>631,471</u>	<u>(46,109)</u>
Total Revenues			
	<u>677,580</u>	<u>631,471</u>	<u>(46,109)</u>
Expenditures			
Community Services	680,670	461,042	219,628
	<u>680,670</u>	<u>461,042</u>	<u>219,628</u>
Net Change in Fund Balance	(3,090)	170,429	173,519
Fund Balance, Beginning	(359,497)	(359,497)	-
	<u>(359,497)</u>	<u>(359,497)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (362,587)</u>	<u>\$ (189,068)</u>	<u>\$ 173,519</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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 165,000	\$ 68,900	\$ (96,100)
Interest and Rentals	50	115	65
	<u>165,050</u>	<u>69,015</u>	<u>(96,035)</u>
Total Revenues	<u>165,050</u>	<u>69,015</u>	<u>(96,035)</u>
Expenditures			
Current			
Community Services	58,050	48,730	9,320
	<u>58,050</u>	<u>48,730</u>	<u>9,320</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	107,000	20,285	(86,715)
Other Financing Sources (Uses)			
Transfers Out	(107,000)	(20,285)	86,715
	<u>(107,000)</u>	<u>(20,285)</u>	<u>86,715</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
 AUTO THEFT DETERRENCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 79	\$ 79
Grants	-	-	-
Total Revenues	<u>-</u>	<u>79</u>	<u>79</u>
Expenditures			
Current			
Community Services	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	79	79
Other Financing Sources (Uses)			
Transfers Out	<u>(1,950)</u>	<u>(874)</u>	<u>1,076</u>
Net Change in Fund Balance	<u>(1,950)</u>	<u>(795)</u>	<u>1,155</u>
Fund Balance, Beginning	<u>7,826</u>	<u>7,826</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 5,876</u>	<u>\$ 7,031</u>	<u>\$ 1,155</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, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ 1,264	\$ 1,264
Grants	-	10,729	10,729
Other	10,780	10,775	(5)
	<u>10,780</u>	<u>22,768</u>	<u>11,988</u>
Total Revenues	<u>10,780</u>	<u>22,768</u>	<u>11,988</u>
Expenditures			
Current			
Public Safety	70,650	53,279	17,371
Capital Outlay	-	-	-
	<u>70,650</u>	<u>53,279</u>	<u>17,371</u>
Total Expenditures	<u>70,650</u>	<u>53,279</u>	<u>17,371</u>
Net Change in Fund Balance	(59,870)	(30,511)	29,359
Fund Balance, Beginning	<u>127,072</u>	<u>127,072</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 67,202</u>	<u>\$ 96,561</u>	<u>\$ 29,359</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, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 500	\$ 1,338	\$ 838
Grants	25,000	17,132	(7,868)
Total Revenues	<u>25,500</u>	<u>18,470</u>	<u>(7,030)</u>
Expenditures			
Current			
Public Safety	<u>28,740</u>	<u>27,285</u>	<u>1,455</u>
Net Change in Fund Balance	(3,240)	(8,815)	(5,575)
Fund Balance, Beginning	<u>136,608</u>	<u>136,608</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 133,368</u></u>	<u><u>\$ 127,793</u></u>	<u><u>\$ (5,575)</u></u>

CITY OF TULARE
2009 COPS HIRING RECOVERY PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 350,440	\$ 305,181	\$ (45,259)
Total Revenues	<u>350,440</u>	<u>305,181</u>	<u>(45,259)</u>
Expenditures			
Current			
Public Safety	<u>366,140</u>	<u>348,968</u>	<u>17,172</u>
Total Expenditures	<u>366,140</u>	<u>348,968</u>	<u>17,172</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,700)</u>	<u>(43,787)</u>	<u>(28,087)</u>
Other Financing Sources (Uses)			
Transfers In	<u>15,700</u>	<u>43,787</u>	<u>28,087</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TULARE
LIBRARY LITERACY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 12,400	\$ -	\$ (12,400)
Total Revenues	<u>49,270</u>	<u>15,000</u>	<u>(34,270)</u>
Expenditures			
Current			
Library and Cultural	<u>104,270</u>	<u>97,224</u>	<u>7,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,000)</u>	<u>(82,224)</u>	<u>(27,224)</u>
Other Financing Sources (Uses)			
Transfers In	<u>55,000</u>	<u>82,224</u>	<u>27,224</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
 RENTAL REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 877	\$ 877
Grants	<u>1,126,820</u>	<u>61,081</u>	<u>(1,065,739)</u>
Total Revenues	<u>1,126,820</u>	<u>61,958</u>	<u>(1,064,862)</u>
Expenditures			
Current			
Community Services	<u>1,126,820</u>	<u>61,958</u>	<u>1,064,862</u>
Total Expenditures	<u>1,126,820</u>	<u>61,958</u>	<u>1,064,862</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
MEASURE R FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 5,390,000	\$ 5,175,171	\$ (214,829)
Interest and Rentals	50,000	53,602	3,602
Total Revenues	<u>5,440,000</u>	<u>5,228,773</u>	<u>(211,227)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(9,422,750)</u>	<u>(5,638,923)</u>	<u>3,783,827</u>
Net Change in Fund Balance	(3,982,750)	(410,150)	3,572,600
Fund Balance, Beginning	<u>2,768,398</u>	<u>2,768,398</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (1,214,352)</u></u>	<u><u>\$ 2,358,248</u></u>	<u><u>\$ 3,572,600</u></u>

**CITY OF TULARE
EPA GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Grants	\$ -	\$ 35,188	\$ 35,188
Interest Income	-	-	-
Total Revenues	-	35,188	35,188
Net Change in Fund Balance	-	35,188	35,188
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	\$ -	\$ 35,188	\$ 35,188

CAPITAL PROJECTS FUNDS

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

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

**CITY OF TULARE
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2012**

	<u>Fire Station #2</u>
Assets	
Cash and Investments	\$ 1,655
Cash and Investments with Fiscal Agent	2,565,830
Other Receivables	-
Interest Receivables	4
Intergovernmental	<u>35,236</u>
Total Assets	<u><u>\$ 2,602,725</u></u>
Liabilities and Fund Balances	
Accounts Payable and Accrued Liabilities	<u>\$ 90,425</u>
Total Liabilities	<u>90,425</u>
Fund Balances	
Restricted	<u>2,512,300</u>
Total Fund Balances	<u>2,512,300</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,602,725</u></u>

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Fire Station #2</u>
Revenues	
Interest and Rentals	\$ 2,777
Other	<u>38,536</u>
Total Revenues	<u>41,313</u>
Expenditures	
Current	
Community Development	<u>313,225</u>
Net Change in Fund Balances	(271,912)
Fund Balances - Beginning	<u>2,784,212</u>
Fund Balances - Ending	<u><u>\$ 2,512,300</u></u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

CITY OF TULARE
COMBINING STATEMENT OF NET ASSETS
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2012

Assets	Fleet Maintenance	Employee Welfare	Workers' Compensation
Current Assets			
Cash and Investments	\$ 4,517,100	\$ 2,326,662	\$ 2,289,052
Cash and Investments with Fiscal Agent	-	22,319	-
Accounts Receivable	18,953	62,857	5,177
Other Receivables	118,958	-	-
Inventories	-	-	-
Due from Other Funds	678,520	-	-
Total Current Assets	5,333,531	2,411,838	2,294,229
Noncurrent Assets			
Capital Assets			
Nondepreciable:			
Land	75,000	-	-
Depreciable:			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	17,501,635	-	-
Accumulated Depreciation	(13,553,001)	-	-
Total Noncurrent Assets	11,859,987	-	-
Total Assets	\$ 17,193,518	\$ 2,411,838	\$ 2,294,229
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 276,123	\$ 321,473	\$ 2,059
Due to Other Funds	-	-	-
Advances from Other Funds -- Current	10,060	-	-
Compensated Absences Payable -- Current	2,207	296	297
Capital Leases Payable -- Current	8,797	-	-
Insurance Claims Payable	-	-	88,328
Total Current Liabilities	297,187	321,769	90,684
Noncurrent Liabilities			
Advances from Other Funds	110,666	-	-
Capital Leases Payable	224,338	-	-
Compensated Absences Payable	28,229	3,793	3,797
Total Noncurrent Liabilities	363,233	3,793	3,797
Total Liabilities	660,420	325,562	94,481
Net Assets (Deficit)			
Invested in Capital Assets, Net of Related Debt	11,626,852	-	-
Unrestricted	4,906,246	2,086,276	2,199,748
Total Net Assets (Deficit)	\$ 16,533,098	\$ 2,086,276	\$ 2,199,748

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 404,703	\$ 10,259	\$ -	\$ 9,547,776
512,843	-	-	535,162
915	-	-	87,902
-	-	-	118,958
-	-	261,144	261,144
-	-	-	678,520
<u>918,461</u>	<u>10,259</u>	<u>261,144</u>	<u>11,229,462</u>
-	-	-	75,000
-	-	-	6,187,770
-	-	-	1,648,583
-	-	13,419	17,515,054
-	-	(13,419)	(13,566,420)
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,859,987</u>
<u>\$ 918,461</u>	<u>\$ 10,259</u>	<u>\$ 261,144</u>	<u>\$ 23,089,449</u>
\$ 2,242	\$ 10,259	\$ 77,127	\$ 689,283
-	-	678,520	678,520
-	-	-	10,060
296	-	649	3,745
-	-	-	8,797
-	-	-	88,328
<u>2,538</u>	<u>10,259</u>	<u>756,296</u>	<u>1,478,733</u>
-	-	-	110,666
-	-	-	224,338
<u>3,793</u>	<u>-</u>	<u>8,306</u>	<u>47,918</u>
<u>3,793</u>	<u>-</u>	<u>8,306</u>	<u>382,922</u>
<u>6,331</u>	<u>10,259</u>	<u>764,602</u>	<u>1,861,655</u>
-	-	-	11,626,852
<u>912,130</u>	<u>-</u>	<u>(503,458)</u>	<u>9,600,942</u>
<u>\$ 912,130</u>	<u>\$ -</u>	<u>\$ (503,458)</u>	<u>\$ 21,227,794</u>

**CITY OF TULARE
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET ASSETS
 ALL INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Revenues			
Departmental Charges	\$ 2,418,717	\$ 2,225,387	\$ 262,469
Employee Contributions	-	1,391,352	-
Total Operating Revenues	<u>2,418,717</u>	<u>3,616,739</u>	<u>262,469</u>
Operating Expenses			
General Administration	355	1,070	2,973
Personnel Services	643,321	111,201	59,466
Contractual Services	201,130	-	930
Equipment Usage and Operation	953,224	-	-
Insurance	85,049	3,508,568	1,481,877
Depreciation	1,483,057	-	-
Total Operating Expenses	<u>3,366,136</u>	<u>3,620,839</u>	<u>1,545,246</u>
Operating Income (Loss)	<u>(947,419)</u>	<u>(4,100)</u>	<u>(1,282,777)</u>
Nonoperating Revenues (Expenses)			
Interest Income (Expense)	48,167	22,047	24,802
Other Income	152,375	565	184,547
Gain on Sale of Assets	11,904	-	-
Total Nonoperating Revenues (Expenses)	<u>212,446</u>	<u>22,612</u>	<u>209,349</u>
Income (Loss) Before Transfers	<u>(734,973)</u>	<u>18,512</u>	<u>(1,073,428)</u>
Transfers In	<u>672,862</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(62,111)	18,512	(1,073,428)
Net Assets (Deficit), Beginning	<u>16,595,209</u>	<u>2,067,764</u>	<u>3,273,176</u>
Net Assets (Deficit), Ending	<u>\$ 16,533,098</u>	<u>\$ 2,086,276</u>	<u>\$ 2,199,748</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Totals</u>
\$ 739,235	\$ -	\$ 1,213,099	\$ 6,858,907
-	-	-	1,391,352
<u>739,235</u>	<u>-</u>	<u>1,213,099</u>	<u>8,250,259</u>
3,923	-	3,953	12,274
59,511	-	63,618	937,117
-	-	-	202,060
-	-	1,460,879	2,414,103
663,097	40,938	-	5,779,529
-	-	-	1,483,057
<u>726,531</u>	<u>40,938</u>	<u>1,528,450</u>	<u>10,828,140</u>
<u>12,704</u>	<u>(40,938)</u>	<u>(315,351)</u>	<u>(2,577,881)</u>
2,248	-	-	97,264
210,457	-	68,762	616,706
-	-	-	11,904
<u>212,705</u>	<u>-</u>	<u>68,762</u>	<u>725,874</u>
<u>225,409</u>	<u>(40,938)</u>	<u>(246,589)</u>	<u>(1,852,007)</u>
<u>-</u>	<u>40,938</u>	<u>-</u>	<u>713,800</u>
225,409	-	(246,589)	(1,138,207)
<u>686,721</u>	<u>-</u>	<u>(256,869)</u>	<u>22,366,001</u>
<u>\$ 912,130</u>	<u>\$ -</u>	<u>\$ (503,458)</u>	<u>\$ 21,227,794</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 2,219,189	\$ 3,607,743	\$ 261,735
Cash received from other operations	(10,060)	-	-
Cash paid for salaries and benefits	(655,035)	(112,056)	(60,324)
Cash paid for services and supplies	(1,044,296)	123,788	87,539
Cash paid for reported claims	(85,049)	(3,508,568)	(1,481,877)
Cash paid for other charges	(355)	(1,070)	(2,973)
Net Cash Provided by (Used for) Operating Activities	<u>424,394</u>	<u>109,837</u>	<u>(1,195,900)</u>
Cash Flows from Non-Capital Financing Activities:			
Other income	152,375	565	184,547
Operating transfers from other funds	<u>672,862</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>825,237</u>	<u>565</u>	<u>184,547</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	(872,050)	-	-
Payments made on capital leases	<u>(8,797)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(880,847)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest income	<u>48,167</u>	<u>22,047</u>	<u>24,802</u>
Net Cash Provided by Investing Activities	<u>48,167</u>	<u>22,047</u>	<u>24,802</u>
Net Increase (Decrease) in Cash and Cash Equivalents	416,951	132,449	(986,551)
Cash and Cash Equivalents, Beginning of the Year	<u>4,100,149</u>	<u>2,216,532</u>	<u>3,275,603</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 4,517,100</u>	<u>\$ 2,348,981</u>	<u>\$ 2,289,052</u>

General Insurance	Unemployment Insurance	Purchasing	Total
\$ 738,720	\$ -	\$ 1,258,364	\$ 8,085,751
-	-	198,768	188,708
(60,366)	-	(57,975)	(945,756)
323	10,259	(1,463,966)	(2,286,353)
(663,097)	(40,938)	-	(5,779,529)
(3,923)	-	(3,953)	(12,274)
<u>11,657</u>	<u>(30,679)</u>	<u>(68,762)</u>	<u>(749,453)</u>
210,457	-	68,762	616,706
-	40,938	-	713,800
<u>210,457</u>	<u>40,938</u>	<u>68,762</u>	<u>1,330,506</u>
-	-	-	(872,050)
-	-	-	(8,797)
-	-	-	(880,847)
<u>2,248</u>	<u>-</u>	<u>-</u>	<u>97,264</u>
<u>2,248</u>	<u>-</u>	<u>-</u>	<u>97,264</u>
224,362	10,259	-	(202,530)
693,184	-	-	10,285,468
<u>\$ 917,546</u>	<u>\$ 10,259</u>	<u>\$ -</u>	<u>\$ 10,082,938</u>

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Operating Income (Loss)	\$ (947,419)	\$ (4,100)	\$ (1,282,777)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,483,057	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(760)	(8,996)	(734)
(Increase) Decrease in inventory	-	-	-
(Increase) Decrease in due from other funds	(198,768)	-	-
Increase (Decrease) in accounts payable and accrued liabilities	110,058	123,788	88,469
Increase in due to other funds	-	-	-
Increase in advance from other funds	(10,060)	-	-
Increase (Decrease) in compensated absences payable	(11,714)	(855)	(858)
	424,394	109,837	(1,195,900)
Net Cash Provided by (Used for) Operating Activities			
Reconciliation of cash and cash equivalents per Statement of Cash Flows to the Statement of Net Assets:			
Cash and investments	4,517,100	2,326,662	2,289,052
Cash and investments with fiscal agents	-	22,319	-
	4,517,100	2,348,981	2,289,052
Cash and Cash Equivalents per Statement of Cash Flows	\$ 4,517,100	\$ 2,348,981	\$ 2,289,052

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Total</u>
\$ 12,704	\$ (40,938)	\$ (315,351)	\$ (2,577,881)
-	-	-	1,483,057
(515)	-	35,647	24,642
-	-	9,618	9,618
-	-	-	(198,768)
324	10,259	(3,088)	329,810
-	-	198,768	198,768
-	-	-	(10,060)
(855)	-	5,643	(8,639)
<u>11,658</u>	<u>(30,679)</u>	<u>(68,763)</u>	<u>(749,453)</u>
404,703	10,259	-	9,547,776
512,843	-	-	535,162
<u>\$ 917,546</u>	<u>\$ 10,259</u>	<u>\$ -</u>	<u>\$ 10,082,938</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, 2012**

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
AGENCY FUND				
Assets				
Cash and Investments	\$ 481,464	\$ 148,843	\$ 55,668	\$ 574,639
Accounts Receivable	46	12,468	12,471	43
Total Assets	\$ 481,510	\$ 161,311	\$ 68,139	\$ 574,682
Liabilities				
Accounts Payable	\$ 1,885	\$ 16,900	\$ 16,539	\$ 2,246
Deposits Payable	479,625	148,111	55,300	572,436
Total Liabilities	\$ 481,510	\$ 165,011	\$ 71,839	\$ 574,682
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 2,258,380	\$ 1,806,770	\$ 2,167,893	\$ 1,897,257
Accounts Receivable	97,046	13,288	52,405	57,929
Total Assets	\$ 2,355,426	\$ 1,820,058	\$ 2,220,298	\$ 1,955,186
Liabilities				
Accounts Payable	\$ 45,375	\$ 19,495	\$ 45,375	\$ 19,495
Deposits Payable	2,310,051	2,661,063	3,035,423	1,935,691
Total Liabilities	\$ 2,355,426	\$ 2,680,558	\$ 3,080,798	\$ 1,955,186
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 2,739,844	\$ 1,955,613	\$ 2,223,561	\$ 2,471,896
Accounts Receivable	97,092	25,756	64,876	57,972
Total Assets	\$ 2,836,936	\$ 1,981,369	\$ 2,288,437	\$ 2,529,868
Liabilities				
Accounts Payable	\$ 47,260	\$ 36,395	\$ 61,914	\$ 21,741
Deposits Payable	2,789,676	2,809,174	3,090,723	2,508,127
Total Liabilities	\$ 2,836,936	\$ 2,845,569	\$ 3,152,637	\$ 2,529,868

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 63,640	\$ 63,640	\$ 55,043	\$ 8,597
City Manager	449,730	449,730	403,873	45,857
Finance	966,180	966,180	951,662	14,518
Economic Development	306,290	306,290	287,140	19,150
Personnel	300,590	316,810	291,471	25,339
Non-departmental	778,100	778,100	1,965,889	(1,187,789)
Animal Control	482,160	482,160	471,033	11,127
Total General Government	3,346,690	3,362,910	4,426,111	(1,063,201)
Public Safety				
Police	9,145,940	9,148,650	8,720,835	427,815
Fire	8,551,690	8,630,040	8,420,399	209,641
Total Public Safety	17,697,630	17,778,690	17,141,234	637,456
Public Works				
Streets	2,243,230	2,280,230	2,258,315	21,915
Storm Drains	174,600	206,100	192,133	13,967
Total Public Works	2,417,830	2,486,330	2,450,448	35,882
Community Development				
Planning	694,560	894,560	736,302	158,258
Building Services	1,203,150	1,203,150	1,076,360	126,790
Engineering Administration	974,510	937,510	783,940	153,570
Building Inspection	757,360	757,360	656,125	101,235
Parking and Business Improvement	88,300	88,300	88,597	(297)
Dangerous Building Abatement	15,000	15,000	14,811	189
Total Community Development	3,732,880	3,895,880	3,356,135	539,745
Community Services				
Parks	1,824,660	1,900,160	1,798,768	101,392
Community Services	882,440	868,040	898,074	(30,034)
Cycle Park	8,000	79,420	80,786	(1,366)
Total Community Services	2,715,100	2,847,620	2,777,628	69,992
Library and Cultural	883,270	879,684	864,254	15,430
Capital Outlay	26,043,600	29,137,135	17,196,246	11,940,889
Debt Service				
Principal	202,330	202,330	37,332	164,998
Interest	56,170	56,170	60,653	(4,483)
Total Debt Service	258,500	258,500	97,985	160,515
Transfers Out	5,533,450	7,201,080	3,635,433	3,565,647
Total General Fund Expenditures	\$ 62,628,950	\$ 67,847,829	\$ 51,945,474	\$ 15,902,355

**CITY OF TULARE
 MEASURE I SALES TAX REVENUE AND RELATED
 EXPENDITURES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 3,787,180	\$ 4,288,489	\$ 501,309
Expenditures			
Measure I - Police	2,691,240	2,680,588	10,652
Measure I - Fire	1,191,240	1,344,174	(152,934)
Measure I - Code Enforcement	157,100	153,231	3,869
Total Expenditures	4,039,580	4,177,993	(138,413)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (252,400)	\$ 110,496	\$ 362,896

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2012**

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 per semiannual year on August 1 and February 1, commencing August 1, 2010, through August 1, 2040, and bear interest at rates from 6.00% to 6.25%. Term Bonds of \$2,245,000 are due August 1, 2030, at interest rate 6.00%. Term Bonds of \$2,470,000 are due August 1, 2035, at interest rate 6.125%. Term Bonds of \$3,890,000 are due August 1, 2040, at interest rate 6.25%. \$ 8,605,000

On June 30, 2010, the 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 per semiannual year on August 1 and February 1, commencing August 1, 2010, through August 1, 2023, and bear interest at rates from 4.125% to 7.70%. Term Bonds of \$350,000 are due August 1, 2013, at interest rate 4.125%. Term Bonds of \$365,000 are due August 1, 2014, at interest rate 4.50%. Term Bonds of \$380,000 are due August 1, 2015, at interest rate 5.00%. Term Bonds of \$3,820,000 are due August 1, 2023, at interest rate 7.70%. \$ 4,915,000

On June 30, 2010, the 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 per semiannual year on August 1 and February 1, commencing August 1, 2010, through August 1, 2040, and bear interest at rates from 5.25% to 8.50%. Term Bonds of \$445,000 are due August 1, 2015, at interest rate 5.25%. Term Bonds of \$1,390,000 are due August 1, 2020, at interest rate 7.50%. Term Bonds of \$3,040,000 are due August 1, 2030, at interest rate 8.25%. Term Bonds of \$4,955,000 are due August 1, 2040, at interest rate 8.50%. \$ 9,780,000
(Continued)

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012**

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

\$ 338,368

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

\$ 3,767,795

The annual requirements to amortize debt payable are as follows:

Fiduciary Fund - Private Purpose Trust Fund					
Year Ending June 30,	2010 Tax Allocation Bonds - Series A	2010 Tax Allocation Bonds - Series B	2010 Tax Allocation Bonds - Series C	Advances from the Primary Government	2007 Help Loan
2013	\$ 529,113	\$ 344,003	\$ 845,650	\$ 3,437,183	\$ 58,489
2014	529,113	686,784	847,894	465,736	57,039
2015	529,113	686,353	854,744	-	55,589
2016	529,113	683,640	1,007,131	-	54,139
2017	529,113	683,548	1,007,225	-	52,689
2018-2022	2,645,563	3,359,123	5,026,188	-	101,027
2023-2027	3,722,813	968,520	4,458,063	-	-
2028-2032	3,446,084	-	3,677,475	-	-
2033-2037	4,201,009	-	3,673,600	-	-
2038-2042	3,696,875	-	2,941,888	-	-
2043-2045	-	-	-	-	-
	<u>20,357,906</u>	<u>7,411,969</u>	<u>24,339,856</u>	<u>3,902,919</u>	<u>378,972</u>
Less Interest	<u>11,752,906</u>	<u>2,496,969</u>	<u>14,559,856</u>	<u>135,124</u>	<u>40,604</u>
Total	<u>\$ 8,605,000</u>	<u>\$ 4,915,000</u>	<u>\$ 9,780,000</u>	<u>\$ 3,767,795</u>	<u>\$ 338,368</u>

STATISTICAL SECTION



STATISTICAL SECTION

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**CITY OF TULARE
STATISTICAL SECTION
FOR THE YEAR ENDED JUNE 30, 2012**

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

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	124 – 133
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.	134 – 141
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.	142 – 149
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.	150 – 152
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.	153 – 157

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<u>Governmental Activities:</u>					
Invested in Capital Assets, Net of Related Debt	\$ 23,156,238	\$ 26,833,821	\$ 33,166,653	\$ 110,129,292	\$ 129,555,443
Restricted	-	-	-	-	23,652,940
Unrestricted	58,442,530	65,408,770	71,510,372	84,457,595	66,208,918
Total Governmental Activities Net Assets	\$ 81,598,768	\$ 92,242,591	\$ 104,677,025	\$ 194,586,887	\$ 219,417,301
<u>Business-Type Activities:</u>					
Invested in Capital Assets, Net of Related Debt	\$ 37,076,953	\$ 41,321,330	\$ 57,986,627	\$ 52,468,556	\$ 107,113,034
Restricted	19,520,605	15,561,699	15,721,361	85,998,650	44,617,222
Unrestricted	(27,505,575)	(3,362,494)	(14,315,941)	(74,574,833)	(74,352,100)
Total Business-Type Activities Net Assets	\$ 29,091,983	\$ 53,520,535	\$ 59,392,047	\$ 63,892,373	\$ 77,378,156
<u>Primary Government:</u>					
Invested in Capital Assets, Net of Related Debt	\$ 60,233,191	\$ 68,155,151	\$ 91,153,280	\$ 162,597,848	\$ 236,668,477
Restricted	19,520,605	15,561,699	15,721,361	85,998,650	68,270,162
Unrestricted	30,936,955	62,046,276	57,194,431	9,882,762	(8,143,182)
Total Primary Government Net Assets	\$ 110,690,751	\$ 145,763,126	\$ 164,069,072	\$ 258,479,260	\$ 296,795,457

The City of Tulare implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Sources:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

Fiscal Year			
2009	2010	2011	2012
\$ 142,261,018	\$ 134,341,017	\$ 151,745,077	\$ 154,050,235
19,215,692	5,079,552	5,950,633	5,112,388
<u>74,474,840</u>	<u>48,577,529</u>	<u>41,007,426</u>	<u>49,533,580</u>
<u>\$ 235,951,550</u>	<u>\$ 187,998,098</u>	<u>\$ 198,703,136</u>	<u>\$ 208,696,203</u>
\$ 86,649,558	\$ 83,970,647	\$ 87,741,783	\$ 83,851,638
51,229,220	33,428,794	11,328,132	14,901,129
<u>(52,851,820)</u>	<u>(34,593,405)</u>	<u>(16,441,899)</u>	<u>(11,609,337)</u>
<u>\$ 85,026,958</u>	<u>\$ 82,806,036</u>	<u>\$ 82,628,016</u>	<u>\$ 87,143,430</u>
\$ 228,910,576	\$ 218,311,664	\$ 239,486,860	\$ 237,901,873
70,444,912	38,508,346	17,278,765	20,013,517
<u>21,623,020</u>	<u>13,984,124</u>	<u>24,565,527</u>	<u>37,924,243</u>
<u>\$ 320,978,508</u>	<u>\$ 270,804,134</u>	<u>\$ 281,331,152</u>	<u>\$ 295,839,633</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<u>Expenses:</u>				
Governmental Activities:				
General Government	\$ 2,531,464	\$ 2,544,937	\$ 1,933,465	\$ 4,405,718
Intergovernmental	3,895	3,896	3,895	3,895
Public Safety	9,880,586	11,663,036	13,372,193	15,345,247
Public Works	1,700,067	1,924,049	2,100,496	2,499,561
Community Development	2,141,787	2,545,200	3,442,573	5,469,002
Community Services	2,628,050	2,889,063	3,025,032	3,534,104
Library and Cultural	729,689	1,376,479	1,541,423	3,513,601
Interest on Long-Term Debt	473,145	451,701	508,483	99,986
Total Governmental Activities Expenses	<u>20,088,683</u>	<u>23,398,361</u>	<u>25,927,560</u>	<u>34,871,114</u>
Business-Type Activities:				
Aviation	143,876	189,335	158,865	164,682
Transit	1,985,561	2,325,655	2,229,068	2,291,825
Water	3,202,719	3,255,991	3,760,697	4,446,988
Solid Waste	4,877,029	5,426,552	5,696,194	6,276,096
Sewer	9,555,578	8,005,084	9,953,994	10,850,918
Total Business-Type Activities Expenses	<u>19,764,763</u>	<u>19,202,617</u>	<u>21,798,818</u>	<u>24,030,509</u>
Total Primary Government Expenses	<u>39,853,446</u>	<u>42,600,978</u>	<u>47,726,378</u>	<u>58,901,623</u>
<u>Program Revenues:</u>				
Governmental Activities:				
Charges for Services:				
General Government	387,935	399,798	355,884	525,607
Intergovernmental	1,110,950	1,238,362	1,355,515	1,649,615
Public Safety	1,571,951	2,004,347	2,587,645	2,022,999
Public Works	262,855	302,259	386,629	298,200
Community Development	502,226	1,487,515	2,331,095	2,617,517
Community Services	417,398	453,858	556,804	421,623
Library and Cultural	37,783	216,238	283,722	419,176
Operating Grants and Contributions	434,962	333,406	52,689	203,221
Capital Grants and Contributions	2,380	1,243	-	124,714
Total Governmental Activities Program Revenues	<u>4,728,440</u>	<u>6,437,026</u>	<u>7,909,983</u>	<u>8,282,672</u>
Business-Type Activities:				
Charges for Services:				
Aviation	58,340	61,467	63,857	99,294
Transit	1,235,506	1,576,025	1,621,973	1,864,717
Water	4,079,814	4,426,660	5,083,108	5,214,527
Solid Waste	4,490,528	4,752,226	5,471,596	5,743,916
Sewer	7,617,101	10,139,732	11,727,127	12,303,626
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,638,883	1,221,308	2,922,213	1,887,471
Total Business-Type Activities Program Revenues	<u>19,120,172</u>	<u>22,177,418</u>	<u>26,889,874</u>	<u>27,113,551</u>
Total Primary Government Program Revenues	<u>23,848,612</u>	<u>28,614,444</u>	<u>34,799,857</u>	<u>35,396,223</u>

(Continued)

Fiscal Year				
2008	2009	2010	2011	2012
\$ 2,855,538	\$ 4,372,097	\$ 7,227,222	\$ 8,642,445	\$ 8,067,355
28,228	3,904	22,198	3,325	4,875
17,234,653	17,919,518	18,150,196	18,593,186	18,318,598
2,816,141	2,655,054	2,253,586	2,578,473	3,579,669
7,791,822	5,367,023	7,548,417	6,750,085	6,997,115
4,075,367	4,161,627	4,119,626	3,862,066	2,941,823
3,331,468	4,082,194	5,254,822	4,432,456	4,767,847
668,323	2,649,504	1,873,941	1,558,168	1,541,400
<u>38,801,540</u>	<u>41,210,921</u>	<u>46,450,008</u>	<u>46,420,204</u>	<u>46,218,682</u>
149,838	135,527	377,402	382,051	367,763
2,373,838	2,569,527	2,491,326	2,646,089	2,543,927
5,774,160	5,360,552	5,886,572	6,873,779	5,961,595
6,828,700	6,392,221	6,630,196	5,413,630	6,170,699
12,797,031	13,920,042	23,628,414	22,960,927	23,915,636
<u>27,923,567</u>	<u>28,377,869</u>	<u>39,013,910</u>	<u>38,276,476</u>	<u>38,959,620</u>
<u>66,725,107</u>	<u>69,588,790</u>	<u>85,463,918</u>	<u>84,696,680</u>	<u>85,178,302</u>
307,426	465,136	404,289	471,461	392,699
180,370	176,350	261,239	1,656,320	176,929
2,079,850	2,139,721	1,311,651	1,275,328	1,226,824
301,977	282,465	126,065	140,660	174,249
2,428,421	1,692,768	1,506,687	1,938,612	1,899,718
436,384	442,745	230,451	210,683	143,201
363,663	434,294	293,953	241,799	232,086
153,895	153,891	647,282	1,131,073	1,181,916
931,941	150,871	182,021	4,449,047	10,881,509
<u>7,183,927</u>	<u>5,938,241</u>	<u>4,963,638</u>	<u>11,514,983</u>	<u>16,309,131</u>
103,064	111,999	113,350	110,825	121,495
1,507,696	2,131,920	1,885,297	1,895,852	1,934,546
6,383,693	4,673,549	5,112,671	4,978,664	5,187,429
6,513,112	5,946,594	6,539,840	7,158,579	7,570,292
18,812,643	16,887,266	20,134,580	22,549,039	26,595,579
-	-	-	850,130	1,679,277
<u>7,543,285</u>	<u>4,604,955</u>	<u>2,246,055</u>	<u>-</u>	<u>-</u>
<u>40,863,493</u>	<u>34,356,283</u>	<u>36,031,793</u>	<u>37,543,089</u>	<u>43,088,618</u>
<u>48,047,420</u>	<u>40,294,524</u>	<u>40,995,431</u>	<u>49,058,072</u>	<u>59,397,749</u>

(Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
Net Revenues (Expenses):				
Governmental Activities	(15,360,243)	(16,961,335)	(18,017,577)	(26,588,442)
Business-Type Activities	(644,591)	2,974,801	5,091,056	3,083,042
Total Net Revenues (Expenses)	<u>(16,004,834)</u>	<u>(13,986,534)</u>	<u>(12,926,521)</u>	<u>(23,505,400)</u>
<u>General Revenues and Other Changes in Net Assets:</u>				
Governmental Activities:				
Taxes:				
Sales Tax	5,725,592	6,209,806	7,220,399	11,859,889
Property Tax	2,355,252	2,170,347	2,553,998	3,577,111
Utility Tax	4,156,796	4,405,682	4,891,749	5,370,352
Motel/Hotel and Franchise Tax	1,876,881	2,059,010	2,327,371	2,515,731
Motor Vehicle-in-Lieu Tax (intergovernmental, unrestricted)	2,116,429	3,638,093	3,561,218	4,042,805
Other Taxes	-	-	-	-
Investment Income	3,739,334	4,280,463	4,610,583	5,644,508
Other General Revenues	3,235,016	4,784,368	4,340,440	8,458,768
Grants and Contributions Not Restricted to Specific Programs	-	-	883,803	349,443
Gain on Sale of Capital Assets	-	-	56,456	76,882
Transfers	77,468	57,389	5,994	289,624
Total Governmental Activities	<u>23,282,768</u>	<u>27,605,158</u>	<u>30,452,011</u>	<u>42,185,113</u>
Business-Type Activities:				
Investment Income	642,787	968,326	786,450	1,706,908
Gain on Sale of Capital Assets	-	-	-	-
Transfers	(77,468)	(57,389)	(5,994)	(289,624)
Total Business-Type Activities	<u>565,319</u>	<u>910,937</u>	<u>780,456</u>	<u>1,417,284</u>
Total Primary Government	<u>23,848,087</u>	<u>28,516,095</u>	<u>31,232,467</u>	<u>43,602,397</u>
<u>Special Items</u>				
Debt Forgiveness-Governmental Activities:	-	-	-	-
Extraordinary Gain or (Loss) on Dissolution of Redevelopment Agency	-	-	-	-
Total Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets				
Governmental Activities	7,922,525	10,643,823	12,434,434	15,596,671
Business-Type Activities	(79,272)	3,885,738	5,871,512	4,500,326
Total Primary Government	<u>\$ 7,843,253</u>	<u>\$ 14,529,561</u>	<u>\$ 18,305,946</u>	<u>\$ 20,096,997</u>

The City of Tulare implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Sources:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Assets

Fiscal Year				
2008	2009	2010	2011	2012
(31,617,613)	(35,272,680)	(41,486,370)	(34,905,221)	(29,909,551)
12,939,926	5,978,414	(2,982,117)	(733,387)	4,128,998
<u>(18,677,687)</u>	<u>(29,294,266)</u>	<u>(44,468,487)</u>	<u>(35,638,608)</u>	<u>(25,780,553)</u>
16,163,788	14,466,030	17,003,577	16,314,384	20,311,365
4,279,124	4,583,226	4,040,713	4,153,674	4,447,600
5,348,107	5,295,978	5,462,182	5,533,018	5,234,472
2,524,436	2,548,329	2,147,819	2,299,093	820,038
4,580,676	4,819,229	4,701,932	4,734,280	4,367,392
-	-	-	-	1,608,623
6,504,081	6,709,281	897,402	579,731	652,931
15,202,114	9,123,660	3,035,817	3,357,639	3,514,588
1,285,206	955,672	591,426	265,222	-
30,055	-	-	17,734	-
530,440	3,305,524	-	8,355,484	2,713,404
<u>56,448,027</u>	<u>51,806,929</u>	<u>37,880,868</u>	<u>45,610,259</u>	<u>43,670,413</u>
1,076,297	4,777,743	719,593	656,937	679,628
-	-	41,602	-	-
<u>(530,440)</u>	<u>(3,305,524)</u>	<u>-</u>	<u>(101,570)</u>	<u>(293,211)</u>
545,857	1,472,219	761,195	555,367	386,417
<u>56,993,884</u>	<u>53,279,148</u>	<u>38,642,063</u>	<u>46,165,626</u>	<u>44,056,830</u>
-	-	(44,258,915)	-	-
-	-	-	-	(3,767,795)
<u>-</u>	<u>-</u>	<u>(44,258,915)</u>	<u>-</u>	<u>(3,767,795)</u>
24,830,414	16,534,249	(47,864,417)	10,705,038	9,993,067
13,485,783	7,450,633	(2,220,922)	(178,020)	4,515,415
<u>\$ 38,316,197</u>	<u>\$ 23,984,882</u>	<u>\$ (50,085,339)</u>	<u>\$ 10,527,018</u>	<u>\$ 14,508,482</u>

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

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

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.

The City of Tulare implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003. Information prior to the implementation is not available.

Sources:

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

Fiscal Year				
2008	2009	2010	2011	2012
\$ 25,285,362	\$ 26,437,732	\$ 26,437,732	\$ -	\$ -
10,431,701	9,409,100	6,320,602	-	-
-	-	-	-	-
-	-	-	(13,386)	-
-	-	-	21,781,536	22,797,424
-	-	-	-	-
-	-	-	-	(3,951,915)
<u>\$ 35,717,063</u>	<u>\$ 35,846,832</u>	<u>\$ 32,758,334</u>	<u>\$ 21,768,150</u>	<u>\$ 18,845,509</u>
\$ 23,427,969	\$ 16,374,755	\$ 4,293,093	\$ -	\$ -
5,119,028	6,069,714	7,141,590	-	-
(297,431)	(455,256)	(253,448)	-	-
-	-	-	-	-
-	-	-	12,310,686	17,345,677
-	-	-	3,381,226	-
-	-	-	-	(189,068)
-	-	-	-	-
<u>\$ 28,249,566</u>	<u>\$ 21,989,213</u>	<u>\$ 11,181,235</u>	<u>\$ 15,691,912</u>	<u>\$ 17,156,609</u>

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

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

Fiscal Year				
2008	2009	2010	2011	2012
\$ 32,896,131	\$ 31,712,792	\$ 33,356,223	\$ 28,300,169	\$ 36,789,494
177,349	317,124	259,997	6,390,419	176,692
1,218,021	640,257	600,944	880,876	839,048
233,436	233,308	296,334	261,035	335,121
4,098,683	4,102,455	2,493,574	2,447,307	2,174,778
1,962,211	2,893,221	740,036	502,658	555,667
2,044,042	1,232,934	1,420,729	5,845,341	12,063,425
65,411	57,093	35,006	40,879	40,238
370,602	481,527	483,486	689,506	720,068
14,837,908	8,620,736	2,770,855	2,658,216	2,845,740
<u>57,903,794</u>	<u>50,291,447</u>	<u>42,457,184</u>	<u>48,016,406</u>	<u>56,540,271</u>
3,798,782	4,194,242	3,842,671	4,250,919	4,426,111
1,628,184	3,904	22,198	3,325	4,875
16,532,003	16,934,752	17,119,531	17,934,692	17,592,694
2,606,821	2,398,132	2,014,853	2,423,082	3,422,798
6,027,437	7,945,185	15,862,715	5,347,788	4,972,369
3,987,118	4,034,706	4,027,590	3,806,034	2,874,852
859,849	855,572	822,996	914,157	864,684
28,645,304	18,524,487	8,785,378	14,714,906	17,196,246
6,432,137	1,914,942	1,352,491	3,128,889	777,332
1,073,901	2,604,554	2,266,398	1,758,832	1,677,870
<u>71,591,536</u>	<u>59,410,476</u>	<u>56,116,821</u>	<u>54,282,624</u>	<u>53,809,831</u>
<u>(13,687,742)</u>	<u>(9,119,029)</u>	<u>(13,659,637)</u>	<u>(6,266,218)</u>	<u>2,730,440</u>
20,856,930	22,570,192	23,144,987	14,415,335	11,796,917
(20,840,420)	(19,581,747)	(23,381,826)	(14,628,624)	(12,217,506)
34,758,449	-	-	-	-
<u>34,774,959</u>	<u>2,988,445</u>	<u>(236,839)</u>	<u>(213,289)</u>	<u>(420,589)</u>
<u>\$ 21,087,217</u>	<u>\$ (6,130,584)</u>	<u>\$ (13,896,476)</u>	<u>\$ (6,479,507)</u>	<u>\$ 2,309,851</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,767,795)</u>
<u>\$ 21,087,217</u>	<u>\$ (6,130,584)</u>	<u>\$ (13,896,476)</u>	<u>\$ (6,479,507)</u>	<u>\$ (1,457,944)</u>
17.48%	11.05%	7.65%	12.35%	6.69%

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

Fiscal Year Ended June 30	City		Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Unsecured		
2003	\$ 1,484,343,994	\$ 65,990,013	\$ 1,550,334,007	0.14%
2004	1,562,323,196	67,852,847	1,630,176,043	0.14%
2005	1,666,885,107	68,073,906	1,734,959,013	0.14%
2006	1,891,681,055	73,181,208	1,964,862,263	0.14%
2007	2,281,534,333	79,440,106	2,360,974,439	0.14%
2008	2,751,300,875	99,377,099	2,850,677,974	0.14%
2009	2,960,375,724	109,793,770	3,070,169,494	0.14%
2010	2,821,529,666	111,490,540	2,933,020,206	0.14%
2011	2,867,056,082	107,447,481	2,974,503,563	0.14%
2012	2,757,281,919	112,107,423	2,869,389,342	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 FOURTEEN YEARS AGO**

	<u>2012</u>	<u>1998</u>
City Direct Rates:		
City Basic Rate	<u>0.143</u>	<u>0.141</u>
Total Average City Direct Rate	0.143	0.141
Overlapping Rates:		
County of Tulare	0.164	0.167
Buena Vista Elementary School District	0.000	0.154
Liberty Elementary School District	0.039	0.123
Sundale Elementary School District	0.020	
Oak Valley Union Elementary School District	0.000	0.122
Palo Verde Union Elementary School District	0.000	0.166
Tulare City Elementary School District	0.165	0.150
Tulare Joint Union High School District	0.147	0.048
College of the Sequoias	0.046	0.022
County Schools Service Fund	0.022	0.022
Kaweah Delta Water District	0.005	0.002
Tulare Cemetery District	0.002	0.002
Tulare County Flood Control District	0.000	0.228
Tulare Hospital District	0.113	0.025
Tulare Irrigation District	0.025	0.021
Tulare Memorial District	0.010	0.010
Tulare Mosquito District	0.018	0.018
Education Revenue Augmentation 1993/94	<u>0.232</u>	<u>0.235</u>
Total Average Direct Rate	<u><u>1.151</u></u>	<u><u>1.656</u></u>

NOTE:

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

Source:

County of Tulare, Office of the Auditor-Controller

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

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

Source:

State Board of Equalization, State of California

Notes:

1. The Bradley-Burns Uniform Local Sales and Use Tax Law was enacted in 1955. The law authorizes cities and counties to impose a sales and use tax. Effective January 1, 1962, all cities and counties have adopted ordinances for the State Board of Equalization to collect the local tax.
2. Sales tax only. The use tax was enacted effective July 1, 1955.
3. In March 2004, a State ballot measure was passed issuing deficit reduction bonds for State purposes. Funding was provided effective July 1, 2004, by repealing 25% of the local 1% sales tax and then adopting a new ¼-cent sales tax dedicated to repayment of the deficit reduction bonds. Cities and counties would then be “made whole” by the State from increased property allocations via reduced contributions to ERAF. This “triple flip” is theoretically revenue-neutral, and as such, the effective rate for revenue purposes remains at 1%.
4. In November 2005, voters in the City of Tulare approved a local sales tax measure increasing the City rate by ½% which became effective April 1, 2006. The sales tax measure does not have a sunset period.
5. In November 2006, voters in the County of Tulare approved a 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	2012		2002	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese, USA, Inc. (formerly Stella Cheese Company, Inc.)	\$ 273,022,920	9.52%	\$ 39,566,797	2.65%
Land O' Lakes, Inc. (formerly Dairyman's Cooperative Creamery Assoc.)	170,544,532	5.94%	121,800,922	8.15%
Oscar Mayer Foods Corporation (formerly General Food Corporation)	80,342,484	2.80%	61,968,691	4.14%
U.S. Cold Storage of California	71,809,764	2.50%	20,906,111	1.40%
Dreyers Grand Ice Cream Inc (formerly Haagen-Dazs Ice Cream Company, Inc.)	54,167,244	1.89%	-	n/a
1407 Rutherford Street Holdings, LLC (formerly Horizon Outlet Centers, Ltp.)	34,833,108	1.21%	-	n/a
Lowe's HIW, Inc.	13,177,960	0.46%	-	n/a
Paul A. and Vickie L. Daley	13,898,418	0.48%	8,935,309	0.60%
General Mills Operations, Inc.	-	n/a	23,306,270	1.56%
Target Corporation	21,868,484	0.76%	-	n/a
Wal-Mart Real Estate Business Trust	-	n/a	9,945,282	0.67%
JD Heiskell & Co. Inc.	-	n/a	9,160,105	0.61%
Ice Cream Partners USA, LLC	-	n/a	43,365,749	2.90%
Daleville Sommerset Tulare Outlet Center, LP	-	n/a	16,831,290	1.13%
Strawberry Stand Corner, LLC	14,321,277	0.50%	-	n/a
Total taxable assessed value of top fifteen largest taxpayers	<u>\$ 747,986,191</u>	<u>26.07%</u>	<u>\$ 355,786,526</u>	<u>23.80%</u>
Total assessed value of all taxpayers	<u>\$ 2,869,389,342</u>	<u>100.00%</u>	<u>\$ 1,495,163,484</u>	<u>100.00%</u>

Source:

Tulare County Auditor-Controller Office

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy			Total Collections to Date	
		Amount (2)	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy
2003	(4) \$ 2,208,405	\$ 2,091,363	94.70%	(3)	\$ 2,091,363	94.70%
2004	(5) 2,430,804	2,253,365	92.70%	(3)	2,253,365	92.70%
2005	(6) 2,701,215	2,477,028	91.70%	(3)	2,477,028	91.70%
2006	(7) 3,102,138	2,799,164	90.23%	(3)	2,799,164	90.23%
2007	(8) 3,841,381	3,361,285	87.50%	(3)	3,361,285	87.50%
2008	(9) 4,628,069	3,973,382	85.85%	(3)	3,973,382	85.85%
2009	(10) 4,978,367	3,973,382	79.81%	(3)	3,973,382	79.81%
2010	(11) 4,673,554	3,888,715	83.21%	80,491	3,969,206	84.93%
2011	(12) 4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%
2012	(13) 5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%

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 \$939,592 for the property tax shift to education.
- (5) Reduced approximately \$984,502 for the property tax shift to education.
- (6) Reduced approximately \$1,458,821 for the property tax shift to education.
- (7) Reduced approximately \$1,568,945 for the property tax shift to education.
- (8) Reduced approximately \$1,385,911 for the property tax shift to education.
- (9) Reduced approximately \$1,635,368 for the property tax shift to education.
- (10) Reduced approximately \$1,774,310 for the property tax shift to education.
- (11) Reduced approximately \$1,675,639 for the property tax shift to education.
- (12) Reduced approximately \$1,698,640 for the property tax shift to education.
- (13) Reduced approximately \$1,626,244 for the property tax shift to education.

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

	Fiscal Year							
	2003		2004		2005		2006	
Sales:								
General Retail	\$ 1,403	27.15%	\$ 1,506	28.44%	\$ 1,608	27.14%	\$ 1,798	27.49%
Food Products	1,257	24.33%	942	17.79%	1,159	19.56%	1,047	16.01%
Transportation	1,379	26.69%	1,481	27.97%	1,726	29.13%	1,874	28.65%
Construction	613	11.86%	766	14.47%	856	14.45%	1,169	17.87%
Business to Business	468	9.06%	551	10.41%	525	8.86%	593	9.07%
Miscellaneous	47	0.91%	49	0.93%	51	0.86%	59	0.90%
Total	\$ 5,167	100.00%	\$ 5,295	100.00%	\$ 5,925	100.00%	\$ 6,540	100.00%

Source:
MuniServices, LLC

Fiscal Year

2007		2008		2009		2010		2011		2012	
\$ 1,883	26.91%	\$ 2,066	28.61%	\$ 1,961	30.08%	\$ 1,919	30.44%	\$ 1,909	26.95%	\$ 2,015	25.14%
1,093	15.62%	1,185	16.41%	1,166	17.88%	1,260	19.98%	1,228	17.33%	1,163	14.51%
1,965	28.08%	2,022	28.00%	1,637	25.11%	1,541	24.44%	2,266	31.99%	2,735	34.13%
1,242	17.75%	1,158	16.04%	1,041	15.97%	994	15.77%	1,027	14.50%	1,374	17.14%
743	10.62%	731	10.12%	656	10.06%	531	8.42%	604	8.53%	684	8.54%
71	1.01%	59	0.82%	59	0.90%	60	0.95%	50	0.71%	43	0.54%
<u>\$ 6,997</u>	<u>100.00%</u>	<u>\$ 7,221</u>	<u>100.00%</u>	<u>\$ 6,520</u>	<u>100.00%</u>	<u>\$ 6,305</u>	<u>100.00%</u>	<u>\$ 7,084</u>	<u>100.00%</u>	<u>\$ 8,014</u>	<u>100.00%</u>

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

Governmental Activities						
Fiscal Year Ended June 30	Lease Revenue Bonds (1)	Leases Payable	Note Payable	Advances from Other Funds	General Obligation Bond	Total Governmental Activities
2003	\$ 12,230,000	\$ 433,655	\$ 472,054	\$ -	\$ -	\$ 13,135,709
2004	11,720,000	370,458	458,159	-	-	12,548,617
2005	11,160,000	302,669	442,193	-	-	11,904,862
2006	10,555,000	475,162	407,638	-	-	11,437,800
2007	9,905,000	1,687,521	310,289	-	-	11,902,810
2008	38,438,958	1,537,672	-	-	-	39,976,630
2009	37,397,009	1,400,851	-	-	-	38,797,860
2010	36,025,061	1,285,944	-	-	-	37,311,005
2011	32,883,113	1,273,634	291,000	-	-	34,447,747
2012	32,161,165	1,227,504	256,000	-	-	33,644,669

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.
- (a) Information unavailable.

Business-Type Activities

Revenue Bonds Payable (1)	Leases Payable	Notes Payable	Advances from Other Funds	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 38,465,000	\$ 836,746	\$ 7,700,000	\$ -	\$ 47,001,746	\$ 60,137,455	1,300	3.88%	5.93%
62,045,000	726,039	-	-	62,771,039	75,319,656	1,577	4.62%	6.81%
60,375,000	609,296	-	-	60,984,296	72,889,158	1,473	4.20%	6.23%
58,665,000	486,188	-	-	59,151,188	70,588,988	1,371	3.67%	5.68%
136,451,266	8,834,773	-	-	145,286,039	157,188,849	2,810	6.77%	(a)
134,632,678	8,628,016	-	-	143,260,694	183,237,324	3,194	6.52%	(a)
187,544,091	8,334,263	-	-	195,878,354	234,676,214	4,011	7.64%	(a)
185,330,504	8,108,519	-	-	193,439,023	230,750,028	3,876	7.87%	(a)
202,456,916	12,925,015	-	-	215,381,931	249,829,678	4,164	8.39%	(a)
200,218,330	12,190,869	-	-	212,409,199	246,053,868	4,106	8.57%	22.65%

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>
2003	\$ -	\$ 2,575	\$ 2,575	0.14%	55.65
2004	-	2,420	2,420	0.12%	50.66
2005	-	2,260	2,260	0.11%	45.68
2006	-	2,090	2,090	0.00%	40.60
2007	-	1,910	1,910	0.00%	34.14
2008	-	1,725	1,725	0.00%	30.07
2009	-	1,530	1,530	0.00%	26.67
2010	-	24,675	24,675	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	388.81

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, 2012**

City Assessed Valuation		\$ 3,507,263,871	
Redevelopment Agency Incremental Valuation		<u>637,874,529</u>	
Total Assessed Valuation		<u>\$ 2,869,389,342</u>	
	<u>Total Debt</u>	<u>Percentage</u>	<u>City's Share of</u>
	6/30/12	Applicable (1)	Debt 6/30/12
Overlapping Tax and Assessment Debt:			
College of the Sequoias Tulare School Facilities Improvement District	\$ 40,093,673	45.647%	\$ 18,301,559
Tulare Union High School District	40,405,812	58.304%	23,558,205
Liberty School District	971,463	7.482%	72,685
Tulare Local Health Care District	85,000,000	56.486%	<u>48,013,100</u>
Total Overlapping Tax and Assessment Debt			<u>89,945,548</u>
Ratios to 2011-12 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	<u>2.56%</u>		
Direct and Overlapping General Fund Debt:			
Tulare County General Fund Obligations	59,920,000	11.860%	7,106,512
Tulare County Pension Obligations			
College of the Sequoias General Fund Obligations	8,975,000	12.630%	1,133,543
Tulare School District General Fund Obligations	4,299,225	92.965%	3,996,775
City of Tulare General Fund Obligations	30,650,000	<u>100.000%</u>	<u>30,650,000</u>
Total Direct and Overlapping General Fund Debt			<u>42,886,829</u>
Total Direct Debt			\$ 30,650,000
Total Overlapping Debt			<u>102,182,377</u>
Combined Total Debt			<u>\$ 132,832,377 (2)</u>
Ratios to Adjusted Assessed Valuation:			
Total Direct Debt (\$30,650,000)	1.07%		
Combined total Debt	4.63%		
State School Building Aid Repayable as of 6/30/12:	\$0		

AB: (\$450)

Notes:

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

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

Source:

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2003	2004	2005	2006
Assessed Valuation	\$ 1,592,761,298	\$ 1,671,724,504	\$ 1,755,719,923	\$ 1,884,513,873
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	398,190,325	417,931,126	438,929,981	471,128,468
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	59,728,549	62,689,669	65,839,497	70,669,270
Total Net Debt Applicable to Limit: General Obligation Bonds	-	-	-	-
Legal Debt Margin	<u>\$ 59,728,549</u>	<u>\$ 62,689,669</u>	<u>\$ 65,839,497</u>	<u>\$ 70,669,270</u>
 Total Debt Applicable to the Limit as a percentage of Debt Limit	 0.00%	 0.00%	 0.00%	 0.00%

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

Sources:

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

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 2,360,974,439	\$ 2,850,677,974	\$ 3,070,169,494	\$ 2,933,020,206	\$ 2,974,503,563	\$ 2,869,389,342
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
590,243,610	712,669,495	767,542,373	733,255,052	743,625,891	637,874,529
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
88,536,541	106,900,424	115,131,356	109,988,258	111,543,884	95,681,179
-	-	-	-	-	-
<u>\$ 88,536,541</u>	<u>\$ 106,900,424</u>	<u>\$ 115,131,356</u>	<u>\$ 109,988,258</u>	<u>\$ 111,543,884</u>	<u>\$ 95,681,179</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF TULARE
PLEGDED-REVENUE COVERAGE
LAST EIGHT FISCAL YEARS ⁽¹⁾
(In Thousands)**

Fiscal Year Ended June 30	Sewer Revenue Bonds								
	Total Sewer Revenue	Less Operating Expenses	Net Revenues	2001 Senior Bonds	Senior Debt Coverage	Remaining Net Revenues	Parity (Subordinate) Debt	Parity Debt Coverage	Net Revenues After Debt Service
2005	\$ 10,887	\$ 5,643	\$ 5,244	\$ 1,234	4.25	\$ 4,010	\$ 3,049	1.31	\$ 960
2006	12,240	5,810	6,430	1,234	5.21	\$ 5,196	\$ 3,034	1.71	\$ 2,162
2007	13,378	6,763	6,615	1,233	5.37	5,382	4,476	1.20	906
2008	19,517	8,582	10,935	1,236	8.85	9,699	6,640	1.46	3,059
2009	21,512	9,140	12,372	1,233	10.03	11,139	6,627	1.68	4,512
2010	20,738	10,786	9,952	1,229	8.09	8,723	6,912	1.26	1,811
2011	23,108	8,778	14,330	1,230	11.65	13,100	10,032	1.31	3,068
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51	5,543

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

Operating expenses do not include interest or depreciation expenses.

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

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

Prepared by Bartle Wells Associates based on audited financial information.

- (1) Only eight years of information was available under this new format.
- (2) The City is no longer receiving tax increment funds since the dissolution of the Redevelopment Agency.

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 3,735	\$ 160	\$ 123	13.20
4,395	170	116	15.37
5,156	180	108	17.90
5,529	185	99	19.47
5,968	195	88	21.09
6,077	205	79	21.40
6,505	1,325	888	2.94
(2)	(2)	(2)	(2)

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

Calendar Year	Population (1)	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)
2003	46,270	\$ 1,014,516	\$ 21,926	\$ 1,550,334	\$ 33.51	11.20%	13.10%
2004	47,770	1,105,589	23,144	1,630,176	34.13	10.80%	12.60%
2005	49,477	1,170,329	23,654	1,734,959	35.07	7.50%	9.00%
2006	51,477	1,243,324	24,153	1,925,138	37.40	6.60%	7.90%
2007	55,935	(a)	(a)	2,321,221	41.50	7.30%	8.60%
2008	57,375	(a)	(a)	2,807,554	48.93	8.30%	9.80%
2009	58,506	(a)	(a)	3,070,169	52.48	12.50%	14.70%
2010	59,535	(a)	(a)	2,933,020	49.27	13.50%	15.70%
2011	59,926	(a)	(a)	2,974,504	49.64	13.40%	15.60%
2012	60,627	1,086,557	17,922	2,869,389	47.33	12.90%	15.10%

(a) Information unavailable

Sources:

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

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

<u>Employer</u>	<u>2012</u>		<u>2002</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Land O'Lakes (formerly Dairyman's Cooperative Creamery)	560	2.28%	650	3.32%
Haagen Dazs	280	1.14%	300	1.53%
Wal-Mart	280	1.14%	340	1.73%
Southern Ca Edison Company	270	1.10%	250	1.28%
Saputo Cheese USA, Inc	250	1.02%	120	0.61%
PSI Tronix	-	n/a	175	0.89%
US Cold Storage	200	0.81%	-	n/a
Ruan, Inc	150	0.61%	-	n/a
Cheese & Protein International	250	1.02%	125	0.64%
Kings County Truck Lines	-	n/a	150	0.77%
Artesia Ready-Mix Concrete	-	n/a	150	0.77%
Kraft USA Tulare	250	1.02%	130	0.66%
J.D. Heiskell Company	125	0.51%	-	n/a
Ice Cream Partners USA, Inc	-	n/a	300	1.53%

“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**

Function	Full-Time and Part-Time Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	35	35	34	34	35	40	40	40	40	48
Public Safety	116	119	119	137	147	161	166	166	166	158
Public Works	65	68	68	71	73	79	79	79	86	86
Community Development	12	20	19	19	23	24	24	24	24	16
Community Services	55	55	55	33	34	39	39	36	36	22
Library and Cultural	10	10	9	9	10	11	11	11	11	10
Total	293	307	304	303	322	354	359	356	363	340

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Arrests	2,532	2,488	2,265	2,792	3,113
Parking Citations Issued	3,366	2,539	1,680	2,023	3,149
(1) Fire:					
Number of Emergency Calls	3,758	3,765	3,871	4,526	5,113
Inspections	891	1,078	1,194	1,333	705
Parks and Recreation:					
Number of Recreation Classes	87	93	95	101	113
Number of Facility Rentals	931	911	1,102	1,036	1,388
Water:					
New Connections	333	327	288	471	782
Average Daily Consumption (millions of gallons)	14	11	8	11	14
Sewer:					
New Connections	329	478	974	453	759

(1) Information unavailable.

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2008	2009	2010	2011	2012
3,363	3,405	3,479	3,118	3,046
3,436	(1)	623	308	400
5,186	5,152	5,393	5,813	6,216
1,494	1,159	1,317	2,200	821
140	137	107	110	107
2,143	2,137	1,983	1,989	1,852
268	250	85	157	101
17	17	16	16	16
358	263	101	161	128

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	2	3	3	3	3
Public Works:					
Streets (miles)	161.69	170.00	158.70	170.00	184.60
Traffic Signals	36	37	39	40	41
Parks and Recreation:					
Parks	16	15	15	15	16
Park Acreage	193.85	189.15	189.15	189.15	206.15
Water:					
Water Mains (miles)	178.29	181.52	183.20	184.20	192.90
Average Daily Consumption (millions of gallons)	14.08	11.07	8.48	10.86	13.58
Sewer:					
Sanitary Sewers (miles)	171.19	173.85	175.30	176.90	184.60
Average Daily Wastewater Flow (millions of gallon)	10.01	10.32	10.81	11.22	11.30

Source:

Various City of Tulare Departments as appropriate

Fiscal Year				
2008	2009	2010	2011	2012
1	1	1	1	1
3	3	3	3	3
187.52 41	192.67 41	194.32 41	194.32 41	195.02 41
17 207.81	17 207.81	17 207.81	18 303.15	18 341.00
208.51 16.72	214.32 16.48	215.26 15.80	215.98 16.04	219.26 16.44
197.64 11.36	203.78 11.18	231.82 11.06	232.46 11.64	235.94 12.44

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