
CITY OF
T U L A R E
CALIFORNIA

Comprehensive Annual



Financial Report

For the Fiscal Year Ended
JUNE 30, 2017

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Comprehensive Annual



Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the Finance Department Staff

Darlene J. Thompson, CPA

Finance Director/Treasurer

**CITY OF TULARE,
CALIFORNIA
JUNE 30, 2017**

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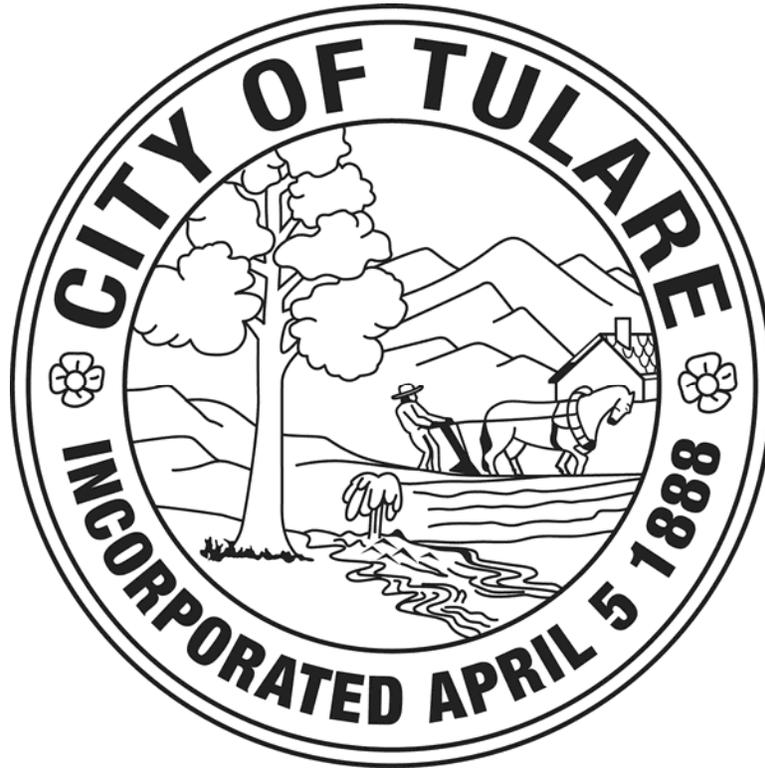
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INTRODUCTORY SECTION



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January 29, 2018

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, 2017. This report was prepared by the City of Tulare's (the City) Finance Department, which assumes responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

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

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

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

The City is located in California's central valley, the San Joaquin Valley, approximately midway between the cities of Fresno and Bakersfield and approximately sixty-five miles south of the center of state. An agricultural community anchored by the dairy industry (Tulare County is number one in dairy production and number one in overall agricultural nationwide), the City has developed a balanced economic base by expanding its light industrial opportunities, food production capabilities, retail sales outlets, and residential housing markets. The City currently has a land area of approximately 21 square miles with a population of 64,661 as of January 2017.

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

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

Local Economy and Local Budget Issues – The local economic climate for the City of Tulare continues to recover in various areas. General Fund property tax revenue grew by 8.34% in fiscal year 2016-17 and are estimated to increase by an additional 4.00% in fiscal year 2017-18. Sales tax revenues decreased by 1.90% due to the City’s receiving the final payment on the Triple Flip in fiscal year 2015-16 of around \$1.2 million of one time money. Under the Triple Flip, one-quarter percent of the local one percent sales tax was withheld by the State and repaid back to the City through County with the City’s property taxes. City’s Hotel/Motel tax increase by 12.21% for 2016-17 which reflect more travelers on Highway 99 are stopping and staying at local hotels. Franchise fees and utilities users’ tax decreased by 3.61% and 1.00%, respectfully, reflects more residents are looking to energy efficient program with their utility cost.

The City Council adopted a balance budget for fiscal year 2016-17 by using \$170,000 from reserve. There are trends that may threaten the City’s ability to produce balanced budgets in the future. Public safety has always been the Council’s highest priority, and is likely to remain so given the personnel needed to address the growing population, an increasingly violent culture, and the State of California being forced to release more state prisoners back into local communities. However, other programs remain funded from current tax revenues too, such as parks, recreation, library, storm drain, non-reconstruction street repair and street lighting, and graffiti removal.

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

The City is part of the Visalia/Porterville Metropolitan Area. This includes the City of Tulare, City of Visalia, City of Porterville, and developed areas of the County of Tulare in and around the various cities in the county. The population of the area is approximately 471,428. The anticipated growth in population of the Metropolitan Area is approximately 1.13%, with the City estimated to increase by about 1.96%. There are approximately 201,900 jobs in Tulare County. The countywide unemployment rate is about 10.6%, not seasonally adjusted. The City has an unemployment rate of about 8.9% with 25,300 employed out of a workforce of 27,700.

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

Due to the historic drought the last five years in California, the City reviewed its own water situation. A Hydrological Enterprise Program (HEP) was implemented to look at all hydrological programs as “water focused.” The HEP outlines annual goals related to water systems supply, demand, asset replacement, rehabilitation and

maintenance, over a specified time period. The City's goal by fiscal years 2020-2021 is for the City's water demand and renewable supplies to allow for a net zero groundwater extraction.

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

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

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

All internal control evaluations occur within the framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. However, the City recognizes that even sound internal controls have their inherent limitations. Internal controls are reviewed to ensure that the City's operating policies and procedures are being adhered to and that the controls are adequate to ensure accurate and reliable financial reporting to safeguard the City's assets. The 2016-17 City appropriation limit established as required by State statute was \$49,253,037.

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

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

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

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

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the 19th 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, 2017**

City Council

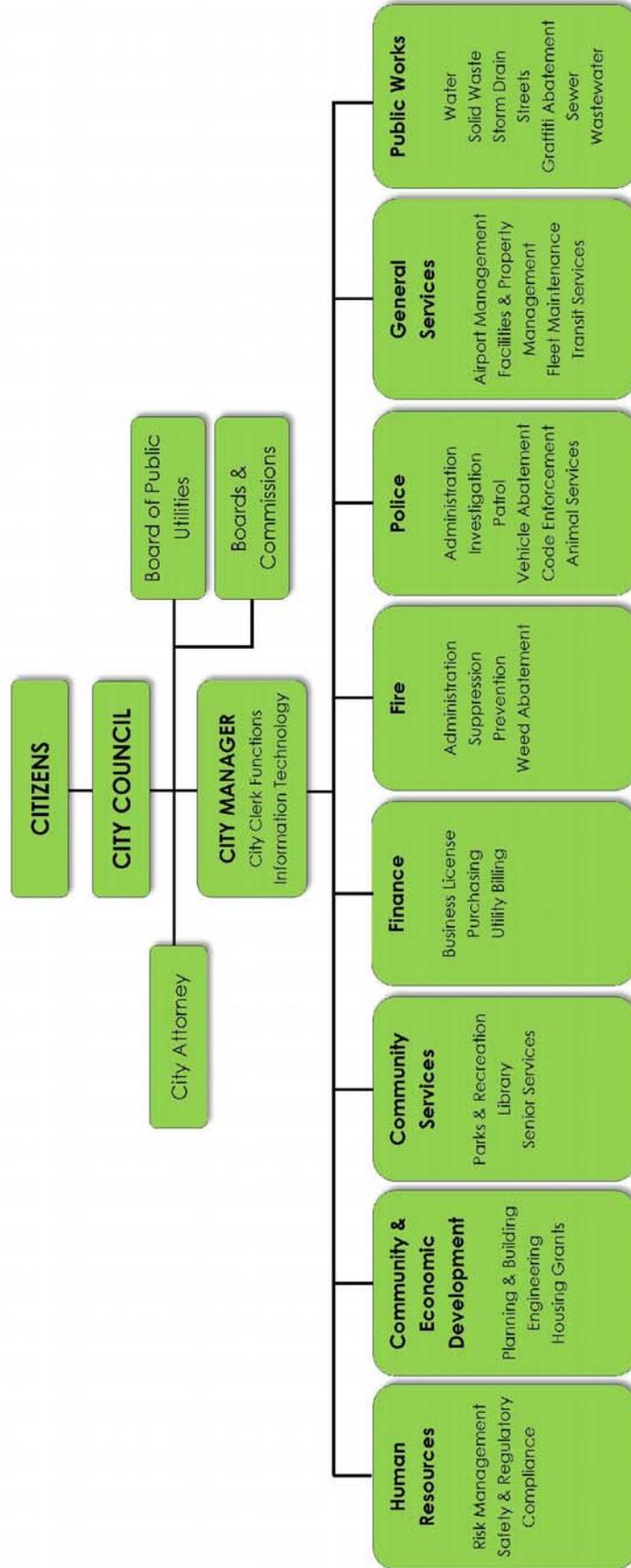
Carlton Jones	Mayor, District 3
Maritsa Castellanoz	Vice Mayor, District 2
David Macedo	Council Member, District 4
Greg Nunley	Council Member, District 5
Jose Sigala	Council Member, District 1

Board of Public Utilities Commissioners

James Pennington	President
Howard Storman	Vice President
Gregory Blevins	Commissioner
Thomas Griesbach	Commissioner
Chris Soria	Commissioner

Administrative Officials and Department Heads

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



Revised 09/01/2017



Government Finance Officers Association

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

Presented to

**City of Tulare
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

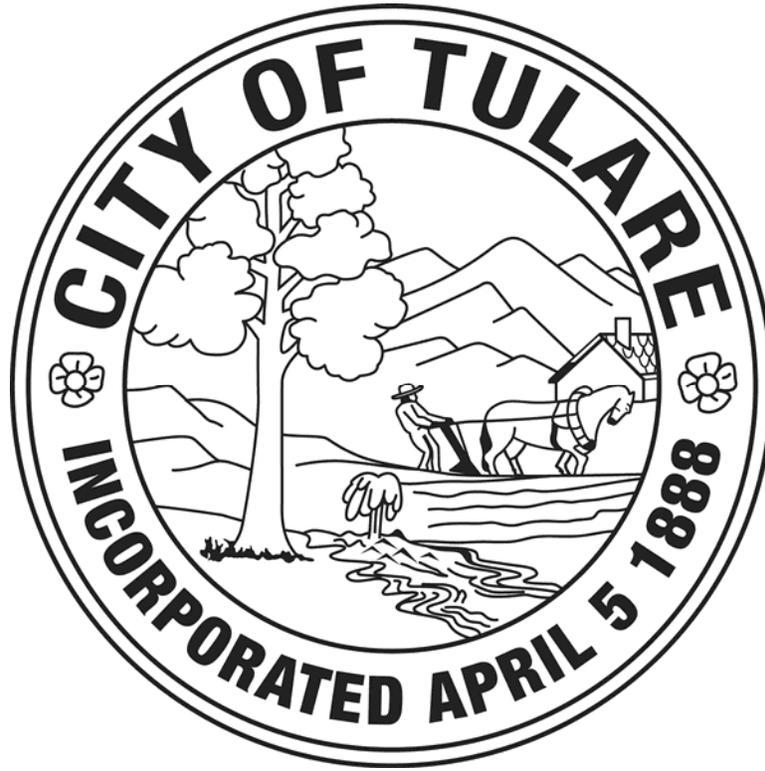
June 30, 2016

Christopher P. Morill

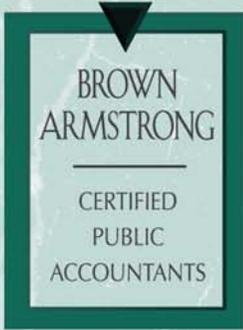
Executive Director/CEO

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FINANCIAL SECTION



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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable City Council of
the City of Tulare, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tulare, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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STOCKTON OFFICE

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AVENUE
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STOCKTON, CA 95207
TEL 209.451.4833

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
January 29, 2018

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Management's Discussion and Analysis

This discussion and analysis of the City of Tulare's financial performance provides an overview of the City of Tulare's financial activities for the fiscal year ended June 30, 2017. The Government-wide statements present a combined picture of the City of Tulare (the City) on a full accrual basis of accounting, where all debt and assets are included in the presentation. Conversely, the Fund level statements present a picture that is based on a modified accrual basis of accounting, where long-term assets and debt are excluded. Thus, Government-wide and Fund level presentations produce different results based on the type of accounting basis used. Please read this document in conjunction with the accompanying Transmittal Letter and the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tulare (the City) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$359.25 million (net position). Of this amount, \$59.41 million (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The City has \$290.99 million in net investment in capital assets. The total net position includes all major infrastructure networks.
- The government's total net position increased by \$9.45 million over the prior fiscal year. The majority of this increase is attributable to the increase in cash and investments of \$14 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$60.38 million, a decrease of \$957 thousand in comparison with the prior year. Amounts available for spending include nonspendable, restricted, committed, and unassigned fund balances. Of this amount, \$12.75 million is restricted by law or externally imposed requirements and \$47.59 million is committed for specific purposes.
- The City total outstanding debt showed a net increase of \$49.1 million (21%) during the current fiscal year. The increase is due to the current year refinancing of the sewer selling at a premium.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$359 million at the close of the most recent fiscal year, which is a \$9.4 million, or 2.70%, increase in comparison with the prior year.

By far the largest portion of the City’s net position (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding and cash and investments with fiscal agent which is restricted for capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In the current fiscal year, the Series 2009 Sewer Bond (\$57.78 million) was refinanced for savings. The actual bond will not be defeased until November 2019. Funds to defease the Series 2009 Sewer Bonds are reported in the cash and investments with fiscal agent. Total debt did not increase but in fact decreased by \$7.1 million.

Of the total current and other assets, \$198,453,719, approximately 79.34%, \$157,452,200, consists of cash and investments. These funds are invested in accordance with State law and the City’s investment policy, and include funds legally and/or contractually restricted as to their use.

City of Tulare
Statement of Net Position
As of June 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Assets:						
Current and Other Assets	\$ 89,434,445	\$ 92,525,395	\$ 45,603,344	\$ 105,928,325	\$ 135,037,789	\$ 198,453,720
Capital Assets (Net of Depreciation)	240,382,100	239,182,433	262,184,747	259,534,460	502,566,847	498,716,893
Total Assets	329,816,545	331,707,828	307,788,091	365,462,785	637,604,636	697,170,613
Deferred Outflows of Resources:						
Deferred Outflows from Pensions	7,802,801	15,397,960	1,124,368	3,262,122	8,927,169	18,660,082
Deferred Outflows from Deferred Charges	-	-	4,324,614	3,115,824	4,324,614	3,115,824
Total Deferred Outflows of Resources	7,802,801	15,397,960	5,448,982	6,377,946	13,251,783	21,775,906
Liabilities:						
Current and Other Liabilities	10,700,221	12,887,088	11,231,214	11,112,214	21,931,435	23,999,302
Long-Term Liabilities	64,538,859	70,786,679	207,222,662	261,237,488	271,761,521	332,024,167
Total Liabilities	75,239,080	83,673,767	218,453,876	272,349,702	293,692,956	356,023,469
Deferred Inflows of Resources:						
Deferred Inflows from Pensions and Grants	5,414,291	3,291,870	1,134,869	382,610	6,549,160	3,674,480
Total Deferred Inflows of Resources	5,414,291	3,291,870	1,134,869	382,610	6,549,160	3,674,480
Net Position:						
Net Investment in Capital Assets	211,461,105	211,265,222	80,626,706	79,725,820	292,087,811	290,991,042
Restricted	1,198,432	1,168,992	8,572,997	7,675,730	9,771,429	8,844,722
Unrestricted	44,306,438	47,705,937	4,448,625	11,706,869	48,755,063	59,412,806
Total Net Position	\$ 256,965,975	\$ 260,140,151	\$ 93,648,328	\$ 99,108,419	\$ 350,614,303	\$ 359,248,570

Governmental Activities – Total assets for governmental activities increased by \$1.9 million, with a current and other assets in governmental activities increase of \$3.1 million and a capital assets decrease of \$1.2 million. Total liabilities increased by \$8.4 million with current and other liabilities increasing by \$2.2 million and long-term liabilities increasing by \$6.2 million.

Of the \$3.2 million increase in governmental activities total net position, unrestricted net position increased by \$3.4 million, restricted assets decreased by \$29 thousand, and net investment in capital assets decreased by \$196 thousand.

Business-Type Activities – Total assets for business-type activities increased by \$57.7 million with a current and other assets increase of \$60.3 million and a decrease in capital assets of \$2.7 million. Total liabilities increased by \$53.9 million with current and other liabilities decreasing by \$119 thousand and long-term liabilities increasing by \$54 million. Total net position for business-type activities increased by \$5.5 million. Business-type activities unrestricted net position increased by \$7.3 million.

Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2016 and 2017. The City's total revenue and transfers of \$104.9 million exceeded expenses of \$95.4 million for an increase in net position of \$9.5 million.

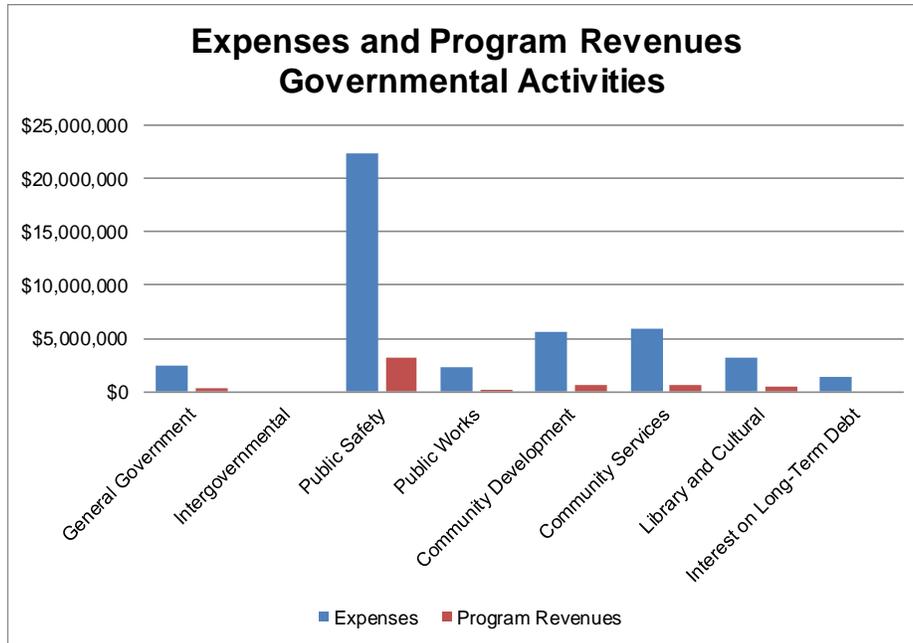
Statement of Activities

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (usually year-end). The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year, and whether net position increased or decreased. Thus, it indicates whether the City as a whole is better off at June 30, 2017, than it was at June 30, 2016.

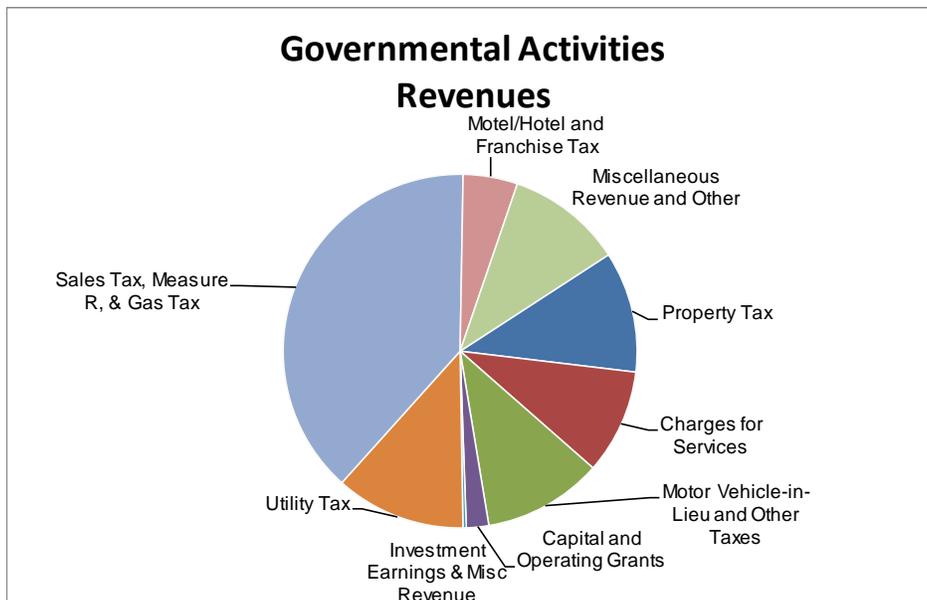
City of Tulare Statement of Activities Fiscal Year Ended June 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
REVENUES:						
Programs Revenues:						
Charges for Services	\$ 5,125,516	\$ 4,480,733	\$ 49,874,863	\$ 53,640,253	\$ 55,000,379	\$ 58,120,986
Operating Grants and Contributions	1,782,930	959,415	837,623	3,721,134	2,620,553	4,680,549
Capital Grants and Contributions	7,918,523	-	-	-	7,918,523	-
General Revenues:						
Taxes	45,050,408	36,999,148	-	-	45,050,408	36,999,148
Investment Earnings	711,185	140,642	588,133	820,923	1,299,318	961,565
Other	28,876,448	4,213,419	-	(71,322)	28,876,448	4,142,097
TOTAL REVENUES	89,465,010	46,793,357	51,300,619	58,110,988	140,765,629	104,904,345
EXPENSES:						
Governmental Activities:						
General Government	4,975,254	2,475,076	-	-	4,975,254	2,475,076
Intergovernmental	2,400	-	-	-	2,400	-
Public Safety	18,978,334	22,434,933	-	-	18,978,334	22,434,933
Public Works	10,078,440	2,275,960	-	-	10,078,440	2,275,960
Community Development	10,236,915	5,682,852	-	-	10,236,915	5,682,852
Community Services	5,749,780	5,927,569	-	-	5,749,780	5,927,569
Library and Cultural	5,952,134	3,128,200	-	-	5,952,134	3,128,200
Debt Service	1,488,132	1,450,221	-	-	1,488,132	1,450,221
Business-Type Activities:						
Aviation	-	-	410,647	303,045	410,647	303,045
Transit	-	-	3,157,329	3,526,009	3,157,329	3,526,009
Community and Developmer	-	-	1,573,507	2,275,967	1,573,507	2,275,967
Water	-	-	6,784,595	8,148,054	6,784,595	8,148,054
Solid Waste	-	-	7,283,313	7,355,336	7,283,313	7,355,336
Sewer	-	-	29,281,564	30,471,856	29,281,564	30,471,856
TOTAL EXPENSES	57,461,389	43,374,811	48,490,955	52,080,267	105,952,344	95,455,078
Increase (Decrease) in Net Position Before Transfers and Special Item	32,003,621	3,418,546	2,809,664	6,030,721	34,813,285	9,449,267
Transfers	(1,328,598)	570,630	2,678,598	(570,630)	1,350,000	-
Special Item						
Extraordinary Gain	6,276,568	-	-	-	6,276,568	-
Change in Net Position	36,951,591	3,989,176	5,488,262	5,460,091	42,439,853	9,449,267
Net Position, Beginning of Year, as restated	220,014,384	256,150,975	88,160,066	93,648,328	308,174,450	349,799,303
Net Position, End of Year	\$ 256,965,975	\$ 260,140,151	\$ 93,648,328	\$ 99,108,419	\$ 350,614,303	\$ 359,248,570

Governmental Activities – Governmental activities increased the City’s net position by \$4.0 million during the year. The main increase in the City’s net position is due to an increase in unrestricted net position. In the table below, the difference between the program revenues and expenses bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety service delivery costs exceeded program revenues by \$19.3 million. Public Safety programs rely heavily on taxes to support their operations.



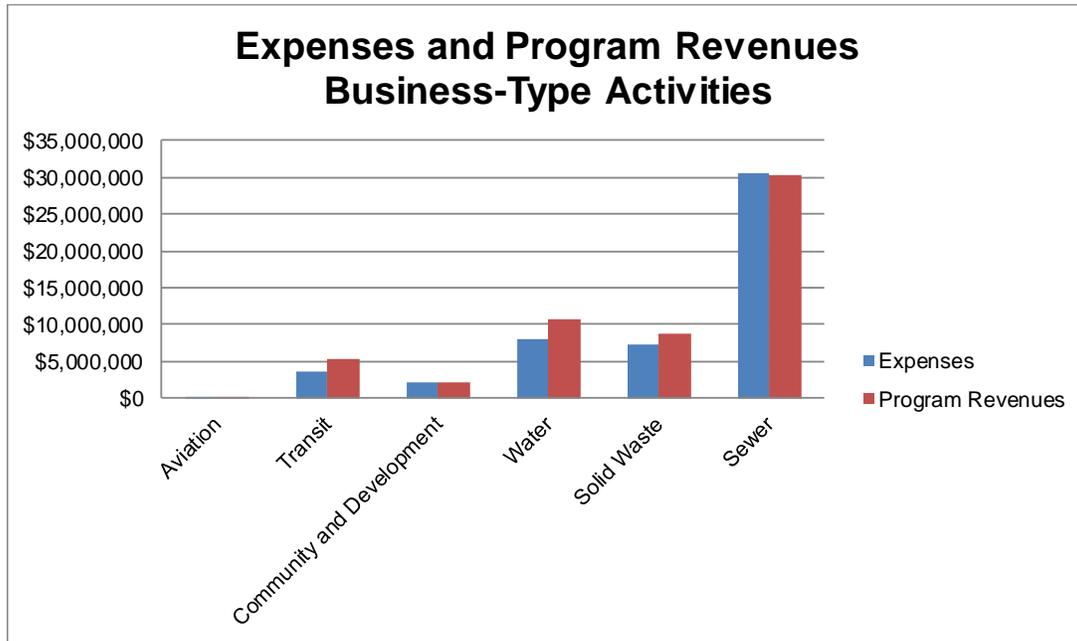
Revenues and expenses in the governmental activities have grown as the population has grown. The sales tax, Measure R, and gas tax category is the largest revenue source for governmental activities and amounts to \$18.1 million or 38.6% of the total revenues less miscellaneous revenue which consists mainly of the two lawsuit settlements. Utility user’s tax, motor vehicle-in-lieu tax, and property taxes are also a significant revenue source for the City’s governmental activities, amounting to \$15.9 million or 33.89% of total revenue, and public safety is the largest expense activity, amounting to \$22.4 million or 51.72% of total expenses.



Governmental Activities revenue decreased \$42.7 million, a 47.7% decrease compared to the previous fiscal year. This decrease is due to 85% (\$23.7 million) in lawsuit settlements reported in fiscal year 2016.

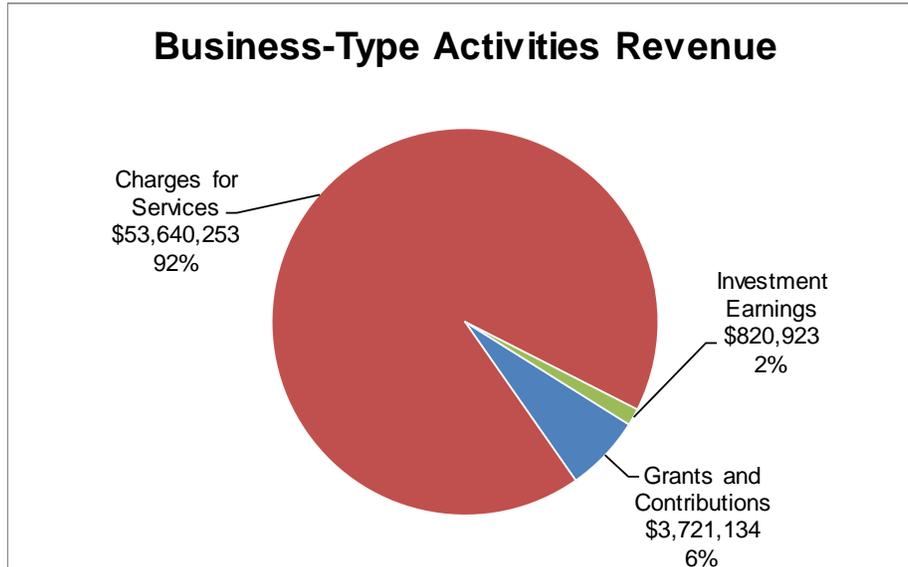
Total expenses in Governmental Activities had a decrease of \$14.1 million from the previous fiscal year for an over 24.5% decrease. The largest decrease of \$12.5 million was in capital outlay.

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



Business-type activities increased the City's net position by \$5.46 million. The bar chart above compares total program revenues and expenses. Program revenues exceeded program expenses in Solid Waste by \$1.3 million, in Water by \$2.46 million, and in Transit by \$1.75 million. This increase was offset by program expenses exceeding program revenues in Community & Economic Development by \$103 thousand, in Sewer by \$123 thousand, and in Aviation by \$51 thousand.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 92% of total revenues. Grants and contributions is the second largest revenue source at 6% of total revenue.



Total revenue increased by \$6.81 million, and 13.3% over the prior year with the Transit Fund showing the largest increase of \$2.9 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's Governmental Funds reported a combined ending fund balance of \$60.38 million, a decrease of \$957 thousand 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 thousand are amounts that are not spendable in form, or are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - \$12.75 million 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) \$4.55 million for the purpose of the fund (i.e., Gas Tax for street projects) and 2) \$2.59 million for debt service
- **Committed Fund Balance** - \$47.59 million has been committed by the Council for appropriation for next year's budget and cash basis reserve.
- **Assigned Fund Balance** - \$0 has been set aside by management for specific purpose.
- **Unassigned Fund Balance** - \$0 are residual funds.

General Fund - The General Fund is the chief operating fund of the City. At the end of the fiscal year, the General Fund's total fund balance decreased by 7%, or \$363 thousand to \$50.49 million. Of this decrease, the majority relates to the committed and restricted amounts of fund balance.

Other Major Governmental Funds

In the Measure R Fund, the total fund balance increased from \$21.3 thousand to \$1.1 million. The major factor for this overall increase was the continuance of receiving monthly payments conversely in granting 3 year upfront allocation.

In the Finance Authority Fund, the total fund balance decreased from \$2.89 million to \$2.59 million. The major factor for this overall decrease was rental income for debt service.

Other Non-Major Governmental Funds

The combined Non-Major Other Governmental Funds' total fund balance decreased from \$7.58 million to \$6.24 million. The major factor for this overall decrease was a \$1.3 million decrease from Gas Tax Fund to funds used to do various street maintenance.

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

The Transit Fund has total net position of \$7.87 million at the end of the fiscal year, an increase of \$1.75 million or 28.6%. Total net position includes \$5.81 million net investment in capital assets, which is not available to cover current expenses.

The Community & Economic Development Services Fund has a total net deficit of \$1.27 million at the end of the fiscal year. The fund was created in the prior year to track cost order information to determine the correct charges for these services. Previously these expenses were reported in the General Fund under Community Development. GASB Statement No. 68 reporting of pension liability is the main source for the deficit.

The Water Fund has total net position of \$33.41 million at the end of the fiscal year, an increase of \$2.2 million over the prior year. Total net position includes \$33.15 million net investment in capital assets, which is not available to cover current expenses. The increase to net position is due to rate increases.

The Solid Waste Fund has total net position of \$2.82 million at the end of the fiscal year, an increase of \$1.35 million over the prior year. The net position increase is due to the operating expenses being lower than the operating revenues.

The Sewer Fund has total net position of \$52.13 million at the end of the fiscal year, an increase of \$184 thousand over the prior year. Total net position is \$36.81 million for net investment in capital assets, which is not available to cover current expenses. \$6.5 million of total net position is restricted for capital improvements.

The Aviation Fund has total net position of \$4.15 million at the end of the fiscal year, an increase of \$57 thousand or 1.4%. Total net position includes \$3.93 million net investment in capital assets, which is not available to cover current expenses. The major factor for this increase is due to improvements at the airport.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$498.72 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress, and roads. (Please refer to Note 4 – Capital Assets)

These financial statements include infrastructure assets constructed or acquired through the 2016-17 fiscal year. The total decrease in the City’s investment in capital assets for the current fiscal year was \$3.8 million. Of this amount, a \$1.2 million decrease in Governmental Activities and a \$2.7 million decrease in Business Type Activities. Depreciation expense of \$19 million exceeded additions to capital assets by this amount.

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

- Construction of water wells and tanks for \$1.84 million.
- The completion of the Santa Fe Pedestrian Overpass of \$1.6 million.
- Reconstruction of water, sewer and storm drain lines for \$2.24 million.
- Reconstruction of streets for \$4.755 million.
- Vehicles and equipment purchases for \$1.647 million.

City of Tulare Capital Assets As of June 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land, Right-of-Way, and Construction in Progress	\$ 73,648,281	\$ 75,433,684	\$ 7,408,278	\$ 10,238,766	\$ 81,056,559	\$ 85,672,450
Depreciable Buildings, Property, Equipment, and Infrastructure, Net of Depreciation	166,733,819	163,748,749	254,776,469	249,295,694	421,510,288	413,044,443
Total Capital Assets	<u>\$ 240,382,100</u>	<u>\$ 239,182,433</u>	<u>\$ 262,184,747</u>	<u>\$ 259,534,460</u>	<u>\$ 502,566,847</u>	<u>\$ 498,716,893</u>

Long-Term Debt – At the end of the fiscal year, the City had a total debt outstanding of \$278,135,016, which included the following major liabilities. (Please refer to Note 6 – Long-Term Debt)

City of Tulare Outstanding Debt As of June 30, 2016 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Lease Revenue Bonds *	\$ 28,095,156	\$ 27,203,440	\$ -	\$ -	\$ 28,095,156	\$ 27,203,440
Lease Payable	825,839	713,771	7,382,888	6,519,902	8,208,727	7,233,673
Note Payable	-	-	521,793	-	521,793	-
Revenue Bonds Payable *	-	-	192,182,638	243,697,903	192,182,638	243,697,903
Total Outstanding Debt	<u>\$ 28,920,995</u>	<u>\$ 27,917,211</u>	<u>\$ 200,087,319</u>	<u>\$ 250,217,805</u>	<u>\$ 229,008,314</u>	<u>\$ 278,135,016</u>

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

With respect to the Governmental Activities, the outstanding \$27,203,440 in lease revenue bonds (which includes the bond premium and discount) were issued in 2008 for \$33,050,000 to fund the new library building, downtown storm drain project, South Tulare industrial sewer extensions, Del Lago Park Phase II, and preliminary work on railroad grade separation crossings.

Of the \$278,135,016 outstanding debt in the Business-Type Activities, \$243,697,903 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 \$9 million. Significant budgetary amendments (changes) are summarized as follows:

- \$1.6 million to purchase solid waste vehicles
- \$209 thousand for vehicle and equipment purchases that were previously leased
- \$8.28 million re-appropriation from fiscal year 2015-16 which were mainly street projects
- City received additional grant funds for solid waste vehicle for \$1.4 million
- Capital Outlay and Operating Transfer was less than expected because of a policy to do a two year budget for major projects and equipment purchases. The projects are budgeted at it full cost and any unused cost is carried over to the next year.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$3.00 million and appropriations were lower than actual expenditures by \$11.4 million. The significant differences between budget and actual amounts are as follows:

- Projects and capital outlays to be funded by grant.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund forecast for fiscal year 2017-18 were:

- The elimination and reduction of general fund contribution to various reserve funds
- Utility Users Tax revenue to stagnate due to the impact of installing solar panel
- All City's employees to contribute 3% toward the City's CalPERS obligation
- Increase in CalPERS rate from 2% to 12%
- Negotiate salary increase for employees
- Anticipates a 2% growth with City major revenue

REQUESTS FOR INFORMATION

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

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**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF TULARE
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 58,109,158	\$ 27,764,885	\$ 85,874,043
Cash and Investments with Fiscal Agent	1,168,992	70,409,165	71,578,157
Receivables:			
Accounts	4,139,567	4,416,049	8,555,616
Interest	474,291	-	474,291
Taxes	1,815,031	-	1,815,031
Intergovernmental	2,317,799	4,806,663	7,124,462
Notes	1,284,453	-	1,284,453
Inventories	203,158	-	203,158
Due from Agency funds	5,540	-	5,540
Internal Balances	1,468,437	(1,468,437)	-
Loans Receivable	10,853,878	-	10,853,878
Land Held for Resale	35,000	-	35,000
Advances to Fiduciary Fund	10,650,091	-	10,650,091
Nondepreciable Capital Assets	75,433,684	10,238,766	85,672,450
Depreciable Capital Assets, Net	163,748,749	249,295,694	413,044,443
Total Assets	331,707,828	365,462,785	697,170,613
Deferred Outflows of Resources			
Deferred Outflows from Pensions	15,397,960	3,262,122	18,660,082
Deferred Charges	-	3,115,824	3,115,824
Total Deferred Outflows of Resources	15,397,960	6,377,946	21,775,906
Liabilities			
Accounts Payable and Accrued Liabilities	6,281,733	5,334,437	11,616,170
Accrued Interest Payable	354,669	-	354,669
Deposits Payable	896,572	294,582	1,191,154
Other Payable	-	9,153	9,153
Unearned Revenue	2,101,804	727,125	2,828,929
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences Payable	217,890	83,640	301,530
Leases Payable	116,568	906,925	1,023,493
Insurance Claims Payable	1,981,136	-	1,981,136
Revenue Bonds Payable	936,716	3,756,352	4,693,068
Total Due Within One Year	12,887,088	11,112,214	23,999,302
Due After One Year:			
Compensated Absences Payable	2,649,082	1,016,876	3,665,958
Leases Payable	597,203	5,612,977	6,210,180
Net Pension Liability	40,784,781	14,579,746	55,364,527
Net Post-Employment Benefits Obligation	488,889	86,338	575,227
Revenue Bonds Payable	26,266,724	239,941,551	266,208,275
Total Due After One Year	70,786,679	261,237,488	332,024,167
Total Liabilities	83,673,767	272,349,702	356,023,469
Deferred Inflows of Resources			
Deferred Inflows from Pensions	2,756,994	382,610	3,139,604
Grants	534,876	-	534,876
Total Deferred Inflows of Resources	3,291,870	382,610	3,674,480
Net Position			
Net Investment in Capital Assets	211,265,222	79,725,820	290,991,042
Restricted for Capital Improvements	1,168,992	7,675,730	8,844,722
Unrestricted	47,705,937	11,706,869	59,412,806
Total Net Position	\$ 260,140,151	\$ 99,108,419	\$ 359,248,570

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

**CITY OF TULARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities					
General Government	\$ 2,475,076	\$ 264,526	\$ 84,693	\$ -	\$ 349,219
Intergovernmental	-	-	-	-	-
Public Safety	22,434,933	2,397,756	767,681	-	3,165,437
Public Works	2,275,960	243,245	-	-	243,245
Community Development	5,682,852	607,361	-	-	607,361
Community Services	5,927,569	633,515	-	-	633,515
Library and Cultural	3,128,200	334,330	107,041	-	441,371
Interest on Long-Term Debt	1,450,221	-	-	-	-
Total Governmental Activities	43,374,811	4,480,733	959,415	-	5,440,148
Business-Type Activities:					
Aviation	303,045	121,108	130,609	-	251,717
Transit	3,526,009	1,684,809	3,590,525	-	5,275,334
Community and Development	2,275,967	2,173,788	-	-	2,173,788
Water	8,148,054	10,611,372	-	-	10,611,372
Solid Waste	7,355,336	8,700,096	-	-	8,700,096
Sewer	30,471,856	30,349,080	-	-	30,349,080
Total Business-Type Activities	52,080,267	53,640,253	3,721,134	-	57,361,387
Total Primary Government	\$ 95,455,078	\$ 58,120,986	\$ 4,680,549	\$ -	\$ 62,801,535

(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, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental Activities			
General Government	\$ (2,125,857)	\$ -	\$ (2,125,857)
Intergovernmental	-	-	-
Public Safety	(19,269,496)	-	(19,269,496)
Public Works	(2,032,715)	-	(2,032,715)
Community Development	(5,075,491)	-	(5,075,491)
Community Services	(5,294,054)	-	(5,294,054)
Library and Cultural	(2,686,829)	-	(2,686,829)
Interest on Long-Term Debt	(1,450,221)	-	(1,450,221)
Total Governmental Activities	(37,934,663)	-	(37,934,663)
Business-Type Activities:			
Aviation	-	(51,328)	(51,328)
Transit	-	1,749,325	1,749,325
Community and Development	-	(102,179)	(102,179)
Water	-	2,463,318	2,463,318
Solid Waste	-	1,344,760	1,344,760
Sewer	-	(122,776)	(122,776)
Total Business-Type Activities	-	5,281,120	5,281,120
Total Primary Government	\$ (37,934,663)	\$ 5,281,120	\$ (32,653,543)
General Revenues:			
Sales Tax/Gas Tax/Measure R Taxes	\$ 18,074,636	\$ -	\$ 18,074,636
Property Tax	5,181,172	-	5,181,172
Utility Tax	5,568,461	-	5,568,461
Motor Vehicle-in-Lieu Tax (Intergovernmental, Unrestricted)	5,107,399	-	5,107,399
Other Taxes	740,839	-	740,839
Motel/Hotel and Franchise Tax	2,326,641	-	2,326,641
Investment Earnings - Unrestricted	140,642	820,923	961,565
Miscellaneous	4,278,846	-	4,278,846
Gain on Sale of Capital Assets	-	(71,322)	(71,322)
Transfer of Noncurrent Assets, Net of the Related Debt to the Primary Government	(65,427)	-	(65,427)
Transfers	570,630	(570,630)	-
Total General Revenues and Transfers	41,923,839	178,971	42,102,810
Change in Net Position	3,989,176	5,460,091	9,449,267
Net Position - Beginning of Year, as restated	256,150,975	93,648,328	349,799,303
Net Position - End of Year	\$ 260,140,151	\$ 99,108,419	\$ 359,248,570

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, 2017**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows of Resources					
Assets					
Cash and Investments	\$ 38,481,977	\$ 784,960	\$ 1,769,837	\$ 5,192,313	\$ 46,229,087
Cash and Investments with Fiscal Agent	-	-	1,168,992	-	1,168,992
Receivables					
Accounts	3,721,523	295,248	-	2,454	4,019,225
Interest	98,602	4,850	6,355	361,723	471,530
Taxes	1,726,951	88,080	-	-	1,815,031
Intergovernmental	2,157,782	-	-	160,017	2,317,799
Loans	-	-	-	10,853,878	10,853,878
Notes	-	-	-	1,284,453	1,284,453
Land Held for Resale	-	-	-	35,000	35,000
Due from Other Funds	1,393,440	-	-	-	1,393,440
Advances to Other Funds	193,000	-	-	-	193,000
Advances to Fiduciary Fund	10,650,091	-	-	-	10,650,091
Total Assets	58,423,366	1,173,138	2,945,184	17,889,838	80,431,526
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 58,423,366	\$ 1,173,138	\$ 2,945,184	\$ 17,889,838	\$ 80,431,526
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 5,121,515	\$ 108,154	\$ 354,669	\$ 77,367	\$ 5,661,705
Deposits Payable	896,572	-	-	-	896,572
Due to Other Funds	36,272	-	-	76,191	112,463
Unearned Revenue	1,883,373	-	-	111,586	1,994,959
Total Liabilities	7,937,732	108,154	354,669	265,144	8,665,699
Deferred Inflows of Resources					
Deferred Loans	-	-	-	11,388,754	11,388,754
Fund Balances					
Nonspendable	-	-	-	35,000	35,000
Restricted	3,210,570	1,064,984	2,590,515	5,888,810	12,754,879
Committed	47,275,064	-	-	312,130	47,587,194
Total Fund Balances	50,485,634	1,064,984	2,590,515	6,235,940	60,377,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 58,423,366	\$ 1,173,138	\$ 2,945,184	\$ 17,889,838	\$ 80,431,526

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

**CITY OF TULARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017**

	Amount
Total Fund Balances - Total Governmental Funds	\$ 60,377,073
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	227,444,350
Certain loans receivable are not due in the current period and, therefore, should not be reported in the Governmental Funds Balance Sheet.	11,388,754
Certain deferred grants are not due in the current period and, therefore, they are not reported in the Governmental Funds Balance Sheet.	(534,876)
Internal service funds are used by management to charge the costs of fleet maintenance, purchasing, employee welfare, workers' compensation, and general and unemployment insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	19,750,939
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.	(354,669)
The net pension liability (\$39,208,050) and pension related deferred outflows of resources (\$15,045,176) and deferred inflows of resources (\$2,700,611) are not available resources for the current period and, therefore, are not reported in the governmental funds.	(26,863,485)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	
Bonds Payable, Net of Premiums and Discounts	(27,203,440)
Capital Leases Payable	(578,207)
Compensated Absences Payable	(2,797,399)
Net Post-Employment Benefits Obligation	(488,889)
Net Position of Governmental Activities	<u>\$ 260,140,151</u>

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, 2017**

	General Fund	Measure R Fund	Financing Authority Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 33,759,018	\$ 2,055,433	\$ -	\$ 1,184,697	\$ 36,999,148
Intergovernmental	57,400	-	-	212,382	269,782
Licenses and Permits	107,543	-	-	-	107,543
Fines and Forfeitures	13,706	-	-	153,786	167,492
Charges for Services	3,161,371	-	-	-	3,161,371
Interest and Rentals	144,941	(11,188)	13,890	(21,614)	126,029
Grants	276,628	-	-	682,787	959,415
Meals	-	-	-	23,722	23,722
Assessments	86,640	-	-	687,905	774,545
Other	4,140,150	-	-	24,234	4,164,384
Total Revenues	41,747,397	2,044,245	13,890	2,947,899	46,753,431
Expenditures					
Current					
General Government	4,989,627	-	-	-	4,989,627
Intergovernmental	-	-	11,669	-	11,669
Public Safety	22,894,803	-	-	728,972	23,623,775
Public Works	2,435,929	-	-	-	2,435,929
Community Development	104,468	-	-	677,289	781,757
Community Services	5,382,545	-	-	974,070	6,356,615
Library and Cultural	1,170,100	-	-	-	1,170,100
Capital Outlay	5,088,655	-	-	-	5,088,655
Debt Service					
Principal	90,783	-	865,000	-	955,783
Interest and Fiscal Charges	38,800	-	1,447,869	-	1,486,669
Total Expenditures	42,195,710	-	2,324,538	2,380,331	46,900,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	(448,313)	2,044,245	(2,310,648)	567,568	(147,148)
Other Financing Sources (Uses)					
Transfers In	4,918,749	-	2,015,380	877,877	7,812,006
Transfers Out	(4,833,007)	(1,000,548)	-	(2,788,181)	(8,621,736)
Total Other Financing Sources (Uses)	85,742	(1,000,548)	2,015,380	(1,910,304)	(809,730)
Net Change in Fund Balances	(362,571)	1,043,697	(295,268)	(1,342,736)	(956,878)
Fund Balances - Beginning, as restated	50,848,205	21,287	2,885,783	7,578,676	61,333,951
Fund Balances - Ending	\$ 50,485,634	\$ 1,064,984	\$ 2,590,515	\$ 6,235,940	\$ 60,377,073

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, 2017**

	Amount
Net Change in Fund Balances - Total Governmental Funds	\$ (956,878)
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.	(1,378,560)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of prepaid insurance, premiums, original issue discounts, and deferred inflows of resources on bond refunding charge when debt is first issued, whereas these amounts are amortized to interest and expensed over the life of the debt in the Government-Wide Statement of Activities.	
This amount represents long-term debt repayments	955,783
This amount represents amortization of bond discount/premiums	(26,717)
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	(319,733)
This amount represents costs of post-employment benefits	55,765
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.	9,731
In the Governmental Funds, certain deferred loans receivable from the former component unit are not recognized. In the Government-Wide statements, the deferred loan receivable is recognized as a special item.	65,427
Changes to the net pension liability and related deferred outflows and inflows of resources do not provide current financial resources and, therefore, are not reported in the governmental funds.	2,367,763
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.	3,216,595
Change in Net Position of Governmental Activities	\$ 3,989,176

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

**CITY OF TULARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds						Governmental	
							Activities	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Assets and Deferred Outflows of Resources								
Current Assets								
Cash and Investments	\$ 1,040	\$ 1,253,954	\$ 4,162,727	\$ 4,874,817	\$ 17,325,795	\$ 146,552	\$ 27,764,885	\$ 11,880,071
Cash and Investments with Fiscal Agent	-	-	-	-	70,409,165	-	70,409,165	-
Accounts Receivable	24,963	3,951	1,031,972	807,458	2,457,997	89,708	4,416,049	123,103
Intergovernmental Receivable	4,677,984	-	-	-	128,679	-	4,806,663	-
Inventories	-	-	-	-	-	-	-	203,158
Due from Other Funds	-	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	1,240,000	-	-	1,240,000	-
Total Current Assets	4,703,987	1,257,905	5,194,699	6,922,275	90,321,636	236,260	108,636,762	12,206,332
Noncurrent Assets								
Capital Assets								
Nondepreciable								
Land	193,261	-	2,347,356	-	4,588,446	279,215	7,408,278	75,000
Construction in Progress	-	-	2,790,303	-	40,185	-	2,830,488	-
Depreciable								
Buildings	4,424,385	-	40,958	-	427,624	161,451	5,054,418	6,187,770
Improvements Other Than Buildings	-	-	54,079,467	8,992	265,187,238	6,666,256	325,941,953	1,648,583
Machinery and Equipment	5,420,941	-	724,656	119,237	3,781,433	47,830	10,094,097	21,060,428
Accumulated Depreciation	(4,224,553)	-	(22,602,793)	(104,024)	(61,641,837)	(3,221,567)	(91,794,774)	(17,233,698)
Total Noncurrent Assets	5,814,034	-	37,379,947	24,205	212,383,089	3,933,185	259,534,460	11,738,083
Total Assets	10,518,021	1,257,905	42,574,646	6,946,480	302,704,725	4,169,445	368,171,222	23,944,415
Deferred Outflows of Resources								
Deferred Outflows from Pensions	64,643	603,145	557,428	966,114	1,066,570	4,222	3,262,122	352,784
Deferred Charges	-	-	-	-	3,115,824	-	3,115,824	-
Total Deferred Outflows of Resources	64,643	603,145	557,428	966,114	4,182,394	4,222	6,377,946	352,784
Total Assets and Deferred Outflows of Resources	\$ 10,582,664	\$ 1,861,050	\$ 43,132,074	\$ 7,912,594	\$ 306,887,119	\$ 4,173,667	\$ 374,549,168	\$ 24,297,199

(Continued)

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

CITY OF TULARE
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Total Enterprise Funds	Internal Service Funds
Liabilities and Deferred Inflows of Resources								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 161,385	\$ 179,199	\$ 1,289,223	\$ 273,799	\$ 3,427,902	\$ 2,929	\$ 5,334,437	\$ 620,028
Deposits Payable	-	-	135,450	-	159,132	-	294,582	-
Due to Other Funds	1,275,437	-	-	-	-	-	1,275,437	-
Unearned Revenue	727,125	-	-	-	-	-	727,125	106,845
Other Payables	-	-	9,153	-	-	-	9,153	-
Compensated Absences - Current	4,722	13,955	18,565	26,626	19,694	78	83,640	4,623
Capital Leases Payable - Current	-	-	694,201	-	212,724	-	906,925	22,250
Revenue Bonds Payable - Current	-	-	-	-	3,756,352	-	3,756,352	-
Insurance Claims Payable	-	-	-	-	-	-	-	1,981,136
Total Current Liabilities	2,168,669	193,154	2,146,592	300,425	7,575,804	3,007	12,387,651	2,734,882
Noncurrent Liabilities								
Advances from Other Funds	193,000	-	1,240,000	-	-	-	1,433,000	-
Compensated Absences Payable	57,404	169,666	225,708	323,711	239,435	952	1,016,876	64,950
Capital Leases Payable	-	-	3,537,332	-	2,075,645	-	5,612,977	113,314
Net Post-Employment Benefits Obligation	2,746	-	18,926	33,848	29,370	1,448	86,338	-
Net Pension Liability	288,918	2,695,699	2,491,373	4,317,951	4,766,936	18,869	14,579,746	1,576,731
Revenue Bonds Payable	-	-	-	-	239,941,551	-	239,941,551	-
Total Noncurrent Liabilities	542,068	2,865,365	7,513,339	4,675,510	247,052,937	21,269	262,670,488	1,754,995
Total Liabilities	2,710,737	3,058,519	9,659,931	4,975,935	254,628,741	24,276	275,058,139	4,489,877
Deferred Inflows of Resources								
Deferred Inflows from Pensions	5,562	69,365	64,608	118,533	124,068	474	382,610	56,383
Total Liabilities and Deferred Inflows of Resources	2,716,299	3,127,884	9,724,539	5,094,468	254,752,809	24,750	275,440,749	4,546,260
Net Position (Deficit)								
Net Investment in Capital Assets	5,814,034	-	33,148,414	24,205	36,805,982	3,933,185	79,725,820	11,602,519
Restricted for Capital Improvements	727,125	-	-	431,452	6,517,153	-	7,675,730	-
Unrestricted	1,325,206	(1,266,834)	259,121	2,362,469	8,811,175	215,732	11,706,869	8,148,420
Total Net Position (Deficit)	\$ 7,866,365	\$ (1,266,834)	\$ 33,407,535	\$ 2,818,126	\$ 52,134,310	\$ 4,148,917	\$ 99,108,419	\$ 19,750,939

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

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CITY OF TULARE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Operating Revenues								
Charges for Services	\$ 1,525,566	\$ 2,027,983	\$ 9,656,157	\$ 8,554,598	\$ 27,115,120	\$ 113,730	\$ 48,993,154	\$ -
Departmental Charges	-	-	-	-	-	-	-	12,382,164
Connection Fees	-	-	428,091	-	91,067	-	519,158	-
Employee Contributions	-	-	-	-	-	-	-	1,418,869
Other	159,243	145,805	527,124	145,498	3,142,893	7,378	4,127,941	-
Total Operating Revenues	1,684,809	2,173,788	10,611,372	8,700,096	30,349,080	121,108	53,640,253	13,801,033
Operating Expenses								
General Administration	-	-	-	-	-	-	-	454,950
Personnel Services	231,273	1,519,959	1,626,680	2,959,906	1,892,222	11,036	8,241,076	556,750
Contractual Services	-	-	-	-	-	-	-	270,938
Maintenance and Supplies	2,791,432	753,373	5,129,533	4,387,461	11,057,822	127,336	24,246,957	-
Equipment Usage and Operation	-	-	-	-	-	-	-	1,845,683
Insurance	-	-	-	-	-	-	-	7,475,495
Depreciation	503,304	-	1,384,907	7,969	5,708,386	164,673	7,769,239	1,466,335
Total Operating Expenses	3,526,009	2,273,332	8,141,120	7,355,336	18,658,430	303,045	40,257,272	12,070,151
Operating Income (Loss)	(1,841,200)	(99,544)	2,470,252	1,344,760	11,690,650	(181,937)	13,382,981	1,730,882
Nonoperating Revenues (Expenses)								
Contributed Capital	-	-	-	-	-	-	-	-
Interest Income	685	-	-	16,104	803,877	257	820,923	14,613
Interest Expense	-	(2,635)	(6,934)	-	(11,813,426)	-	(11,822,995)	-
Grants	3,590,525	-	-	-	-	130,609	3,721,134	-
Gain (Loss) on Sale of Assets	990	-	(11,936)	-	(60,376)	-	(71,322)	79,252
Other Income	-	-	-	-	-	-	-	11,488
Total Nonoperating Revenues (Expenses)	3,592,200	(2,635)	(18,870)	16,104	(11,069,925)	130,866	(7,352,260)	105,353
Income (Loss) Before Transfers	1,751,000	(102,179)	2,451,382	1,360,864	620,725	(51,071)	6,030,721	1,836,235
Transfers In	-	-	4,730,553	8,556	787,870	253,817	5,780,796	3,027,310
Transfers Out	-	(2,020)	(4,963,953)	(14,706)	(1,224,930)	(145,817)	(6,351,426)	(1,646,950)
Change in Net Position	1,751,000	(104,199)	2,217,982	1,354,714	183,665	56,929	5,460,091	3,216,595
Net Position (Deficit), Beginning	6,115,365	(1,162,635)	31,189,553	1,463,412	51,950,645	4,091,988	93,648,328	16,534,344
Net Position (Deficit), Ending	\$ 7,866,365	\$ (1,266,834)	\$ 33,407,535	\$ 2,818,126	\$ 52,134,310	\$ 4,148,917	\$ 99,108,419	\$ 19,750,939

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

**CITY OF TULARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds						Governmental	
						Total	Internal	
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Service Funds
Cash Flows from Operating Activities:								
Cash Received from Customers for Current Services	\$ (1,799,232)	\$ 2,172,147	\$ 10,398,423	\$ 8,663,694	\$ 30,690,339	\$ 34,788	\$ 50,160,159	\$ -
Cash Received for Interfund Services Provided	-	-	-	-	-	-	-	13,832,875
Cash Paid for Salaries and Benefits	(156,350)	(1,378,789)	(1,532,068)	(2,937,149)	(1,701,182)	(9,639)	(7,715,177)	(934,914)
Cash Paid for Services and Supplies	(2,804,729)	(740,089)	(4,487,557)	(4,449,964)	(11,255,636)	(126,191)	(23,864,166)	(1,533,154)
Cash Paid for Other Charges	-	-	-	-	-	-	-	(7,053,363)
Cash Paid for Reported Claims	-	-	-	-	-	-	-	(439,480)
Net Cash Provided by (Used for) Operating Activities	(4,760,311)	53,269	4,378,798	1,276,581	17,733,521	(101,042)	18,580,816	3,871,964
Cash Flows from Non-Capital Financing Activities:								
Grants	3,590,525	-	-	-	-	130,609	3,721,134	-
Advances to/from Other Funds	193,000	-	(103,333)	103,333	-	-	193,000	-
Due to Other Funds	997,818	-	-	-	-	-	997,818	-
Other Income	-	-	-	-	-	-	-	11,488
Transfers from Other Funds	-	-	4,730,553	8,556	787,870	253,817	5,780,796	3,027,310
Transfers to Other Funds	-	(2,020)	(4,963,953)	(14,706)	(1,224,930)	(145,817)	(6,351,426)	(1,646,950)
Net Cash Provided by (Used for) Non-Capital Financing Activities	4,781,343	(2,020)	(336,733)	97,183	(437,060)	238,609	4,341,322	1,391,848
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Assets	990	-	-	-	-	-	990	80,975
Proceeds from Revenue Bonds	-	-	-	-	63,523,396	-	63,523,396	-
Payments Made on Capital Leases	-	-	(670,984)	-	(198,936)	-	(869,920)	-
Principal and Interest Paid on Long-Term Debt	-	-	-	-	(24,343,350)	-	(24,343,350)	(21,284)
Deferred Charges	-	-	-	-	1,208,790	-	1,208,790	-
Acquisition of Capital Assets	(21,717)	-	(4,084,512)	(7,053)	(944,976)	(133,008)	(5,191,266)	(1,646,951)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(20,727)	-	(4,755,496)	(7,053)	39,244,924	(133,008)	34,328,640	(1,587,260)
Cash Flows from Investing Activities:								
Interest Income (Expense)	685	(2,635)	-	16,104	803,877	257	818,288	14,613
Net Increase (Decrease) in Cash and Cash Equivalents	990	48,614	(713,431)	1,382,815	57,345,262	4,816	58,069,066	3,691,165
Cash and Cash Equivalents, Beginning of the Year	50	1,205,340	4,876,158	3,492,002	30,389,698	141,736	40,104,984	8,188,906
Cash and Cash Equivalents, End of the Year	\$ 1,040	\$ 1,253,954	\$ 4,162,727	\$ 4,874,817	\$ 87,734,960	\$ 146,552	\$ 98,174,050	\$ 11,880,071

(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, 2017

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Transit	Community & Economic Development	Water	Solid Waste	Sewer	Aviation	Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Income (Loss)	\$ (1,841,200)	\$ (99,544)	\$ 2,470,252	\$ 1,344,760	\$ 11,690,650	\$ (181,937)	\$ 13,382,981	\$ 1,730,882
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation	503,304	-	1,384,907	7,969	5,708,386	164,673	7,769,239	1,466,335
Changes in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	1,755	(1,641)	(212,949)	(37,382)	468,970	(86,320)	132,433	49,854
(Increase) in Inventory	-	-	-	-	-	-	-	119,676
(Increase) Decrease in Intergovernmental Receivable	(3,452,433)	-	-	980	(127,711)	-	(3,579,164)	-
(Increase) Decrease in Accounts Payable and Accrued Liabilities	(13,297)	13,284	641,976	(62,503)	(197,814)	1,145	382,791	463,791
Increase (Decrease) in Deposits Payable	-	-	-	-	-	-	-	-
Increase (Decrease) in Unearned Revenue	(33,363)	-	-	-	-	-	(33,363)	(18,012)
(Decrease) in Insurance Claims Payable	-	-	-	-	-	-	-	422,132
(Decrease) in Net Post-Employment Benefits Obligation	(612)	-	(13,510)	(16,601)	(12,080)	-	(42,803)	-
Increase (Decrease) in Net Pension Liability and Related Items	65,732	115,417	92,399	(26,782)	164,006	1,138	411,910	(383,232)
Increase (Decrease) in Compensated Absences Payable	9,803	25,753	15,723	66,140	39,114	259	156,792	20,538
Net Cash Provided by (Used for) Operating Activities	\$ (4,760,311)	\$ 53,269	\$ 4,378,798	\$ 1,276,581	\$ 17,733,521	\$ (101,042)	\$ 18,580,816	\$ 3,871,964
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Statement of Net Position:								
Cash and Investments	\$ 1,040	\$ 1,253,954	\$ 4,162,727	\$ 4,874,817	\$ 17,325,795	\$ 146,552	\$ 27,764,885	\$ 11,880,071
Cash and Investments with Fiscal Agents	-	-	-	-	70,409,165	-	70,409,165	-
Cash and Cash Equivalents Per Statement of Cash Flows	\$ 1,040	\$ 1,253,954	\$ 4,162,727	\$ 4,874,817	\$ 87,734,960	\$ 146,552	\$ 98,174,050	\$ 11,880,071

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

**CITY OF TULARE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Investments	\$ 7,662,630	\$ 6,332,386
Cash and Investments with Fiscal Agent	10,832	-
Accounts Receivable	556,834	26,426
Interest Receivable	17,286	-
Note Receivable	8,691,100	-
Land Held for Sale	6,152,303	-
Total Assets	23,090,985	6,358,812
Deferred Outflows of Resources		
Deferred Outflows from Deferred Loans	300,437	-
Total Deferred Outflows of Resources	\$ 300,437	\$ -
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 316,483	\$ 7,689
Due to Other Fund	-	5,540
Unearned Revenue	1,067,247	-
Deposits Payable	195,850	6,345,583
Bonds - Current	910,993	-
Total Current Liabilities	2,490,573	6,358,812
Noncurrent Liabilities		
Bonds and Advances	37,204,208	-
Total Noncurrent Liabilities	37,204,208	-
Total Liabilities	39,694,781	6,358,812
Net Position (Deficit)	\$ (16,303,359)	\$ -

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

**CITY OF TULARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Private Purpose Trust Fund</u>
Additions	
Grants	\$ 2,744,194
Interest and Rentals	24,313
Other	<u>61,573</u>
Total Additions	<u>2,830,080</u>
Deductions	
Community Development	5,309,702
Interest Expense	908,436
Contractual Services Expense	<u>-</u>
Total Deductions	<u>6,218,138</u>
Change in Net Position	(3,388,058)
Net Position (Deficit), Beginning of Year	<u>(12,915,301)</u>
Net Position (Deficit), End of Year	<u>\$ (16,303,359)</u>

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

CITY OF TULARE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, and for the year then ended.

A. Description of the Reporting Entity

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

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

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

Blended Component Unit:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major enterprise funds:

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

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

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

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

C. Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

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

Cash and Investments

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

Investments

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

Further cash and investment disclosures are presented in Note 2.

Interfund Transactions

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions (Continued)

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

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

Receivables

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

Inventory

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

Land Held for Resale

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

Capital Assets

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

Government-Wide Financial Statements

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

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

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

Fund Financial Statements

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

Compensated Absences

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

Long-Term Obligations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Obligations (Continued)

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

Net Position/Fund Balances

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances (Continued)

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

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

Property Taxes

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

The property tax calendar for the City is as follows:

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

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2017. All unencumbered appropriations lapse at year-end.

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

Budgets for the General, Special Revenue, and Debt Service Funds are presented on a basis consistent with accounting principles generally accepted in the United States of America. No budgets are adopted for the Financing Authority Debt Service Fund or the Proprietary and Fiduciary Fund types.

Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2017, the City Council approved \$149,057,218 of increases to the originally adopted General Fund budget, including carryovers of prior year encumbered balances and selected capital appropriations.

F. Reclassifications and Eliminations

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

G. Recent Accounting Pronouncements – Implemented in the Financial Statements

GASB Statement No. 74, Financial Reporting for Postemployment Benefits Other than Pension Plans

The requirements of this statement are effective for fiscal years beginning after June 15, 2016. The statement focuses primarily on enhanced note disclosures and schedules of required supplementary information. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 77, Tax Abatement Disclosures

The requirements of this statement are effective for reporting periods beginning after December 15, 2015. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting governments tax revenues. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The requirements of this statement are effective for reporting periods beginning after December 15, 2015. This statement addresses certain issues regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Upon implementation, there was no effect on the City's accounting or financial reporting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 79, Certain External Investment Pools and Pool Participants

The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14

The requirements of this statement are effective for reporting periods beginning after June 30, 2017. Earlier application is encouraged. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73

The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. Upon implementation, there was no effect on the City's accounting or financial reporting.

H. Pensions

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

I. Future Pronouncements

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

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans

The requirements of this statement are effective for fiscal years beginning after June 15, 2017. This statement replaces GASB Statement No. 45, implemented by the City in 2009, and focuses primarily on enhanced note disclosures and schedules of required supplementary information. The City has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements

The requirements of this statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City has not fully judged the effect of implementation of GASB Statement No. 81 as of the date of the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Future Pronouncements (Continued)

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

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

GASB Statement No. 84 – *Fiduciary Activities*

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

GASB Statement No. 85 – *Omnibus 2017*

The requirements for this statement are effective for fiscal years beginning after June 15, 2017. This statement addresses practice issues that have been identified during implementation of various GASB Statements, including Fair Value Measurement and Application. The City has not fully judged the effect of implementation of GASB Statement No. 85 as of the date of the basic financial statements.

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

The requirements of this statement are effective for periods beginning after June 15, 2017. The City has not fully judged the effect of implementation of GASB Statement No. 83 as of the date of the basic financial statements.

GASB Statement No. 87 – *Leases*

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

J. Deferred Outflows and Inflows of Resources

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

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Primary Government	
Cash and Investments	\$ 85,874,043
Cash and Investments with Fiscal Agent	71,578,157
Fiduciary Funds:	
Cash and Investments	13,995,016
Cash and Investments with Fiscal Agent	10,832
Total Cash and Investments	<u>\$ 171,458,048</u>

Cash and investments as of June 30, 2017, consist of the following:

Cash on Hand	\$ 13,680
Deposits with financial institutions	3,010,062
Investments	96,845,317
Cash and Investment with Fiscal Agents	71,588,989
Total Cash and Investments	<u>\$ 171,458,048</u>

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

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

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

(1) Must be rated A or better by a nationally recognized rating service and may not exceed 30 percent of the City's surplus funds.

(2) May only be purchased for purposes of bond defeasance or future capital improvement projects.

(3) Requires physical delivery of the securities backing the repurchase agreements or safekeeping documentation to a qualified safekeeping institution.

(4) Purchases may not exceed 15 percent of the City's surplus funds.

(5) Requires investing only in FDIC savings and loans institutions.

(6) Purchases may not exceed 25 percent of the City's surplus funds.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Federal Agency Securities	\$ 64,634,762	2.4
Certificates of Deposit	244,454	
Local Agency Investment Fund (LAIF)	31,966,101	N/A
Held by Bond Trustee:		
Money Market Mutual Funds	3,629,559	0.2
Investment Contracts	15,228,190	1.5
U.S. Treasury Bills	52,720,408	
Held by Insurance Administrator:		
Pooled Investments	10,832	N/A
Total	<u>\$ 168,434,306</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	\$ 64,634,762	N/A	\$ -	\$ 64,634,762	\$ -
Certificates of Deposit	244,454	N/A	-	-	244,454
Local Agency Investment Fund (LAIF)	31,966,101	Collateralized	-	-	31,966,101
Held by Bond Trustee:					
Money Market Mutual Funds	3,629,559	A	3,629,559	-	-
Investment Contracts	15,228,190	N/A	15,228,190	-	-
U.S. Treasury Bills	52,720,408	N/A	52,720,408	-	-
Held by Insurance Administrator:					
Pooled Investments	10,832	N/A	10,832	-	-
Total	\$ 168,434,306		\$ 71,588,989	\$ 64,634,762	\$ 32,210,555

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	\$ 10,863,905
Federal Farm Credit Banks	Federal Agency Securities	9,908,485
Federal National Mortgage	Federal Agency Securities	43,861,419
Government National Mortgage Association	Federal Agency Securities	953
	Total Federal Agency Securities	\$ 64,634,762

Custodial Credit Risk

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

The carrying amounts of the City's cash deposits were \$0 at June 30, 2017. Bank balances before reconciling items were \$3,937,357 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

Investments in State Investment Pool

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

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

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

The City has the following recurring fair value measurements as of June 30, 2017:

Investments by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities			
Federal Agency Securities	\$ 64,634,762	\$ 64,634,762	\$ -
Certificates of Deposit	244,454	244,454	-
Total Investments Measured at Fair Value	<u>64,879,216</u>	<u>\$ 64,879,216</u>	<u>\$ -</u>
Investments Measured at Amortized Cost			
LAIF	31,966,101		
Pooled Insurance Investments	10,832		
Money Market Mutual Funds	3,629,559		
Investment Contracts	15,228,190		
U.S. Treasury Bills	<u>52,720,408</u>		
Total Investments Measured at Amortized Cost	<u>103,555,090</u>		
Total Pooled and Directed Investments	<u>\$ 168,434,306</u>		

NOTE 3 – NOTES AND LOANS RECEIVABLE

Notes receivable for the primary government consist of:

Primary Government

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

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

Total Primary Government \$ 1,284,453

NOTE 3 – NOTES AND LOANS RECEIVABLE (Continued)

Loans receivable consist of:

Primary Government

Home Program (Housing Successor Agency (HSA))	\$ 7,991,332
Housing Community Development Block Grant (CDBG) Loans	1,828,007
Rehabilitation Loans	<u>1,034,539</u>
Total Primary Government	<u><u>\$ 10,853,878</u></u>

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2017, were as follows:

<u>Governmental Activities</u>	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets:				
Land	\$ 13,246,493	\$ 13,899	\$ -	\$ 13,260,392
Right-of-Way	14,503,053	1,379,578	-	15,882,631
Construction in Progress	<u>45,898,735</u>	<u>392,493</u>	<u>(567)</u>	<u>46,290,661</u>
Subtotal	<u>73,648,281</u>	<u>1,785,970</u>	<u>(567)</u>	<u>75,433,684</u>
Depreciable Capital Assets:				
Infrastructure	241,508,271	6,612,756	(7,673)	248,113,354
Structures and Improvements	58,694,710	53,702	-	58,748,412
Equipment	<u>26,362,151</u>	<u>1,925,974</u>	<u>(662,362)</u>	<u>27,625,763</u>
Subtotal	<u>326,565,132</u>	<u>8,592,432</u>	<u>(670,035)</u>	<u>334,487,529</u>
Accumulated Depreciation:				
Infrastructure	(119,270,741)	(8,528,027)	90,335	(127,708,433)
Structures and Improvements	(20,841,477)	(1,572,656)	-	(22,414,133)
Equipment	<u>(19,719,095)</u>	<u>(1,557,758)</u>	<u>660,639</u>	<u>(20,616,214)</u>
Subtotal	<u>(159,831,313)</u>	<u>(11,658,441)</u>	<u>750,974</u>	<u>(170,738,780)</u>
Net Capital Assets	<u><u>\$ 240,382,100</u></u>	<u><u>\$ (1,280,039)</u></u>	<u><u>\$ 80,372</u></u>	<u><u>\$ 239,182,433</u></u>

NOTE 4 – CAPITAL ASSETS (Continued)

Business-Type Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets:				
Land	\$ 7,408,278	\$ -	\$ -	\$ 7,408,278
Construction in Progress	-	2,830,488	-	2,830,488
Subtotal	<u>7,408,278</u>	<u>2,830,488</u>	<u>-</u>	<u>10,238,766</u>
Depreciable Capital Assets:				
Buildings	4,986,636	67,782	-	5,054,418
Improvements Other Than Buildings	323,918,120	2,239,218	(215,385)	325,941,953
Equipment	10,634,634	53,778	(594,315)	10,094,097
Subtotal	<u>339,539,390</u>	<u>2,360,778</u>	<u>(809,700)</u>	<u>341,090,468</u>
Accumulated Depreciation:				
Buildings	(1,545,038)	(114,894)	-	(1,659,932)
Improvements Other Than Buildings	(75,497,598)	(7,183,269)	143,071	(82,537,796)
Equipment	(7,720,285)	(471,076)	594,315	(7,597,046)
Subtotal	<u>(84,762,921)</u>	<u>(7,769,239)</u>	<u>737,386</u>	<u>(91,794,774)</u>
Net Capital Assets	<u>\$ 262,184,747</u>	<u>\$ (2,577,973)</u>	<u>\$ (72,314)</u>	<u>\$ 259,534,460</u>

Depreciation expense for the fiscal year ending June 30, 2017, was charged to the following activities:

Governmental Activities:	
General Government	\$ 961,950
Public Safety	618,778
Public Works	85,362
Community Development	7,202,214
Community Services	39,800
Library and Cultural	<u>2,750,337</u>
Total Governmental Activities Depreciation Expense	<u>\$ 11,658,441</u>
Business-Type Activities:	
Aviation	\$ 164,673
Transit	503,304
Water	1,384,907
Solid Waste	7,969
Sewer	<u>5,708,386</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 7,769,239</u>

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The City's accounts payable and accrued liabilities for the year ended June 30, 2017, for the major funds, nonmajor funds, and internal service funds are as follows:

Governmental Activities:	
General Fund	\$ 5,121,515
Measure R	108,154
Financing Authority Fund	354,669
Nonmajor Governmental Funds	77,367
Internal Service Funds	<u>620,028</u>
Total Governmental Activities	<u>\$ 6,281,733</u>
Business-Type Activities:	
Transit	\$ 161,385
Community & Economic Development	179,199
Water	1,289,223
Solid Waste	273,799
Sewer	3,427,902
Aviation	<u>2,929</u>
Total Business-Type Activities	<u>\$ 5,334,437</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2017:

Type of Debt	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Lease Bonds Payable	\$ 27,535,000	\$ -	\$ 865,000	\$ 26,670,000	\$ 910,000
Bond Premium	1,243,372	-	56,948	1,186,424	56,948
Bond Discount	(683,216)	-	(30,232)	(652,984)	(30,232)
Leases Payable	825,839	-	112,068	713,771	116,568
Net Post-Employment Benefits Obligation	544,654	-	55,765	488,889	-
Compensated Absences Payable	2,526,701	471,690	131,419	2,866,972	217,890
Total Governmental Activities	<u>\$ 31,992,350</u>	<u>\$ 471,690</u>	<u>\$ 1,190,968</u>	<u>\$ 31,273,072</u>	<u>\$ 1,271,174</u>
Business-Type Activities:					
Revenue Bonds Payable	\$ 182,161,972	\$ 58,265,000	\$ 11,465,877	\$ 228,961,095	\$ 3,182,798
Bond Premium	10,020,666	5,258,396	542,254	14,736,808	573,554
Leases Payable	7,382,888	-	862,986	6,519,902	906,925
Notes Payable	521,793	-	521,793	-	-
Net Post-Employment Benefits Obligation	129,141	-	42,803	86,338	-
Compensated Absences Payable	943,724	156,792	-	1,100,516	83,640
Total Business-Type Activities	<u>\$ 201,160,184</u>	<u>\$ 63,680,188</u>	<u>\$ 13,435,713</u>	<u>\$ 251,404,659</u>	<u>\$ 4,746,917</u>

NOTE 6 – LONG-TERM DEBT (Continued)

Type of Debt	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Primary Government:					
Revenue Bonds Payable	\$ 209,696,972	\$ 58,265,000	\$ 12,330,877	\$ 255,631,095	\$ 4,092,798
Bond Premium	11,264,038	5,258,396	599,202	15,923,232	630,502
Bond Discount	(683,216)	-	(30,232)	(652,984)	(30,232)
Leases Payable	8,208,727	-	975,054	7,233,673	1,023,493
Notes Payable	521,793	-	521,793	-	-
Net Post-Employment Benefits Obligation	673,795	-	98,568	575,227	-
Compensated Absences Payable	3,470,425	628,482	131,419	3,967,488	301,530
Total Primary Government	\$ 233,152,534	\$ 64,151,878	\$ 14,626,681	\$ 282,677,731	\$ 6,018,091

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.

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 5.50% depending upon the date of maturity. At June 30, 2017, the outstanding balance, including the related unamortized bond premium and discount, was:

\$ 27,203,440

Compensated Absences:

The City accounts for compensated absences (unpaid vacation, sick leave, and compensatory time) in accordance with the City's policy.

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's intention to liquidate any unpaid compensated absences at June 30 from future resources, rather than current available financial resources. Accordingly, the unpaid liability for governmental funds is recorded in the government-wide Statement of Net Position.

\$ 2,866,972

Net Post-Employment Benefits Obligation:

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

\$ 488,889

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.

\$ 713,771

NOTE 6 – LONG-TERM DEBT (Continued)

Governmental Activities - (Continued)

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

Year Ending June 30,	Citi Capital Muni
2018	\$ 147,904
2019	147,904
2020	147,904
2021	147,904
2022	147,904
2023	73,952
	813,472
Less Interest	99,701
Total	<u>\$ 713,771</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, 2017, the outstanding balance was \$4,502,061.

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

Year Ending June 30,	Citi Capital Muni
2018	\$ 932,444
2019	932,444
2020	932,444
2021	932,444
2022	932,444
2023	466,222
	5,128,442
Less Interest	626,381
Total	<u>\$ 4,502,061</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, 2017, the outstanding balance was \$2,017,841.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

Lease Payable: (Continued)

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

<u>Year Ending June 30,</u>	<u>Bank of America Solar Project</u>
2018	\$ 266,921
2019	270,816
2020	274,696
2021	278,554
2022	282,554
2023-2026	<u>1,168,153</u>
	2,541,694
Less Interest	<u>523,853</u>
Total	<u><u>\$ 2,017,841</u></u>

2009 Sewer Revenue Bonds:

On June 30, 2009, the City issued \$54,775,000 in Sewer Revenue Bonds. The bond principal is payable in amounts ranging from \$780,000 to \$10,590,000 per year on November 15 each year, commencing November 15, 2032, through November 15, 2044, and bear interest rate of 8.75%. The bond interest is payable twice a year, on May 15 and November 15 each year. The City is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2009 Bonds. At June 30, 2017, 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 6.50%. During the year, the City paid off the remaining balance by issuing the Sewer Revenue Refunding Bonds, Series 2016.

2012 Sewer Revenue Refunding Bonds:

On May 18, 2012, the City issued \$10,580,000 in Sewer Revenue Refunding Bonds to refund a portion of the City's 2001 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2012, through November 15, 2026, and bear interest at a rate of 3.29%. At June 30, 2017, the outstanding balance was \$7,481,095.

2013 Sewer Revenue Refunding Bonds:

On May 1, 2013, the City issued \$32,855,000 in Sewer Revenue Refunding Bonds to refund the City's 2001 Sewer Revenue Bonds and the 2003 Sewer Revenue Bonds. Principal and interest payments are due semi-annually commencing on November 15, 2013, through November 15, 2033, and bear interest rates from 2% to 5%. At June 30, 2017, the outstanding balance, including the related unamortized bond premium was \$27,620,290.

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

2015 Sewer Revenue Refunding Bonds:

In November 2015, the City issued \$84,555,000 in Sewer Revenue Refunding Bonds to refund the City's 2006 Sewer Revenue Bonds with an outstanding principal of \$76,800,000. The reacquisition price exceeded the net carry amount of the old debt by \$7,755,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$7,433,828. Principal and interest payments are due semi-annually commencing on November 15, 2015, through November 15, 2045, and bear interest rates from 2% to 5%. At June 30, 2017, the outstanding balance, including the related unamortized bond premium was \$90,454,622.

On July 20, 2017, the City issued \$58,265,000 in Sewer Revenue Refunding Bonds to refund the City's 2010 Sewer Revenue Bonds with an outstanding principal of \$8,375,000. Due to the advance refunding of the 2010 Sewer Revenue Bonds, a deferred outflow of resources (refunding of debt) of \$387,453 was calculated and will be amortized over the life of the debt. The transaction resulted in a reduction of \$1,951,172 in future debt service payments. The economic gain was \$906,004. Principal and interest payments are due semi-annually commencing November 15, 2019, through November 15, 2044, and bear interest rates from 3% to 5%. At June 30, 2017, the outstanding balance, including the related unamortized bond premium was \$63,366,896.

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

Year Ending June 30,	Primary Government			
	Governmental Activities	Business-Type Activities		
	2008 Lease Revenue Bonds	2013 Sewer Revenue Refunding Bonds	2009 Sewer Revenue Bonds	2012 Sewer Revenue Refunding Bonds
2018	\$ 2,328,675	\$ 2,872,000	\$ 4,792,813	\$ 923,355
2019	2,322,725	2,872,500	4,792,813	923,355
2020	2,323,113	2,369,150	4,792,813	923,355
2021	2,325,785	2,371,900	4,792,813	923,355
2022	2,325,750	2,373,150	4,792,813	923,355
2023-2027	11,625,564	7,239,900	23,964,060	4,155,098
2028-2032	9,368,970	12,081,550	23,964,060	-
2033-2037	9,362,950	2,407,750	31,360,370	-
2038-2042	1,872,625	-	32,650,471	-
2043-2046	-	-	34,088,157	-
	43,856,157	34,587,900	169,991,183	8,771,873
Less Interest	17,186,157	9,007,900	115,216,183	1,290,778
Plus Unamortized Premium	1,186,424	2,040,290	-	-
Less Unamortized Discount	(652,984)	-	-	-
Total	\$ 27,203,440	\$ 27,620,290	\$ 54,775,000	\$ 7,481,095

NOTE 6 – LONG-TERM DEBT (Continued)

Business-Type Activities - (Continued)

Year Ending June 30,	Primary Government Business-Type Activities	
	2015 Sewer Revenue Refunding Bonds	2016 Sewer Revenue Refunding Bonds
2018	\$ 4,245,800	\$ 2,141,100
2019	4,246,500	2,141,100
2020	4,919,900	2,490,775
2021	4,923,750	2,747,850
2022	4,923,250	2,746,300
2023-2027	29,117,125	13,863,600
2028-2032	29,242,625	13,560,375
2033-2037	29,655,619	18,108,700
2038-2042	29,321,514	20,742,600
2043-2046	12,572,500	28,907,450
	153,168,583	107,449,850
Less Interest	70,308,583	49,184,850
Plus Unamortized Premium	7,594,622	5,101,896
Less Unamortized Discount	-	-
Total	<u>\$ 90,454,622</u>	<u>\$ 63,366,896</u>

Net Post-Employment Benefits Obligation:

The City accounts for net post-employment benefits obligation in accordance with GASB Statement No. 45. The unfunded annual required contribution is recorded as a liability in the Enterprise Fund and Government-Wide Statement of Net Position. At June 30, 2017, the net post-employment benefits obligation totaled \$86,338 for business-type activities.

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, 2017, the compensated absences payable totaled \$1,100,516 for business-type activities.

NOTE 7 – PENSION PLANS

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

Miscellaneous Plan

A. General Information

Plan Description

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

Benefits Provided

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

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

The plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous 2nd Tier</u>	<u>Miscellaneous PEPRA</u>
Hire Date	Prior to January 1, 2011	January 1, 2011 through December 31, 2012	On or after January 1, 2013
Benefit Formula	2.7%@55	2.5%@60	2.0%@62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50-63	52-67
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	8.00%	8.00%
Required Employer Contribution Rates	26.195%	26.195%	26.195%

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

A. General Information (Continued)

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	234
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>213</u>
Total	<u><u>585</u></u>

Contributions

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

B. Net Pension Liability

The City's net pension liability for its plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation Rate	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% to 14.2% (1)
Investment Rate of Return	7.5
Mortality	Derived from CalPERS Membership Data for all Funds (3)

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

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

B. Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

C. Changes in Net Pension Liability

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

	Total Pension Liability (1)	Increase (Decrease) Plan Fiduciary Net Position (2)	Net Pension Liability (Asset) (3) = (1) - (2)
Balance at June 30, 2015	\$ 103,225,944	\$ 76,508,188	\$ 26,717,756
Changes Recognized for the Measurement Period:			
- Service Cost	1,881,617	-	1,881,617
- Interest on the Total Pension Liability	7,819,665	-	7,819,665
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	562,943	-	562,943
- Changes of Assumptions	-	-	-
- Contributions from the Employer	-	2,660,488	(2,660,488)
- Contributions from the Employees	-	938,085	(938,085)
- Net Investment Income (b)	-	417,640	(417,640)
- Benefit Payments Including Refund of Employee Contributions	-	(46,628)	46,628
- Administrative Expenses	(5,023,725)	(5,023,725)	-
Net Changes	<u>5,240,500</u>	<u>(1,054,140)</u>	<u>6,294,640</u>
Balance at June 30, 2016	<u>\$ 108,466,444</u>	<u>\$ 75,454,048</u>	<u>\$ 33,012,396</u>

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

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

<u>MISCELLANEOUS PLAN</u>	<u>Discount Rate - 1% (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>Discount Rate + 1% (8.65%)</u>
Plan's Net Pension Liability	\$ 46,972,810	\$ 33,012,396	\$ 21,419,673

Pension Plan Fiduciary Net Position

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

NOTE 7 – PENSION PLANS (Continued)

Miscellaneous Plan (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$2,794,430. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,954,921	\$ -
Differences between actual and expected experience	-	399,143
Changes in assumptions	346,426	507,280
Net differences between projected and actual earnings on plan investments	<u>4,089,826</u>	<u>-</u>
Total	<u>\$ 7,391,173</u>	<u>\$ 906,423</u>

\$2,954,921 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2018	\$ (111,435)
2019	708,383
2020	1,869,400
2021	<u>1,063,481</u>
Total	<u>\$ 3,529,829</u>

E. Payable to the Pension Plan

The City reported a payable of \$155,962 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Safety Police and Safety Fire Plans

A. General Information

Plan Description

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

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

A. General Information (Continued)

Benefits Provided

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

The plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Safety - Police 1st Tier	Safety - Police 2nd Tier	Safety - Police PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	19.536%	16.656%	12.820%
	Safety - Fire 1st Tier	Safety - Fire 2nd Tier	Safety - Fire PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	19.536%	17.689%	12.082%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,680,525 for the fiscal year ended June 30, 2017.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

A. General Information (Continued)

Contributions

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

The City's contributions to the plans for the year ended June 30, 2017, were \$3,071,894.

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

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the plans of \$22,352,131.

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

Proportion - June 30, 2015	0.4443%
Proportion - June 30, 2016	0.4316%
Change - Increase (Decrease)	-0.0127%

For the year ended June 30, 2017, the City recognized pension expense of \$1,162,019. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 3,363,541	\$ -
Changes of assumptions	-	1,057,367
Differences between actual and expected experience	-	242,511
Net difference between projected and actual earnings on plan investments	5,194,793	-
Change in City's proportion	1,558,454	933,303
Differences between the City's actual contributions and the City's proportionate share of contributions	1,152,121	-
Total	<u>\$ 11,268,909</u>	<u>\$ 2,233,181</u>

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

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

\$3,363,541 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2018	\$ 992,627
2019	1,001,631
2020	2,325,573
2021	<u>1,352,356</u>
Total	<u>\$ 5,672,187</u>

C. Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Age-Entry Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation Rate	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived from CalPERS Membership Data for all Funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

Change of Assumptions

GASB Statement No. 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The discount rate of 7.0 percent used the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expenses.

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate

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

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

NOTE 7 – PENSION PLANS (Continued)

Safety Police and Safety Fire Plans (Continued)

D. Discount Rate (Continued)

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

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

<u>SAFETY POLICE AND SAFETY FIRE PLANS</u>	<u>Discount Rate -1% 6.65%</u>	<u>Current Discount Rate 7.65%</u>	<u>Discount Rate +1% 8.65%</u>
Plans' Net Pension Liability	\$ 33,907,532	\$ 22,352,131	\$ 12,866,331

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plans

The City reported a payable of \$98,097 for an outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

NOTE 8 – RISK MANAGEMENT

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

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

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

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

NOTE 8 – RISK MANAGEMENT (Continued)

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

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

NOTE 9 – INTERFUND TRANSACTIONS

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

Interfund due from/to other funds at June 30, 2017, were as follows:

	<u>Purpose</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds			
General Fund	General Operations	\$ 1,393,440	\$ 36,272
Nonmajor Governmental Funds	General Operations	-	76,191
Enterprise Funds			
Transit Fund	General Operations	-	1,275,437
Fiduciary Funds - Agency Fund	General Operations	-	5,540
		<u>\$ 1,393,440</u>	<u>\$ 1,393,440</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Interfund transfers consist of transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2016-17 fiscal year are as follows:

	Purpose	Transfers In	Transfers Out
<u>Governmental Major Funds</u>			
General Fund			
Nonmajor Governmental Funds	For Traffic Safety activity	\$ 165,019	\$ -
Nonmajor Governmental Funds	To reimburse General Fund	61,938	-
General Fund	To reimburse General Fund	112,020	-
General Fund	To fund activity	55,000	-
General Fund	General Fund contribution	-	1,452,020
General Fund	To fund CIP activity	963,000	-
Measure R Fund	To fund CIP activity	1,000,548	-
Nonmajor Governmental Funds	To fund CIP activity	2,561,224	-
Nonmajor Governmental Funds	General Fund contribution	-	800,067
Enterprise Funds	General Fund contribution	-	108,000
Financing Authority Fund	For lease revenue bond payment	-	2,015,380
Internal Service Funds	To pay unemployment claims	-	20,190
Enterprise Funds	To fund equipment purchase	-	437,350
Total General Fund		<u>4,918,749</u>	<u>4,833,007</u>
Measure R Fund			
General Fund	To fund CIP activity	-	<u>1,000,548</u>
Finance Authority Fund			
General Fund	For lease revenue bond payment	<u>2,015,380</u>	<u>-</u>
<u>Governmental Nonmajor Funds</u>			
Special Revenue Funds			
General Fund	General Fund contribution	800,067	-
General Fund	To fund CIP activity	-	2,561,224
General Fund	For traffic safety activity	-	142,182
General Fund	To reimburse General Fund	-	84,775
Total Special Revenue Funds		<u>800,067</u>	<u>2,788,181</u>
Capital Projects Fund			
General Fund	To fund CIP activity	50,000	-
Enterprise Funds	To fund CIP activity	<u>27,810</u>	<u>-</u>
		<u>77,810</u>	<u>-</u>

NOTE 9 – INTERFUND TRANSACTIONS (Continued)

Proprietary Major Funds

Enterprise Funds			
General Fund	General Fund contribution	108,000	-
Aviation Fund	Reimburse for Capital Outlay	145,817	-
Water Fund	Reimburse for Capital Outlay	4,043,203	-
Solid Waste Fund	Reimburse for Capital Outlay	8,556	-
Sewer Fund	Reimburse for Capital Outlay	537,870	-
Water Fund	To fund CIP activity	250,000	-
Nonmajor Governmental Funds	To fund CIP activity	437,350	-
Sewer Fund	To fund CIP activity	250,000	-
Nonmajor Governmental Funds	To fund CIP activity	-	27,810
Water Fund	To fund CIP activity	-	913,400
General Fund	To fund CIP activity	-	424,770
Sewer Fund	To fund CIP activity	-	250,000
Aviation Fund	Reimburse for Capital Outlay	-	145,817
Water Fund	Reimburse for Capital Outlay	-	4,043,203
Solid Waste Fund	Reimburse for Capital Outlay	-	8,556
Sewer Fund	Reimburse for Capital Outlay	-	537,870
Total Enterprise Funds		<u>5,780,796</u>	<u>6,351,426</u>

Proprietary Nonmajor Funds

Internal Service Funds			
General Fund	To fund activity	292,190	-
Enterprise Funds	To fund activity	1,088,170	-
Fleet Maintenance Fund	To reimburse	1,646,950	-
Fleet Maintenance Fund	To reimburse	-	1,646,950
Total Internal Service Funds		<u>3,027,310</u>	<u>1,646,950</u>

Totals		<u>\$ 16,620,112</u>	<u>\$ 16,620,112</u>
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Interfund advances to/from at June 30, 2017, were as follows:

	<u>Purpose</u>	<u>Advances From Other Funds</u>	<u>Advances To Other Funds</u>
General Fund	For General Operations	\$ -	\$ 193,000
Solid Waste Fund	To Construct Wells	-	1,240,000
Water Fund	To Construct Wells	1,240,000	-
Transit Fund	For General Operations	193,000	-
		<u>\$ 1,433,000</u>	<u>\$ 1,433,000</u>

Advances from Other Funds:

A loan from the Water Fund to the Solid Waste Fund in June 2014 for the construction of Wells: \$1,550,000 original loan in 15 annual payments of \$103,333 plus interest of 2.25%. \$ 1,240,000

A loan from the General Fund to the Transit Fund in 2016/17 for maximizing the Local Transportation Funding claim: \$193,000 original loan in 5 annual payments \$ 193,000

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

In addition to the employee retirement benefits described in Note 7, the City provides a Single Employer 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, 2017, approximated \$259,568. 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, 2017, thirty-two (32) employees were affected by the provisions of these benefits.

No separate audited report is issued for the City's Other Post-Employment Benefits (OPEB) plan.

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.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2017:

<u>Item</u>	<u>Primary Government</u>
Annual Required Contributions	\$ 158,000
Interest on Net OPEB Obligation/(Asset)	32,000
Adjustment to Annual Required Contributions	<u>(29,000)</u>
Annual OPEB Cost	161,000
Contributions Made	<u>(259,568)</u>
Increase in Net OPEB Obligation/(Asset)	(98,568)
Net OPEB Obligation/(Asset) - Beginning of Year	<u>673,795</u>
Net OPEB Obligation/(Asset) - End of Year	<u><u>\$ 575,227</u></u>

The City’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2015, 2016, and 2017, are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation/(Asset)</u>
6/30/15	\$ 208,001	\$ 287,807	138.37%	\$ 800,036
6/30/16	\$ 161,000	\$ 287,241	178.41%	\$ 673,795
6/30/17	\$ 161,000	\$ 259,568	161.22%	\$ 575,227

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017, was as follows:

<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Asset Value</u>	<u>(B) Actuarial Accrued Liability (AAL)</u>	<u>(C) Unfunded AAL (UAAL) (B)-(A)</u>	<u>(D) Funded Ratio (A)/(B)</u>	<u>(E) Covered Payroll</u>	<u>(F) UAAL as a Percentage of Covered Payroll (C)/(E)</u>
7/1/2010	\$ -	\$ 3,555,000	\$ 3,555,000	0.0%	\$ 21,566,900	16.5%
7/1/2013	\$ -	\$ 3,762,000	\$ 3,762,000	0.0%	\$ 21,696,287	17.3%
7/1/2015	\$ -	\$ 3,967,000	\$ 3,967,000	0.0%	\$ 19,706,444	20.1%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

D. Funded Status and Funding Progress (Continued)

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 FASB's corresponding statement, *Statement of Financial Accounting Standards Board Statement No. 106*.

The valuation results are developed assuming a **discount rate** of 4.0%. 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 8% for pre 65 Medical/Rx Benefits; 7% for post 65 Medical Benefits; and 4.5% administrative fees in the year July 1, 2015 to June 30, 2016, grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2018 of 5.00%.

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

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

The City's UAAL is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2017, was 24 years.

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

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2017, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund	
Public Safety	\$ 2,376,167
Public Works	107,629
Community Development	18,448
Community Services	554,878
Special Revenue - HOME Program Fund	
Community Development	214,919
Special Revenue - COPS - State Grant Fund	
Public Safety	32,337
Special Revenue - Landscape and Lighting Fund	
Community Services	32,075
Special Revenue - Police Forfeiture Fund	
Public Safety	213
Special Revenue - 2009 COPS Hiring Recovery Program Fund	
Public Safety	58,919
Special Revenue - Rental Rehabilitation Fund	
Community Development	289
Capital Projects	
Technology CIP	47,245

* - The excess expenditure for Public Safety is due to the City not budgeting for pension costs related to GASB Statement No. 68.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

General Liability

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

NOTE 13 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2017, is as follows:

	<u>General Fund</u>	<u>Measure R Fund</u>	<u>Financing Authority Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>
Total nonspendable fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Restricted for:					
Public Safety - Police	-	-	-	23,157	23,157
Public Safety - Fire	-	-	-	182,725	182,725
Public Works - Street	-	1,064,984	-	3,485,369	4,550,353
Debt Service	-	-	2,590,515	-	2,590,515
Development Services	<u>3,210,570</u>	<u>-</u>	<u>-</u>	<u>2,197,558</u>	<u>5,408,128</u>
Total restricted fund balance	<u>3,210,570</u>	<u>1,064,984</u>	<u>2,590,515</u>	<u>5,888,809</u>	<u>12,754,878</u>
Committed to:					
Cash Basis Reserve	10,967,992	-	-	-	10,967,992
Appropriation for Next Year's Budget	<u>36,307,072</u>	<u>-</u>	<u>-</u>	<u>312,130</u>	<u>36,619,202</u>
Total committed fund balance	<u>47,275,064</u>	<u>-</u>	<u>-</u>	<u>312,130</u>	<u>47,587,194</u>
Total fund balances	<u>\$ 50,485,634</u>	<u>\$ 1,064,984</u>	<u>\$ 2,590,515</u>	<u>\$ 6,235,939</u>	<u>\$ 60,377,072</u>

NOTE 14 – SUBSEQUENT EVENTS

The Board approved City Resolution 17-59 and Authority Resolution 2017-01 authorizing the City to enter into a Lease Agreement with the City of Tulare Public Financing Authority for purposes of issuing 2018 Lease Revenue Bonds (Refunding and Capital Facilities Projects), in the aggregate principal amount not to exceed \$30,000,000; the bonds will be used predominantly to refinance the outstanding 2008 Lease Revenue Bonds for savings and will also be used to provide approximately \$2.5 million for street improvements and \$1.5 million to purchase the existing one (1) megawatt solar photovoltaic system from Wastewater Fund at fair market value.

The date to which events occurring after June 30, 2017, have been evaluated for possible adjustments to the financial statements or disclosures is January 29, 2018, which is the date that the financial statements were available to be issued.

NOTE 15 – DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2017, the following funds had a deficit fund balance or net position:

The Community & Economic Development Services Fund, an Enterprise Fund, had a deficit of \$1,266,834. The Community & Economic Development Services Fund deficit relates to GASB Statement No. 68. The City's plan is to increase the fund balance over time to cover the pension through rate increase and cost savings. This fund was created in the fiscal year 2012-13 and inherited the liability of staff without any consideration of the pension liability.

The Workers' Compensation Fund, an Internal Service Fund, had a deficit of \$240,788. The deficit in the Workers' Compensation Fund was mostly due to insufficient charges to the other funds. The City will eliminate this deficit with additional revenues generated from increased rates.

NOTE 16 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Position/Fund Balance, as Previously Reported	\$ 256,965,975	\$ 51,663,205
Prior Period Adjustment		
Correct Intergovernmental Receivables due to incorrectly recording twice.	<u>(815,000)</u>	<u>(815,000)</u>
Net Position/Fund Balance Beginning of Year, as Restated	<u>\$ 256,150,975</u>	<u>\$ 50,848,205</u>

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 34,330,202	\$ 34,460,230	\$ 33,759,018	\$ (701,212)
Intergovernmental	-	-	57,400	57,400
Licenses and Permits	93,034	102,000	107,543	5,543
Fines and Forfeitures	32,640	32,640	13,706	(18,934)
Charges for Services	1,058,575	3,165,270	3,161,371	(3,899)
Interest and Rentals	399,079	394,760	144,941	(249,819)
Grants	3,495,915	2,807,393	276,628	(2,530,765)
Assessments	54,836	86,340	86,640	300
Other	2,342,233	3,734,317	4,140,150	405,833
Total Revenues	41,806,514	44,782,950	41,747,397	(3,035,553)
Expenditures				
Current				
General Government	5,427,845	5,268,677	4,989,627	279,050
Public Safety	22,742,807	20,518,636	22,894,803	(2,376,167)
Public Works	2,357,720	2,328,300	2,435,929	(107,629)
Community Development	86,340	86,020	104,468	(18,448)
Community Services	5,191,031	4,827,667	5,382,545	(554,878)
Library and Cultural	1,311,820	1,284,742	1,170,100	114,642
Capital Outlay	24,014,556	19,092,329	5,088,655	14,003,674
Debt Service				
Principal	90,280	135,672	90,783	44,889
Interest and Fiscal Charges	27,570	52,637	38,800	13,837
Total Expenditures	61,249,968	53,594,680	42,195,710	11,398,970
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,443,454)	(8,811,730)	(448,313)	8,363,417
Other Financing Sources (Uses)				
Transfers In	(3,341,020)	(4,359,020)	4,918,749	9,277,769
Transfers Out	(5,439,700)	(5,462,670)	(4,833,007)	629,663
Total Other Financing Sources (Uses)	(8,780,720)	(9,821,690)	85,742	9,907,432
Net Change in Fund Balance	(28,224,174)	(18,633,420)	(362,571)	18,270,849
Fund Balance, Beginning	50,848,205	50,848,205	50,848,205	-
Fund Balance, Ending	\$ 22,624,031	\$ 32,214,785	\$ 50,485,634	\$ 18,270,849

CITY OF TULARE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE R FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 12,064,000	\$ 12,064,000	\$ 2,055,433	\$ (10,008,567)
Interest and Rentals	-	-	(11,188)	(11,188)
Total Revenues	<u>12,064,000</u>	<u>12,064,000</u>	<u>2,044,245</u>	<u>(10,019,755)</u>
Other Financing Sources (Uses)				
Transfers Out	(815,000)	(815,000)	(1,000,548)	(185,548)
Net Change in Fund Balance	11,249,000	11,249,000	1,043,697	(10,205,303)
Fund Balance, Beginning	<u>21,287</u>	<u>21,287</u>	<u>21,287</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 11,270,287</u>	<u>\$ 11,270,287</u>	<u>\$ 1,064,984</u>	<u>\$ (10,205,303)</u>

CITY OF TULARE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2017

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

Notes to the Schedule

Changes in Benefit Terms

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (A.K.A. Golden Handshakes).

Changes in Assumptions

The discount rate was changed in 2016 from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

**CITY OF TULARE
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the net pension liability	0.4487%	0.4443%	43.1600%
Proportionate share of the net pension liability	\$ 16,966,410	\$ 18,307,442	\$ 22,352,131
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988
Proportionate share of the net pension liability as percentage of covered payroll	196.68%	201.36%	252.60%
Plan fiduciary net position as a percentage of the total pension liability	107.35%	110.72%	73.74%

Notes to the Schedule

Changes in Benefit Terms

None.

Changes in Assumptions

The discount rate was changed in 2016 from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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

**CITY OF TULARE
SCHEDULE OF CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially required contribution (actuarially determined)	\$ 2,917,669	\$ 3,136,890	\$ 3,071,894
Contributions in relation to the actuarially determined contributions	<u>2,917,669</u>	<u>3,136,890</u>	<u>3,071,894</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,626,208	\$ 9,091,762	\$ 8,848,988
Contributions as a percentage of covered payroll	33.82%	34.50%	34.71%

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

**CITY OF TULARE
SCHEDULE OF FUNDED STATUS AND FUNDING PROGRESS
FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

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)
7/1/2010	\$ -	\$ 3,555,000	\$ 3,555,000	0.0%	\$ 21,566,900	16.5%
7/1/2013	\$ -	\$ 3,762,000	\$ 3,762,000	0.0%	\$ 21,696,287	17.3%
7/1/2015	\$ -	\$ 3,967,000	\$ 3,967,000	0.0%	\$ 19,706,444	20.1%

OTHER SUPPLEMENTARY INFORMATION

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and Investments	\$ 4,877,830	\$ 314,483	\$ 5,192,313
Receivables			
Accounts	2,454	-	2,454
Interest	361,723	-	361,723
Taxes	-	-	-
Intergovernmental	160,017	-	160,017
Loans	10,853,878	-	10,853,878
Notes	1,284,453	-	1,284,453
Land Held for Resale	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total Assets	<u>17,575,355</u>	<u>314,483</u>	<u>17,889,838</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 17,575,355</u>	<u>\$ 314,483</u>	<u>\$ 17,889,838</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 75,014	\$ 2,353	\$ 77,367
Due to Other Funds	76,191	-	76,191
Unearned Revenue	<u>111,586</u>	<u>-</u>	<u>111,586</u>
Total Liabilities	<u>262,791</u>	<u>2,353</u>	<u>265,144</u>
Deferred Inflows of Resources			
Deferred Loans	<u>11,388,754</u>	<u>-</u>	<u>11,388,754</u>
Fund Balances			
Nonspendable	35,000	-	35,000
Restricted	5,888,810	-	5,888,810
Committed	<u>-</u>	<u>312,130</u>	<u>312,130</u>
Total Fund Balances	<u>5,923,810</u>	<u>312,130</u>	<u>6,235,940</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,575,355</u>	<u>\$ 314,483</u>	<u>\$ 17,889,838</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 1,184,697	\$ -	\$ 1,184,697
Intergovernmental	212,382	-	212,382
Fines and Forfeitures	153,786	-	153,786
Interest and Rentals	(21,614)	-	(21,614)
Grants	682,787	-	682,787
Meals	23,722	-	23,722
Assessments	687,905	-	687,905
Other	24,234	-	24,234
Total Revenues	<u>2,947,899</u>	<u>-</u>	<u>2,947,899</u>
Expenditures			
Current			
Public Safety	728,972	-	728,972
Community Development	450,555	226,734	677,289
Community Services	974,070	-	974,070
Total Expenditures	<u>2,153,597</u>	<u>226,734</u>	<u>2,380,331</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>794,302</u>	<u>(226,734)</u>	<u>567,568</u>
Other Financing Sources (Uses)			
Transfers In	800,067	77,810	877,877
Transfers Out	(2,788,181)	-	(2,788,181)
Total Other Financing Sources (Uses)	<u>(1,988,114)</u>	<u>77,810</u>	<u>(1,910,304)</u>
Net Change in Fund Balances	(1,193,812)	(148,924)	(1,342,736)
Fund Balances - Beginning	<u>7,117,622</u>	<u>461,054</u>	<u>7,578,676</u>
Fund Balances - Ending	<u>\$ 5,923,810</u>	<u>\$ 312,130</u>	<u>\$ 6,235,940</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF TULARE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ 200	\$ 128,229	\$ -	\$ 3,468,987	\$ -	\$ 66,342
Receivables						
Accounts	(9)	970	838	-	-	-
Interest	-	341,304	-	16,382	386	180
Intergovernmental	16,749	-	51,907	-	8,437	15,148
Loans	-	7,991,332	1,828,007	-	-	-
Notes	-	-	1,284,453	-	-	-
Land Held for Resale	-	-	35,000	-	-	-
Total Assets	<u>16,940</u>	<u>8,461,835</u>	<u>3,200,205</u>	<u>3,485,369</u>	<u>8,823</u>	<u>81,670</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 16,940</u>	<u>\$ 8,461,835</u>	<u>\$ 3,200,205</u>	<u>\$ 3,485,369</u>	<u>\$ 8,823</u>	<u>\$ 81,670</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts Payable and						
Accrued Liabilities	\$ 13,223	\$ -	\$ 14,132	\$ -	\$ -	\$ 5,483
Due to Other Funds	3,717	-	38,550	-	-	-
Unearned Revenue	-	-	-	-	-	76,187
Total Liabilities	<u>16,940</u>	<u>-</u>	<u>52,682</u>	<u>-</u>	<u>-</u>	<u>81,670</u>
Deferred Inflows of Resources						
Deferred Loans	-	8,461,835	1,828,007	-	-	-
Fund Balances						
Nonspendable	-	-	35,000	-	-	-
Restricted	-	-	1,284,516	3,485,369	8,823	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,319,516</u>	<u>3,485,369</u>	<u>8,823</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,940</u>	<u>\$ 8,461,835</u>	<u>\$ 3,200,205</u>	<u>\$ 3,485,369</u>	<u>\$ 8,823</u>	<u>\$ 81,670</u>

CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Assets and Deferred Outflows of Resources						
Assets						
Cash and Investments	\$ -	\$ 882,985	\$ -	\$ 1,435	\$ 60,216	\$ 183,595
Receivables						
Accounts	-	655	-	-	-	-
Interest	-	2,399	62	4	164	499
Intergovernmental	33,694	34,082	-	-	-	-
Loans	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Total Assets	<u>33,694</u>	<u>920,121</u>	<u>62</u>	<u>1,439</u>	<u>60,380</u>	<u>184,094</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 33,694</u>	<u>\$ 920,121</u>	<u>\$ 62</u>	<u>\$ 1,439</u>	<u>\$ 60,380</u>	<u>\$ 184,094</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts Payable and Accrued Liabilities	\$ -	\$ 7,078	\$ -	\$ -	\$ 12,086	\$ 1,369
Due to Other Funds	33,694	-	62	-	-	-
Unearned Revenue	-	-	-	-	35,399	-
Total Liabilities	<u>33,694</u>	<u>7,078</u>	<u>62</u>	<u>-</u>	<u>47,485</u>	<u>1,369</u>
Deferred Inflows of Resources						
Deferred Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	<u>-</u>	<u>913,043</u>	<u>-</u>	<u>1,439</u>	<u>12,895</u>	<u>182,725</u>
Total Fund Balances	<u>-</u>	<u>913,043</u>	<u>-</u>	<u>1,439</u>	<u>12,895</u>	<u>182,725</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,694</u>	<u>\$ 920,121</u>	<u>\$ 62</u>	<u>\$ 1,439</u>	<u>\$ 60,380</u>	<u>\$ 184,094</u>

(Continued)

**CITY OF TULARE
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Total
Assets and Deferred Outflows of Resources				
Assets				
Cash and Investments	\$ -	\$ 21,643	\$ 64,198	\$ 4,877,830
Receivables				
Accounts	-	-	-	2,454
Interest	168	-	175	361,723
Intergovernmental	-	-	-	160,017
Loans	-	-	1,034,539	10,853,878
Notes	-	-	-	1,284,453
Land Held for Resale	-	-	-	35,000
Total Assets	168	21,643	1,098,912	17,575,355
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 168	\$ 21,643	\$ 1,098,912	\$ 17,575,355
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable and Accrued Liabilities	\$ -	\$ 21,643	\$ -	\$ 75,014
Due to Other Funds	168	-	-	76,191
Unearned Revenue	-	-	-	111,586
Total Liabilities	168	21,643	-	262,791
Deferred Inflows of Resources				
Deferred Loans	-	-	1,098,912	11,388,754
Fund Balances				
Nonspendable	-	-	-	35,000
Restricted	-	-	-	5,888,810
Total Fund Balances	-	-	-	5,923,810
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 168	\$ 21,643	\$ 1,098,912	\$ 17,575,355

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Senior Services	Home Program	Housing Redevelopment CDBG	Gas Tax	Traffic Safety	COPS - State Grant
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,184,697	\$ -	\$ -
Intergovernmental	117,162	95,220	-	-	-	-
Fines and Forfeitures	-	-	-	-	131,086	-
Interest and Rentals	-	(932)	218	(15,627)	(1,066)	(120)
Grants	-	133,931	221,830	-	-	136,797
Meals	23,722	-	-	-	-	-
Assessments	-	-	-	-	-	-
Gain on Sale	-	-	-	-	-	-
Other	21,173	-	-	-	-	(75)
Total Revenues	<u>162,057</u>	<u>228,219</u>	<u>222,048</u>	<u>1,169,070</u>	<u>130,020</u>	<u>136,602</u>
Expenditures						
Current						
Public Safety	-	-	-	-	-	136,602
Community Development	-	228,219	222,047	-	-	-
Community Services	441,690	-	-	-	-	-
Total Expenditures	<u>441,690</u>	<u>228,219</u>	<u>222,047</u>	<u>-</u>	<u>-</u>	<u>136,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(279,633)</u>	<u>-</u>	<u>1</u>	<u>1,169,070</u>	<u>130,020</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers In	279,633	-	-	-	-	-
Transfers Out	-	-	-	(2,561,224)	(142,182)	-
Total Other Financing Sources (Uses)	<u>279,633</u>	<u>-</u>	<u>-</u>	<u>(2,561,224)</u>	<u>(142,182)</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1,392,154)</u>	<u>(12,162)</u>	<u>-</u>
Fund Balances - Beginning	-	-	1,319,515	4,877,523	20,985	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,319,516</u>	<u>\$ 3,485,369</u>	<u>\$ 8,823</u>	<u>\$ -</u>

(Continued)

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Local Law Enforcement Block Grant	Landscape and Lighting	OTS Grant	Auto Theft Deterrence	Police Forfeiture	Vehicle Abatement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Fines and Forfeitures	-	-	22,700	-	-	-
Interest and Rentals	-	(2,802)	(173)	(3)	(190)	(419)
Grants	47,571	-	-	-	2,927	39,788
Meals	-	-	-	-	-	-
Assessments	-	687,905	-	-	-	-
Gain on Sale	-	-	-	-	-	-
Other	-	2,847	-	-	-	-
Total Revenues	47,571	687,950	22,527	(3)	2,737	39,369
Expenditures						
Current						
Public Safety	-	-	-	-	213	34,218
Community Development	-	-	-	-	-	-
Community Services	47,571	485,119	(310)	-	-	-
Total Expenditures	47,571	485,119	(310)	-	213	34,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	202,831	22,837	(3)	2,524	5,151
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(22,837)	-	-	-
Total Other Financing Sources (Uses)	-	-	(22,837)	-	-	-
Net Change in Fund Balances	-	202,831	-	(3)	2,524	5,151
Fund Balances - Beginning	-	710,212	-	1,442	10,371	177,574
Fund Balances - Ending	\$ -	\$ 913,043	\$ -	\$ 1,439	\$ 12,895	\$ 182,725

CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Public Mitigation Grant	2009 COPS Hiring Recovery Program	Rental Rehabilitation	Total
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 1,184,697
Intergovernmental	-	-	-	212,382
Fines and Forfeitures	-	-	-	153,786
Interest and Rentals	(500)	-	-	(21,614)
Grants	62,438	37,505	-	682,787
Meals	-	-	-	23,722
Assessments	-	-	-	687,905
Gain on Sale	-	-	-	-
Other	-	-	289	24,234
Total Revenues	<u>61,938</u>	<u>37,505</u>	<u>289</u>	<u>2,947,899</u>
Expenditures				
Current				
Public Safety	-	557,939	-	728,972
Community Development	-	-	289	450,555
Community Services	-	-	-	974,070
Total Expenditures	<u>-</u>	<u>557,939</u>	<u>289</u>	<u>2,153,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>61,938</u>	<u>(520,434)</u>	<u>-</u>	<u>794,302</u>
Other Financing Sources (Uses)				
Transfers In	-	520,434	-	800,067
Transfers Out	<u>(61,938)</u>	<u>-</u>	<u>-</u>	<u>(2,788,181)</u>
Total Other Financing Sources (Uses)	<u>(61,938)</u>	<u>520,434</u>	<u>-</u>	<u>(1,988,114)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,193,812)</u>
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,117,622</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,923,810</u>

**CITY OF TULARE
SENIOR SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 109,450	\$ 117,162	\$ 7,712
Meals	25,000	23,722	(1,278)
Other	17,020	21,173	4,153
	<u>151,470</u>	<u>162,057</u>	<u>10,587</u>
Total Revenues			
	<u>151,470</u>	<u>162,057</u>	<u>10,587</u>
Expenditures			
Current			
Community Services	444,390	441,690	2,700
	<u>444,390</u>	<u>441,690</u>	<u>2,700</u>
Total Expenditures			
	<u>444,390</u>	<u>441,690</u>	<u>2,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(292,920)	(279,633)	13,287
Other Financing Sources (Uses)			
Transfers In	270,300	279,633	9,333
	<u>270,300</u>	<u>279,633</u>	<u>9,333</u>
Total Other Financing Sources (Uses)			
	<u>270,300</u>	<u>279,633</u>	<u>9,333</u>
Net Change in Fund Balance	(22,620)	-	22,620
Fund Balance, Beginning	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (22,620)</u>	<u>\$ -</u>	<u>\$ 22,620</u>

**CITY OF TULARE
HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 115,570	\$ 95,220	\$ (20,350)
Fines and Forfeitures	-	-	-
Interest and Rentals	-	(932)	(932)
Grants	-	133,931	133,931
Meals	-	-	-
Assessments	-	-	-
Gain on Sale	-	-	-
Other	-	-	-
	<u>115,570</u>	<u>228,219</u>	<u>112,649</u>
Total Revenues			
	<u>115,570</u>	<u>228,219</u>	<u>112,649</u>
Expenditures			
Current			
Community Development	<u>13,300</u>	<u>228,219</u>	<u>(214,919)</u>
Total Expenditures			
	<u>13,300</u>	<u>228,219</u>	<u>(214,919)</u>
Net Change in Fund Balance	102,270	-	(102,270)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 102,270</u>	<u>\$ -</u>	<u>\$ (102,270)</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ 218	\$ 218
Grants	<u>850,270</u>	<u>221,830</u>	<u>(628,440)</u>
Total Revenues	<u>850,270</u>	<u>222,048</u>	<u>(628,222)</u>
Expenditures			
Current			
Community Development	<u>291,820</u>	<u>222,047</u>	<u>69,773</u>
Total Expenditures	<u>291,820</u>	<u>222,047</u>	<u>69,773</u>
Net Change in Fund Balance	558,450	1	(558,449)
Fund Balance - Beginning	<u>1,319,515</u>	<u>1,319,515</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 1,877,965</u></u>	<u><u>\$ 1,319,516</u></u>	<u><u>\$ (558,449)</u></u>

**CITY OF TULARE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 2,960,779	\$ 1,184,697	\$ (1,776,082)
Interest and Rentals	-	(15,627)	(15,627)
Total Revenues	<u>2,960,779</u>	<u>1,169,070</u>	<u>(1,791,709)</u>
Expenditures			
Interest	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,960,779	1,169,070	(1,791,709)
Other Financing Sources (Uses)			
Transfers Out	<u>(1,607,000)</u>	<u>(2,561,224)</u>	<u>(954,224)</u>
Net Change in Fund Balance	1,353,779	(1,392,154)	(2,745,933)
Fund Balance, Beginning	<u>4,877,523</u>	<u>4,877,523</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 6,231,302</u></u>	<u><u>\$ 3,485,369</u></u>	<u><u>\$ (2,745,933)</u></u>

**CITY OF TULARE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 150,000	\$ 131,086	\$ (18,914)
Interest and Rentals	-	(1,066)	(1,066)
	<u>150,000</u>	<u>130,020</u>	<u>(19,980)</u>
Expenditures			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	130,020	(19,980)
Other Financing Sources (Uses)			
Transfers Out	<u>(150,000)</u>	<u>(142,182)</u>	<u>7,818</u>
Net Change in Fund Balance	-	(12,162)	(12,162)
Fund Balance, Beginning	<u>20,985</u>	<u>20,985</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 20,985</u></u>	<u><u>\$ 8,823</u></u>	<u><u>\$ (12,162)</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, 2017**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ (120)	\$ (120)
Grants	100,000	136,797	36,797
Other	-	(75)	(75)
Total Revenues	<u>100,000</u>	<u>136,602</u>	<u>36,602</u>
Expenditures			
Current			
Public Safety	104,266	136,602	(32,336)
Community Services	-	-	-
Total Expenditures	<u>104,266</u>	<u>136,602</u>	<u>(32,336)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,266)</u>	<u>-</u>	<u>4,266</u>
Other Financing Sources (Uses)			
Transfers Out	-	-	-
Net Change in Fund Balance	(4,266)	-	4,266
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	<u>\$ (4,266)</u>	<u>\$ -</u>	<u>\$ 4,266</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 47,580	\$ 47,571	\$ (9)
Total Revenues	<u>47,580</u>	<u>47,571</u>	<u>(9)</u>
Expenditures			
Current			
Public Safety	-	-	-
Community Services	90,540	47,571	42,969
Total Expenditures	<u>90,540</u>	<u>47,571</u>	<u>42,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,960)	-	42,960
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(42,960)	-	42,960
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (42,960)</u>	<u>\$ -</u>	<u>\$ 42,960</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, 2017**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Interest and Rentals	\$ -	\$ (2,802)	\$ (2,802)
Assessments	618,100	687,905	69,805
	<u>-</u>	<u>2,847</u>	<u>2,847</u>
Total Revenues	<u>618,100</u>	<u>687,950</u>	<u>69,850</u>
Expenditures			
Current			
Community Services	<u>453,044</u>	<u>485,119</u>	<u>(32,075)</u>
Net Change in Fund Balance	165,056	202,831	37,775
Fund Balance, Beginning	<u>710,212</u>	<u>710,212</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 875,268</u>	<u>\$ 913,043</u>	<u>\$ 37,775</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Fines and Forfeitures	\$ 10,000	\$ 22,700	\$ 12,700
Interest and Rentals	-	(173)	(173)
	<u>10,000</u>	<u>22,527</u>	<u>12,527</u>
Total Revenues			
	<u>10,000</u>	<u>22,527</u>	<u>12,527</u>
Expenditures			
Current			
Community Services	(310)	(310)	-
	<u>(310)</u>	<u>(310)</u>	<u>-</u>
Total Expenditures			
	<u>(310)</u>	<u>(310)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,310	22,837	12,527
Other Financing Sources (Uses)			
Transfers Out	(10,000)	(22,837)	(12,837)
	<u>(10,000)</u>	<u>(22,837)</u>	<u>(12,837)</u>
Net Change in Fund Balance	310	-	(310)
Fund Balance, Beginning	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 310</u>	<u>\$ -</u>	<u>\$ (310)</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ (3)	\$ (3)
Total Revenues	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Expenditures			
Current			
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(3)	(3)
Fund Balance, Beginning	<u>1,442</u>	<u>1,442</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,442</u>	<u>\$ 1,439</u>	<u>\$ (3)</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ (190)	\$ (190)
Grants	-	2,927	2,927
	<u>-</u>	<u>2,737</u>	<u>2,737</u>
Total Revenues	-	2,737	2,737
Expenditures			
Current			
Public Safety	-	213	(213)
	<u>-</u>	<u>213</u>	<u>(213)</u>
Total Expenditures	-	213	(213)
Net Change in Fund Balance	-	2,524	2,524
Fund Balance, Beginning	<u>10,371</u>	<u>10,371</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 10,371</u>	<u>\$ 12,895</u>	<u>\$ 2,524</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ 1,000	\$ (419)	\$ (1,419)
Grants	34,620	39,788	5,168
Total Revenues	<u>35,620</u>	<u>39,369</u>	<u>3,749</u>
Expenditures			
Current			
Public Safety	34,900	34,218	682
Total Expenditures	<u>34,900</u>	<u>34,218</u>	<u>682</u>
Net Change in Fund Balance	720	5,151	4,431
Fund Balance, Beginning	<u>177,574</u>	<u>177,574</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 178,294</u></u>	<u><u>\$ 182,725</u></u>	<u><u>\$ 4,431</u></u>

**CITY OF TULARE
PUBLIC MITIGATION GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and Rentals	\$ -	\$ (500)	\$ (500)
Grants	80,000	62,438	(17,562)
	<u>80,000</u>	<u>61,938</u>	<u>(18,062)</u>
Total Revenues	<u>80,000</u>	<u>61,938</u>	<u>(18,062)</u>
Expenditures			
Current			
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	80,000	61,938	(18,062)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 80,000</u></u>	<u><u>\$ 61,938</u></u>	<u><u>\$ (18,062)</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, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Grants	\$ 30,020	\$ 37,505	\$ 7,485
Total Revenues	<u>30,020</u>	<u>37,505</u>	<u>7,485</u>
Expenditures			
Current			
Public Safety	499,020	557,939	(58,919)
Total Expenditures	<u>499,020</u>	<u>557,939</u>	<u>(58,919)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(469,000)</u>	<u>(520,434)</u>	<u>(51,434)</u>
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(469,000)	(520,434)	(51,434)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (469,000)</u>	<u>\$ (520,434)</u>	<u>\$ (51,434)</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, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Other	\$ -	\$ 289	\$ 289
Total Revenues	<u>-</u>	<u>289</u>	<u>289</u>
Expenditures			
Current			
Community Development	-	289	(289)
Total Expenditures	<u>-</u>	<u>289</u>	<u>(289)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

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

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

**CITY OF TULARE
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2017**

	Technology CIP
Assets	
Cash and Investments	\$ 314,483
Total Assets	\$ 314,483
Liabilities and Fund Balance	
Accounts Payable and Accrued Liabilities	\$ 2,353
Total Liabilities	2,353
Fund Balance Committed	312,130
Total Fund Balance	312,130
Total Liabilities and Fund Balance	\$ 314,483

**CITY OF TULARE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Technology CIP
Revenues	
Interest and Rentals	\$ -
Total Revenues	-
Expenditures	
Current	
Community Development	226,734
Total Expenditures	226,734
Deficiency of Revenues Under Expenditures	(226,734)
Other Financing Sources	
Transfers In	77,810
Total Other Financing Sources	77,810
Net Change in Fund Balance	(148,924)
Fund Balance - Beginning	461,054
Fund Balance - Ending	\$ 312,130

**CITY OF TULARE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	2017		
	Budget	Technology CIP	Variance With Final Budget
Revenues			
Interest and Rentals	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current			
Community Development	179,489	226,734	(47,245)
Total Expenditures	179,489	226,734	(47,245)
Deficiency of Revenues Under Expenditures	(179,489)	(226,734)	(47,245)
Other Financing Sources (Uses)			
Transfers In	65,520	77,810	(12,290)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	65,520	77,810	12,290
Net Change in Fund Balance	(113,969)	(148,924)	(34,955)
Fund Balance - Beginning	461,054	461,054	-
Fund Balance - Ending	\$ 347,085	\$ 312,130	\$ (34,955)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

CITY OF TULARE
COMBINING STATEMENT OF NET POSITION
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and Investments	\$ 5,598,264	\$ 2,536,351	\$ 1,812,717
Accounts Receivable	19,551	17,139	4,924
Interest Receivable	-	-	-
Other Receivables	76,242	-	-
Inventories	-	-	-
Total Current Assets	5,694,057	2,553,490	1,817,641
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	75,000	-	-
Construction in Progress	-	-	-
Depreciable			
Buildings	6,187,770	-	-
Improvements Other than Buildings	1,648,583	-	-
Machinery and Equipment	21,047,009	-	-
Accumulated Depreciation	(17,220,279)	-	-
Total Noncurrent Assets	11,738,083	-	-
Total Assets	17,432,140	2,553,490	1,817,641
Deferred Outflows of Resources			
Deferred Outflows from Pensions	266,112	13,937	31,488
Total Assets and Deferred Outflows of Resources	\$ 17,698,252	\$ 2,567,427	\$ 1,849,129
Liabilities and Deferred Inflows of Resources			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 92,087	\$ 434,819	\$ 4,352
Due to Other Funds	-	-	-
Advances from Other Funds - Current	-	-	-
Compensated Absences Payable - Current	2,794	596	622
Capital Leases Payable - Current	22,250	-	-
Unearned Revenue	-	106,845	-
Insurance Claims Payable	-	-	1,931,995
Total Current Liabilities	117,131	542,260	1,936,969
Noncurrent Liabilities			
Advances from Other Funds	-	-	-
Capital Leases Payable	113,314	-	-
Compensated Absences Payable	46,645	5,387	6,537
Net Pension Liability	1,189,363	62,290	140,729
Total Noncurrent Liabilities	1,349,322	67,677	147,266
Total Liabilities	1,466,453	609,937	2,084,235
Deferred Inflows of Resources			
Deferred Inflows from Pensions	37,159	4,047	5,682
Total Liabilities and Deferred Inflows of Resources	1,503,612	613,984	2,089,917
Net Position (Deficit)			
Net Investment in Capital Assets	11,602,519	-	-
Unrestricted	4,592,121	1,953,443	(240,788)
Total Net Position (Deficit)	\$ 16,194,640	\$ 1,953,443	\$ (240,788)

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Totals</u>
\$ 726,332	\$ -	\$ 189,890	\$ 1,016,517	\$ 11,880,071
1,973	-	513	-	44,100
-	-	-	2,761	2,761
-	-	-	-	76,242
-	-	203,158	-	203,158
<u>728,305</u>	<u>-</u>	<u>393,561</u>	<u>1,019,278</u>	<u>12,206,332</u>
-	-	-	-	75,000
-	-	-	-	-
-	-	-	-	6,187,770
-	-	-	-	1,648,583
-	-	13,419	-	21,060,428
-	-	(13,419)	-	(17,233,698)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,738,083</u>
<u>728,305</u>	<u>-</u>	<u>393,561</u>	<u>1,019,278</u>	<u>23,944,415</u>
<u>27,737</u>	<u>-</u>	<u>1,319</u>	<u>12,191</u>	<u>352,784</u>
<u>\$ 756,042</u>	<u>\$ -</u>	<u>\$ 394,880</u>	<u>\$ 1,031,469</u>	<u>\$ 24,297,199</u>
\$ 6,941	\$ -	\$ 67,905	\$ 13,924	\$ 620,028
-	-	-	-	-
-	-	-	-	-
611	-	-	-	4,623
-	-	-	-	22,250
-	-	-	-	106,845
49,141	-	-	-	1,981,136
<u>56,693</u>	<u>-</u>	<u>67,905</u>	<u>13,924</u>	<u>2,734,882</u>
-	-	-	-	-
-	-	-	-	113,314
6,381	-	-	-	64,950
123,970	-	5,892	54,487	1,576,731
<u>130,351</u>	<u>-</u>	<u>5,892</u>	<u>54,487</u>	<u>1,754,995</u>
<u>187,044</u>	<u>-</u>	<u>73,797</u>	<u>68,411</u>	<u>4,489,877</u>
<u>5,196</u>	<u>-</u>	<u>4,299</u>	<u>-</u>	<u>56,383</u>
<u>192,240</u>	<u>-</u>	<u>78,096</u>	<u>68,411</u>	<u>4,546,260</u>
-	-	-	-	11,602,519
563,802	-	316,784	963,058	8,148,420
<u>\$ 563,802</u>	<u>\$ -</u>	<u>\$ 316,784</u>	<u>\$ 963,058</u>	<u>\$ 19,750,939</u>

**CITY OF TULARE
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Fleet Maintenance</u>	<u>Employee Welfare</u>	<u>Workers' Compensation</u>
Operating Revenues			
Departmental Charges	\$ 3,125,719	\$ 4,250,586	\$ 2,456,286
Employee Contributions	<u>-</u>	<u>1,418,869</u>	<u>-</u>
Total Operating Revenues	<u>3,125,719</u>	<u>5,669,455</u>	<u>2,456,286</u>
Operating Expenses			
General Administration	1,037	81,810	1,575
Personnel Services	481,059	39,350	26,196
Contractual Services	270,938	-	-
Equipment Usage and Operation	204,652	-	-
Insurance	178,408	4,171,670	1,981,283
Depreciation	<u>1,466,335</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>2,602,429</u>	<u>4,292,830</u>	<u>2,009,054</u>
Operating Income (Loss)	<u>523,290</u>	<u>1,376,625</u>	<u>447,232</u>
Nonoperating Revenues			
Interest Income/Expense	36,545	(13,897)	(6,537)
Grants	-	-	-
Other Income	7,715	77	-
Gain on Sale of Assets	<u>79,252</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues	<u>123,512</u>	<u>(13,820)</u>	<u>(6,537)</u>
Income (Loss) Before Transfers	<u>646,802</u>	<u>1,362,805</u>	<u>440,695</u>
Transfers In	1,646,950	-	-
Transfers Out	<u>(1,646,950)</u>	<u>-</u>	<u>-</u>
Change in Net Position	646,802	1,362,805	440,695
Net Position (Deficit), Beginning	<u>15,547,838</u>	<u>590,638</u>	<u>(681,483)</u>
Net Position (Deficit), Ending	<u>\$ 16,194,640</u>	<u>\$ 1,953,443</u>	<u>\$ (240,788)</u>

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Surface Water Management</u>	<u>Totals</u>
\$ 1,024,716	\$ -	\$ 1,524,857	\$ -	\$ 12,382,164
-	-	-	-	1,418,869
<u>1,024,716</u>	<u>-</u>	<u>1,524,857</u>	<u>-</u>	<u>13,801,033</u>
22,456	590	45,230	302,252	454,950
33,381	-	(117,982)	94,746	556,750
-	-	-	-	270,938
-	-	1,641,031	-	1,845,683
1,124,534	19,600	-	-	7,475,495
-	-	-	-	1,466,335
<u>1,180,371</u>	<u>20,190</u>	<u>1,568,279</u>	<u>396,998</u>	<u>12,070,151</u>
<u>(155,655)</u>	<u>(20,190)</u>	<u>(43,422)</u>	<u>(396,998)</u>	<u>1,730,882</u>
(538)	-	(846)	(114)	14,613
-	-	-	-	-
-	-	3,696	-	11,488
-	-	-	-	79,252
<u>(538)</u>	<u>-</u>	<u>2,850</u>	<u>(114)</u>	<u>105,353</u>
<u>(156,193)</u>	<u>(20,190)</u>	<u>(40,572)</u>	<u>(397,112)</u>	<u>1,836,235</u>
-	20,190	-	1,360,170	3,027,310
-	-	-	-	(1,646,950)
(156,193)	-	(40,572)	963,058	3,216,595
<u>719,995</u>	<u>-</u>	<u>357,356</u>	<u>-</u>	<u>16,534,344</u>
<u>\$ 563,802</u>	<u>\$ -</u>	<u>\$ 316,784</u>	<u>\$ 963,058</u>	<u>\$ 19,750,939</u>

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Cash Flows from Operating Activities:			
Cash received from interfund services provided	\$ 3,146,292	\$ 5,685,980	\$ 2,453,727
Cash paid for salaries and benefits	(610,812)	(101,643)	(89,602)
Cash received from (paid for) services and supplies	(440,571)	415,324	(756)
Cash paid for reported claims	(178,408)	(4,171,670)	(1,608,292)
Cash paid for other charges	(1,037)	(81,810)	13,895
Net Cash Provided by (Used for) Operating Activities	1,915,464	1,746,181	768,972
Cash Flows from Non-Capital Financing Activities:			
Grants	-	-	-
Other income	7,715	77	-
Operating transfers from other funds	1,646,950	-	-
Operating transfers to other funds	(1,646,950)	-	-
Net Cash Provided by Non-Capital Financing Activities	7,715	77	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of assets	80,975	-	-
Payments made on capital leases	(21,284)	-	-
Acquisition of capital assets	(1,646,951)	-	-
Net Cash Used for Capital and Related Financing Activities	(1,587,260)	-	-
Cash Flows from Investing Activities:			
Interest income (expense)	36,545	(13,897)	(6,537)
Net Cash Provided by Investing Activities	36,545	(13,897)	(6,537)
Net Increase (Decrease) in Cash and Cash Equivalents	372,464	1,732,361	762,435
Cash and Cash Equivalents, Beginning of the Year	5,225,800	803,990	1,050,282
Cash and Cash Equivalents, End of the Year	\$ 5,598,264	\$ 2,536,351	\$ 1,812,717

General Insurance	Unemployment Insurance	Purchasing	Surface Water Management	Totals
\$ 1,024,482	\$ -	\$ 1,525,155	\$ (2,761)	\$ 13,832,875
(80,407)	-	-	(52,450)	(934,914)
2,314	-	(1,523,389)	13,924	(1,533,154)
(1,075,393)	(19,600)	-	-	(7,053,363)
(22,456)	(590)	(45,230)	(302,252)	(439,480)
(151,460)	(20,190)	(43,464)	(343,539)	3,871,964
-	-	-	-	-
-	-	3,696	-	11,488
-	20,190	-	1,360,170	3,027,310
-	-	-	-	(1,646,950)
-	20,190	3,696	1,360,170	1,391,848
-	-	-	-	80,975
-	-	-	-	(21,284)
-	-	-	-	(1,646,951)
-	-	-	-	(1,587,260)
(538)	-	(846)	(114)	14,613
(538)	-	(846)	(114)	14,613
(151,998)	-	(40,614)	1,016,517	3,691,165
878,330	-	230,504	-	8,188,906
\$ 726,332	\$ -	\$ 189,890	\$ 1,016,517	\$ 11,880,071

(Continued)

**CITY OF TULARE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

	Fleet Maintenance	Employee Welfare	Workers' Compensation
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ 523,290	\$ 1,376,625	\$ 447,232
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,466,335	-	-
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	20,573	34,537	(2,559)
(Increase) Decrease in inventory	-	-	-
Increase (Decrease) in accounts payable and accrued liabilities	35,019	415,324	(756)
Increase (Decrease) in insurance claims payable	-	-	372,991
Increase (Decrease) in compensated absences payable	6,172	4,719	4,780
Increase (Decrease) in net pension liability and related items	(135,925)	(67,012)	(52,716)
Increase (Decrease) in unearned revenue	-	(18,012)	-
Net Cash Provided by (Used for) Operating Activities	\$ 1,915,464	\$ 1,746,181	\$ 768,972

<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Purchasing</u>	<u>Purchasing</u>	<u>Totals</u>
\$ (155,655)	\$ (20,190)	\$ (43,422)	\$ (396,998)	\$ 1,730,882
-	-	-	-	1,466,335
(234)	-	298	(2,761)	49,854
-	-	119,676	-	119,676
2,314	-	(2,034)	13,924	463,791
49,141	-	-	-	422,132
4,867	-	-	-	20,538
(51,893)	-	(117,982)	42,296	(383,232)
-	-	-	-	(18,012)
<u>\$ (151,460)</u>	<u>\$ (20,190)</u>	<u>\$ (43,464)</u>	<u>\$ (343,539)</u>	<u>\$ 3,871,964</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, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
AGENCY FUND				
Assets				
Cash and Investments	\$ 698,105	\$ 77,064	\$ -	\$ 775,169
Accounts Receivable	-	543	-	543
Total Assets	<u>\$ 698,105</u>	<u>\$ 77,607</u>	<u>\$ -</u>	<u>\$ 775,712</u>
Liabilities				
Accounts Payable	\$ 3,777	\$ 3,912	\$ -	\$ 7,689
Deposits Payable	694,328	73,695	-	768,023
Total Liabilities	<u>\$ 698,105</u>	<u>\$ 77,607</u>	<u>\$ -</u>	<u>\$ 775,712</u>
AGENCY FUND - DEVELOPMENT IMPACT FEES				
Assets				
Cash and Investments	\$ 3,214,692	\$ 2,342,525	\$ -	\$ 5,557,217
Accounts Receivable	14,557	11,326	-	25,883
Total Assets	<u>\$ 3,229,249</u>	<u>\$ 2,353,851</u>	<u>\$ -</u>	<u>\$ 5,583,100</u>
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	3,247	2,293	-	5,540
Deposits Payable	3,226,002	-	(2,351,558)	5,577,560
Total Liabilities	<u>\$ 3,229,249</u>	<u>\$ 2,293</u>	<u>\$ (2,351,558)</u>	<u>\$ 5,583,100</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 3,912,797	\$ 2,419,589	\$ -	\$ 6,332,386
Accounts Receivable	14,557	11,869	-	26,426
Total Assets	<u>\$ 3,927,354</u>	<u>\$ 2,431,458</u>	<u>\$ -</u>	<u>\$ 6,358,812</u>
Liabilities				
Accounts Payable	\$ 3,777	\$ 3,912	\$ -	\$ 7,689
Due to Other Funds	3,247	2,293	-	5,540
Deposits Payable	3,920,330	73,695	(2,351,558)	6,345,583
Total Liabilities	<u>\$ 3,927,354</u>	<u>\$ 79,900</u>	<u>\$ (2,351,558)</u>	<u>\$ 6,358,812</u>

CITY OF TULARE
SCHEDULE OF EXPENDITURES BY DEPARTMENT –
BUDGETARY LEVEL OF CONTROL – BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
City Council	\$ 87,120	\$ 87,075	\$ 91,247	\$ (4,172)
City Manager	751,340	767,339	623,616	143,723
Finance	1,258,810	1,241,333	1,162,545	78,788
Economic Development	142,070	71,821	129,835	(58,014)
CIP Admin	778,884	797,179	770,370	26,809
IT Division	491,170	469,952	357,694	112,258
Personnel	508,970	489,327	482,094	7,233
Non-Departmental	349,990	322,812	332,698	(9,886)
Animal Control	1,059,490	1,021,839	1,039,528	(17,689)
Total General Government	<u>5,427,845</u>	<u>5,268,677</u>	<u>4,989,627</u>	<u>279,050</u>
Public Safety				
Police	358,330	363,513	364,282	(769)
Fire Code Enforcement	22,384,477	20,155,123	22,530,521	(2,375,398)
Total Public Safety	<u>22,742,807</u>	<u>20,518,636</u>	<u>22,894,803</u>	<u>(2,376,167)</u>
Public Works				
Streets	2,357,720	2,328,300	2,435,929	(107,629)
Storm Drains	-	-	-	-
Total Public Works	<u>2,357,720</u>	<u>2,328,300</u>	<u>2,435,929</u>	<u>(107,629)</u>
Community Development				
Parking and Business Improvement	86,340	86,340	85,883	457
Dangerous Building Abatement	-	(320)	18,585	(18,905)
Total Community Development	<u>86,340</u>	<u>86,020</u>	<u>104,468</u>	<u>(18,448)</u>
Community Services				
Parks	2,438,941	2,140,742	2,501,765	(361,023)
Community Services	2,752,090	2,686,925	2,880,780	(193,855)
Total Community Services	<u>5,191,031</u>	<u>4,827,667</u>	<u>5,382,545</u>	<u>(554,878)</u>
Library and Cultural	<u>1,311,820</u>	<u>1,284,742</u>	<u>1,170,100</u>	<u>114,642</u>
Capital Outlay	<u>24,014,556</u>	<u>19,092,329</u>	<u>5,088,655</u>	<u>14,003,674</u>
Debt Service				
Principal	90,280	135,672	90,783	44,889
Interest	27,570	52,637	38,800	13,837
Total Debt Service	<u>117,850</u>	<u>188,309</u>	<u>129,583</u>	<u>58,726</u>
Transfers Out	<u>5,439,700</u>	<u>5,462,670</u>	<u>4,833,007</u>	<u>629,663</u>
Total General Fund Expenditures	<u>\$ 66,689,668</u>	<u>\$ 59,057,350</u>	<u>\$ 47,028,717</u>	<u>\$ 12,028,633</u>

CITY OF TULARE
MEASURE I SALES TAX REVENUE AND RELATED
EXPENDITURES – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance with Final Budget
Revenues			
Measure I Sales Tax	\$ 5,280,000	\$ 5,114,521	\$ (165,479)
Expenditures			
Measure I - Police	121,984	116,230	5,754
Measure I - Fire	3,477,178	3,866,137	(388,959)
Measure I - Code Enforcement	1,430,526	1,535,483	(104,957)
Total Expenditures	5,029,688	5,517,850	(488,162)
Excess of Revenues Over Expenditures	\$ 250,312	\$ (403,329)	\$ (653,641)

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2017**

Discretely Presented Successor Agency -

Tax Allocation Bonds:

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

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

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

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

\$ 7,915,000

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

\$ 14,015,000

**CITY OF TULARE
LONG-TERM DEBT RECORDED IN
PRIVATE PURPOSE TRUST FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

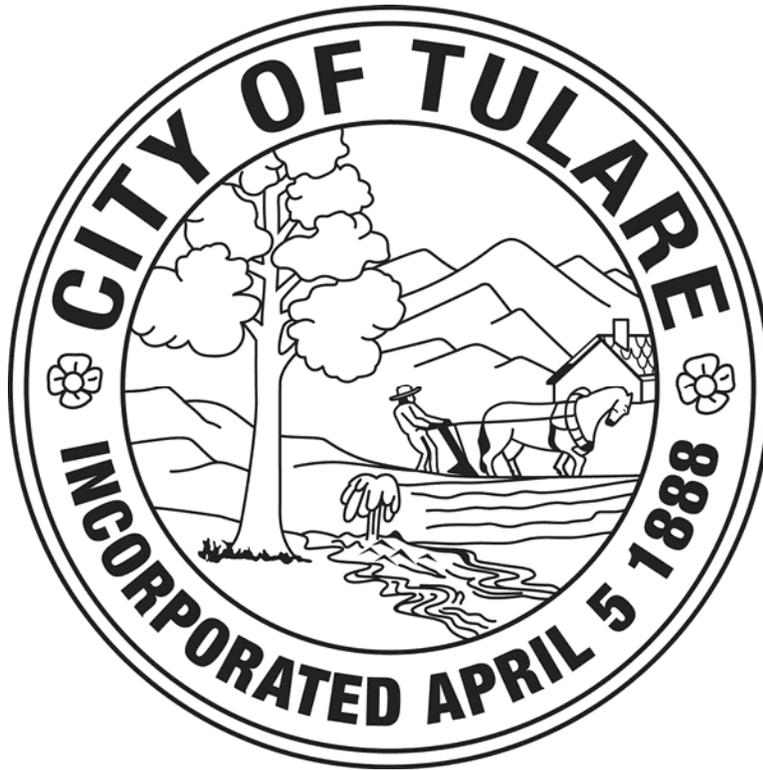
The City advanced funds to the former Redevelopment Agency for operations. These advances date back since inception, and were payable upon demand, with interest accruing at 8% per annum on the unpaid balance. As of June 30, 2009, the remaining balance was approximately \$66 million. On June 29, 2010,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

\$ 16,052,848

The annual requirements to amortize debt payable are as follows:

Year Ending June 30,	Fiduciary Fund - Private Purpose Trust Fund		
	2017 Tax Allocation Bonds - Series A	2017 Tax Allocation Bonds - Series B	Advances from the Help Primary Gov.
2018	\$ 344,590	\$ 1,342,977	\$ -
2019	361,775	1,469,824	-
2020	360,425	1,477,687	-
2021	359,075	1,432,962	-
2022	362,400	1,443,763	16,052,848
2023-2027	2,740,600	4,603,079	-
2028-2032	2,507,575	2,885,586	-
2033-2037	3,176,100	3,017,467	-
2038-2042	2,847,000	2,468,773	-
2043-2047	-	-	-
	13,059,540	20,142,118	16,052,848
Less Interest	5,144,540	6,127,118	-
Plus Unamortized Premium	132,353	-	-
Total	\$ 8,047,353	\$ 14,015,000	\$ 16,052,848

STATISTICAL SECTION (UNAUDITED)



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STATISTICAL SECTION (UNAUDITED)

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**CITY OF TULARE
STATISTICAL SECTION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2017**

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.	134 - 143
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	144 – 151
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	152 – 159
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	160 – 162
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	163 – 167

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

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

Sources:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Position

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

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

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

(Continued)

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

(Continued)

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

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

Sources:

Comprehensive Annual Financial Report (CAFR)
Statement of Net Position

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

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

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

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

Sources:

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

Fiscal Year				
2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
8,708	29,077	1,431,320	5,268,406	3,210,570
19,998,080	22,004,228	21,840,982	46,394,799	47,275,064
-	-	-	-	-
(1,634,962)	-	-	-	-
<u>\$ 18,371,826</u>	<u>\$ 22,033,305</u>	<u>\$ 23,272,302</u>	<u>\$ 51,663,205</u>	<u>\$ 50,485,634</u>
\$ -	\$ 2,876,426	\$ 2,880,133	\$ 2,885,783	\$ 2,590,515
-	-	-	-	-
-	-	-	-	-
35,000	35,000	35,000	35,000	35,000
14,986,150	9,718,237	8,154,275	7,103,909	6,953,793
626,408	722,545	744,557	461,054	312,130
-	-	22,951	-	-
-	(1,082)	(624,325)	-	-
<u>\$ 15,647,558</u>	<u>\$ 13,351,126</u>	<u>\$ 11,212,591</u>	<u>\$ 10,485,746</u>	<u>\$ 9,891,438</u>

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

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

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

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

Fiscal Year Ended June 30	City			Total Assessed Value (1)	Total Direct Tax Rate
	Secured	Utility	Unsecured		
2008	\$ 3,239,720,598	\$ 3,715,327	\$ 117,457,704	\$ 3,360,893,629	0.14%
2009	3,492,619,589	3,247,492	122,421,553	3,618,288,634	0.14%
2010	3,439,006,802	3,653,677	124,029,765	3,566,690,244	0.14%
2011	3,477,437,229	3,653,677	121,687,296	3,602,778,202	0.14%
2012	3,375,171,709	3,653,677	128,438,485	3,507,263,871	0.14%
2013	3,265,369,337	3,653,677	133,272,910	3,402,295,924	0.14%
2014	3,344,992,202	2,859,722	136,958,939	3,484,810,863	0.14%
2015	3,593,640,822	2,859,722	134,753,531	3,731,254,075	0.14%
2016	3,789,718,353	2,859,722	143,801,821	3,936,379,896	0.14%
2017	3,962,134,430	2,589,722	151,219,467	4,115,943,619	0.14%

(1) Assessed valuations are net of exemptions.

Source:

County of Tulare, Office of the Auditor-Controller

NOTE:

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

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

	2017	2007
City Direct Rates:		
City Basic Rate	0.000	0.13900
Total Average City Direct Rate	0.000	0.139
Overlapping Rates:		
General	1.00000	1.00000
Tulare Joint Union High School District	0.06620	0.05000
College of the Sequoias	0.01720	0.02300
Kaweah Delta Water District	0.00030	0.00300
Tulare Local Health Care District	0.08560	0.02600
Total Average Direct Rate	1.169300	1.241000

NOTE:

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

Source:

County of Tulare, Office of the Auditor-Controller

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

Effective Date	End Date	State Mandated Purposes		City Rate	County Rate	Combined Rate
		State Jurisdiction	Local Transportation Fund			
8/1/1933	6/30/1935 (2)	2.50%				2.50%
7/1/1935	6/30/1943	3.00%				3.00%
7/1/1943	6/30/1949	2.50%				2.50%
7/1/1949	12/31/1961	3.00%		1.00%		4.00%
1/1/1962	7/31/1967	4.00%		1.00%		5.00%
8/1/1967	6/30/1972	3.75%	0.25%	1.00%		5.00%
7/1/1972	6/30/1973	4.75%	0.25%	1.00%		6.00%
7/1/1973	9/30/1973	3.75%	0.25%	1.00%		5.00%
10/1/1973	3/31/1974	0.05%	0.25%	1.00%		1.30%
4/1/1974	11/30/1989	5.00%	0.25%	1.00%		6.25%
12/1/1989	12/31/1990	4.75%	0.25%	1.00%		6.00%
1/1/1991	7/14/1991	6.00%	0.25%	1.00%		7.25%
7/15/1991	12/31/2000	5.75%	0.25%	1.00%		7.00%
1/1/2001	12/31/2001	6.00%	0.25%	1.00%		7.25%
1/1/2002	6/30/2004	6.25%	0.25%	0.75% (3)		7.25%
7/1/2004	3/31/2007 (3)	6.25%	0.25%	0.75%		7.25%
4/1/2006		7.25%	0.25%	1.25% (4)		8.75%
4/1/2007		7.25%	0.25%	1.25%	0.50% (5)	9.25%
7/1/2010		6.25%	0.25%	1.25%	0.50%	8.25%
1/1/2017	12/31/2016	6.00%	0.25%	1.50%	0.50%	8.25%

Source:

State Board of Equalization, State of California

Notes:

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

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

Taxpayer	2017 (2)		2007 (1)	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Saputo Cheese, USA, Inc.	\$ 252,832,060	6.14%	\$ 42,867,823	1.53%
Land O Lakes, Inc	182,547,043	4.44%	288,503,027	10.29%
Oscar Mayer Foods Corporation	71,877,959	1.75%	53,409,250	1.90%
U.S. Cold Storage of California	64,207,904	1.56%	41,216,392	1.47%
Dreyers Grand Ice Cream Inc.	56,773,498	1.38%	44,271,579	1.58%
Garrison Tulare LLC	44,651,559	1.08%		N/A
Sulphur Springs cultured Specialties LLC	23,448,082	0.57%		N/A
Target Corporation	23,172,542	0.56%		N/A
Woodside 06N LP	16,711,160	0.41%		N/A
Paul A. Daley Trust (Formerly Daley Ltd Partners)	16,073,709	0.39%	11,951,488	0.43%
International Agri-Center Inc.	16,115,414	0.39%		N/A
Store Master funding VII LLC	13,395,170	0.33%		N/A
Moyles Central Valley Health Care	13,228,404	0.32%		N/A
Lowes HIW Inc.	11,674,260	0.28%		N/A
Loves Country Stores of California	11,513,454	0.28%		N/A
Kloeckner Metals Corporation	11,535,377	0.28%		N/A
Wal-Mart Real Estate Business Trust	10,904,242	0.26%	9,445,724	0.34%
Tulare Village LLC	11,062,491	0.27%		N/A
Pre/Tulare Holdings LLC	10,325,724	0.25%		N/A
HD Development of Maryland Inc.	9,881,960	0.24%		N/A
GMAC Model Home Finance Inc	-	N/A	25,623,000	0.91%
Traverse City Outlet Center LLC	-	N/A	11,784,495	0.42%
Kindt corp.	-	N/A	10,538,117	0.38%
Western Investment Real Estate	-	N/A	8,881,862	0.32%
Total taxable assessed value of top thirteen largest taxpayers	<u>\$ 871,932,012</u>	<u>21.18%</u>	<u>\$ 548,492,757</u>	<u>19.56%</u>
Total assessed value of all taxpayers	<u>\$ 4,115,943,619</u>	<u>100.00%</u>	<u>\$ 2,803,641,441</u>	<u>100.00%</u>

Source:

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

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

<u>Fiscal Year Ended June 30</u>		<u>Taxes Levied for the Fiscal Year (1)</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount (2)</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2008	(5)	\$ 4,628,069	\$ 3,973,382	85.85%	(3)	\$ 3,973,382	85.85%
2009	(6)	4,978,367	3,973,382	79.81%	(3)	3,973,382	79.81%
2010	(7)	4,673,554	3,888,715	83.21%	\$ 80,491	3,969,206	84.93%
2011	(8)	4,607,290	3,901,196	84.67%	74,056	3,975,252	86.28%
2012	(9)	5,137,770	4,087,387	79.56%	93,634	4,181,021	81.38%
2013	(10)	4,120,720	3,359,035	81.52%	110,454	3,469,489	84.20%
2014	(11)	4,331,367	3,832,575	88.48%	115,770	3,948,345	91.16%
2015	(12)	4,454,173	3,880,262	87.12%	133,290	4,013,552	90.11%
2016	(13)	4,715,361	4,237,324	89.86%	146,721	4,384,045	92.97%
2017	(14)	4,887,339	4,459,365	91.24%	103,452	4,562,817	93.36%

Sources:

- (1) County of Tulare, Office of Auditor-Controller
- (2) City of Tulare Finance Department
- (3) The City entered into an agreement to participate in the Teeter Plan whereby the County pays all taxes levied. The County accepts the responsibility for all collections and all risk of non-payment.
- (4) Reduced approximately \$1,568,945 for the property tax shift to education.
- (5) Reduced approximately \$1,385,911 for the property tax shift to education.
- (6) Reduced approximately \$1,635,368 for the property tax shift to education.
- (7) Reduced approximately \$1,774,310 for the property tax shift to education.
- (8) Reduced approximately \$1,675,639 for the property tax shift to education.
- (9) Reduced approximately \$1,698,640 for the property tax shift to education.
- (10) Reduced approximately \$1,626,244 for the property tax shift to education.
- (11) Reduced approximately \$1,639,505 for the property tax shift to education.
- (12) Reduced approximately \$1,747,188 for the property tax shift to education.
- (13) Reduced approximately \$1,861,417 for the property tax shift to education.
- (14) Reduced approximately \$1,980,278 for the property tax shift to education.

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

	Fiscal Year							
	2008		2009		2010		2011	
Sales:								
General Retail	\$ 2,066	28.61%	\$ 1,961	30.08%	\$ 1,919	30.44%	\$ 1,909	26.95%
Food Products	1,185	16.41%	1,166	17.88%	1,260	19.98%	1,228	17.33%
Transportation	2,022	28.00%	1,637	25.11%	1,541	24.44%	2,266	31.99%
Construction	1,158	16.04%	1,041	15.97%	994	15.77%	1,027	14.50%
Business to Business	731	10.12%	656	10.06%	531	8.42%	604	8.53%
Miscellaneous	59	0.82%	59	0.90%	60	0.95%	50	0.70%
Total	\$ 7,221	100.00%	\$ 6,520	100.00%	\$ 6,305	100.00%	\$ 7,084	100.00%

Source:
MuniServices, LLC

Fiscal Year

2012		2013		2014		2015		2016		2017	
\$ 2,015	25.14%	\$ 2,119	25.69%	\$ 2,153	24.90%	\$ 2,156	24.40%	\$ 2,154	24.70%	\$ 2,203	24.97%
1,163	14.51%	1,268	15.37%	1,261	14.59%	1,280	14.49%	1,336	15.32%	1,417	16.06%
2,735	34.13%	2,849	34.54%	2,906	33.61%	2,958	33.48%	2,830	32.45%	2,946	33.39%
1,374	17.14%	1,334	16.17%	1,588	18.37%	1,615	18.28%	1,680	19.27%	1,575	17.85%
684	8.54%	628	7.61%	686	7.94%	785	8.89%	682	7.82%	637	7.22%
43	0.54%	51	0.62%	51	0.59%	41	0.46%	38	0.44%	45	0.51%
<u>\$ 8,014</u>	<u>100.00%</u>	<u>\$ 8,249</u>	<u>100.00%</u>	<u>\$ 8,645</u>	<u>100.00%</u>	<u>\$ 8,835</u>	<u>100.00%</u>	<u>\$ 8,720</u>	<u>100.00%</u>	<u>\$ 8,823</u>	<u>100.00%</u>

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

Governmental Activities					
Fiscal Year Ended June 30	Lease Revenue Bonds (1), (3)	Leases Payable	Note Payable	General Obligation Bond	Total Governmental Activities
2008	\$ 38,438,958	\$ 1,537,672	\$ -	\$ -	\$ 39,976,630
2009	37,397,009	1,400,851	-	-	38,797,860
2010	36,025,061	1,285,944	-	-	37,311,005
2011	32,883,113	1,273,634	291,000	-	34,447,747
2012	32,161,165	1,227,504	256,000	-	33,644,669
2013	31,334,216	1,133,674	-	-	32,467,890
2014	29,773,588	1,035,583	-	-	30,809,171
2015	28,951,872	933,039	-	-	29,884,911
2016	28,095,156	825,839	-	-	28,920,995
2017	27,203,440	713,771	-	-	27,917,211

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

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

Business-Type Activities

Revenue Bonds Payable (1), (3)	Leases Payable	Notes Payable	Total Business- Type Activities	Total Primary Government	Debt per Capita (2)	Percentage of Gross Assessed Valuation	Percentage of Personal Income (3)
\$ 134,632,678	\$ 8,628,016	\$ -	\$ 143,260,694	\$ 183,237,324	3,194	5.45%	(a)
187,544,091	8,334,263	-	195,878,354	234,676,214	4,011	6.49%	(a)
185,330,504	8,108,519	-	193,439,023	230,750,028	3,876	6.47%	(a)
202,456,916	12,925,015	-	215,381,931	249,829,678	4,164	6.93%	(a)
200,218,330	12,190,869	-	212,409,199	246,053,868	4,106	8.57%	22.65%
197,068,905	11,059,545	-	208,128,450	240,596,340	4,015	7.07%	21.59%
192,163,518	9,882,269	1,530,000	203,575,787	234,384,958	3,911	6.73%	20.75%
189,179,833	8,657,524	1,031,886	198,869,243	228,754,154	3,817	6.13%	20.17%
192,182,638	7,382,888	521,793	200,087,319	229,008,314	3,627	5.90%	22.92%
243,697,903	6,519,902	-	250,217,805	278,135,016	4,301	6.76%	23.66%

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>
2008	\$ -	\$ 1,725	\$ 1,725	0.00%	30.07
2009	-	1,530	1,530	0.00%	26.67
2010	-	24,675	24,675	0.84%	414.46
2011	-	23,350	23,350	0.79%	389.65
2012	-	23,300	23,300	0.81%	384.32
2013	-	23,250	23,250	0.67%	373.21
2014	-	22,845	22,845	0.66%	369.32
2015	-	22,415	22,415	0.60%	359.42
2016	-	21,810	21,810	0.53%	350.00
2017	-	21,930	21,930	0.53%	339.15

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, 2017**

2016-17 Assessed Valuation

	Total Debt 6/30/17	Percentage Applicable (1)	City's Share of Debt 6/30/17
<u>Overlapping Tax and Assessment Debt:</u>			
College of the Sequoias Tulare School Facilities Improvement District	\$ 33,494,924	48.342%	\$ 16,192,116
Tulare Union High School District	25,361,883	13.958%	3,540,012
Liberty School District	724,844	9.617%	69,708
Buena Vista School District	110,000	0.457%	503
Tulare Local Health Care District	84,110,000	60.992%	51,300,371
Total Overlapping Tax and Assessment Debt			71,102,710
<u>Direct and Overlapping General Fund Debt:</u>			
Tulare County General Fund Obligations	34,535,000	12.884%	4,449,489
Tulare County Board of Education Certificates of Participation	35,410,000	12.884%	4,562,224
College of the Sequoias General Fund Obligations	5,445,000	13.958%	760,013
Tulare School District General Fund Obligations	11,189,929	94.707%	10,597,646
Liberty School District General Fund Obligations	2,490,000	9.617%	239,463
City of Tulare General Fund Capital Leases	713,771	100.000%	713,771
City of Tulare General Fund Obligations	26,670,000	100.000%	26,670,000
Total Direct and Overlapping General Fund Debt			47,992,607
<u>Overlapping Tax Increment Debt (Successor Agency)</u>	\$ 21,930,000	100.000%	21,930,000
Total Direct Debt			26,670,000
Total Overlapping Debt			114,355,317
Combined Total Debt			\$ 141,025,317 (2)

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.19%
Total Direct Debt (\$28,365,000)	0.65%
Combined Total Debt	3.41%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$662,288,258)

Total Overlapping Tax Increment Debt	3.31%
--------------------------------------	-------

AB: (\$475)

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

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

Source:

California Municipal Statistics, Inc.

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

	Fiscal Year			
	2008	2009	2010	2011
Assessed Valuation	\$ 3,360,893,629	\$ 3,618,288,634	\$ 3,566,690,244	\$ 3,602,778,202
Debt Margin Ratio	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
Debt Margin	126,033,511	135,685,824	133,750,884	135,104,183
Less Outstanding General Obligations	-	-	-	-
Net Debt Margin	<u>\$ 126,033,511</u>	<u>\$ 135,685,824</u>	<u>\$ 133,750,884</u>	<u>\$ 135,104,183</u>

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

Sources:

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,507,263,871	\$ 3,402,295,924	\$ 3,484,810,863	\$ 3,731,254,075	\$ 3,936,379,896	\$ 4,116,213,619
<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>	<u>3.75%</u>
131,522,395	127,586,097	130,680,407	139,922,028	147,614,246	154,358,011
-	-	-	-	-	-
<u>\$ 131,522,395</u>	<u>\$ 127,586,097</u>	<u>\$ 130,680,407</u>	<u>\$ 139,922,028</u>	<u>\$ 147,614,246</u>	<u>\$ 154,358,011</u>

**CITY OF TULARE
PLEGGED-REVENUE COVERAGE
LAST NINE FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30	Sewer Revenue Bonds							
	Total Sewer Revenue	Less Operating Expenses	Net Revenues	2001 Senior Bonds	Senior Debt Coverage	Remaining Net Revenues	Parity (Subordinate) Debt	Parity Debt Coverage
2009	\$ 21,512	\$ 9,140	\$ 12,372	\$ 1,233	10.03	\$ 11,139	\$ 6,627	1.68
2010	19,270	10,786	8,484	1,229	8.09	7,255	6,912	1.26
2011	21,431	8,778	12,653	1,230	11.65	11,423	10,032	1.31
2012	25,505	7,957	17,548	1,229	14.27	16,319	10,776	1.51
2013	24,963	9,087	15,876	1,056	15.04	14,820	11,076	1.34
2014	25,225	10,981 ⁽¹⁾	14,244	923	15.43	13,321	11,263	1.18
2015	26,023	9,615	16,408	923	17.77	15,485	11,221	1.38
2016	28,308	10,559 ⁽²⁾	17,749	923	19.22	16,826	10,858	1.55
2017	29,556	9,787 ⁽³⁾	19,769	923	21.41	18,846	10,617	1.78

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

(2) Operating Expenses shown for Fiscal Year Ending June 30, 2016 exclude \$1,543,438.74 of bond-funded expenses related to the Series 2015 Bonds and the unamortized portions of the Series 2006 Bonds and Series 2010 Bonds.

(3) Operating Expenses shown for Fiscal Year Ending June 30, 2017 exclude \$3,163,328.48 of bond funded expenses related to the Series 2016 Bonds and unamortized portion of the Series 2010 Bonds.

Operating Expenses exclude interest expenses and depreciation.

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

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

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

Source:

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

Tax Allocation Bonds

Tax Increment	Debt Service		Coverage
	Principal	Interest	
\$ 5,968	\$ 195	\$ 88	21.09
6,077	205	79	21.40
6,505	1,325	888	2.94
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)
(2)	(2)	(2)	(2)

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

Calendar Year	Population (1)	Personal Income	Personal Income (amounts expressed in thousands) (4)	Total Personal Income / Per Capita (4)	Assessed Valuation (in thousands) (2)	Per Capita Assessed Valuation	City Unemployment Rate (3)	County Unemployment Rate (3)
2008	\$ 57,375	(a)	(a)	(a)	\$ 3,360,894	58.58	8.30%	9.80%
2009	58,506	(a)	(a)	(a)	3,618,289	61.84	12.50%	14.70%
2010	59,535	(a)	(a)	(a)	3,566,690	59.91	13.50%	15.70%
2011	59,926	(a)	(a)	\$ 17,734	3,602,778	60.12	13.40%	15.60%
2012	60,627	\$ 1,086,557,094	\$ 1,086,557	17,922	3,507,264	57.85	12.90%	15.10%
2013	61,199	1,114,556,188	1,114,556	18,212	3,402,296	55.59	10.90%	12.80%
2014	61,857	1,129,508,820	1,129,508	18,260	3,484,811	56.34	9.80%	11.60%
2015	62,363	1,134,393,312	1,134,393	18,336	3,731,254	59.83	9.20%	10.90%
2016	63,515	1,004,957,149	1,004,957	15,872	3,936,380	61.98	9.10%	10.60%
2017	64,661	1,175,483,033	1,175,483	18,179	4,116,214	63.66	8.90%	10.60%

(a) Information unavailable

Sources:

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

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

Employer	2017		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Land O'Lakes, Inc. (formerly Dairyman's Cooperative Creamery)	600	2.37%	600	2.84%
Haagen Dazs (formerly Nestle Ice Cream Co.)	300	1.19%	300	1.42%
Wal-Mart	225	0.89%	280	1.33%
Southern Ca Edison Company	120	0.47%	200	0.95%
Saputo Cheese USA, Inc.	530	2.09%	150	0.71%
U.S. Cold Storage of California	200	0.79%		n/a
Ruan, Inc.	180	0.71%		n/a
Cheese & Protein International		n/a	170	0.80%
Kings County Truck Lines		n/a	150	0.71%
Kraft USA Tulare	250	0.99%	130	0.62%
J.D. Heiskell Company	350	1.38%	125	0.59%
Morris Levin & Sons Hardware	200	0.79%	170	0.80%
Golden Valley Dairy Products		n/a	215	1.02%

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

Sources:

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

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

Function	Full-Time and Part-Time Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	40	40	40	40	48	48	48	46	38	40
Public Safety	161	166	166	166	158	158	156	160	159	124
Public Works	79	79	79	86	86	86	86	88	95	92
Community Development	24	24	24	24	16	16	16	17	15	17
Community Services	39	39	36	36	22	22	22	22	22	26
Library and Cultural	11	11	11	11	10	10	10	10	11	16
Total	354	359	356	363	340	340	338	343	340	315

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Police:					
Arrests	3,363	3,405	3,479	3,118	3,046
Parking Citations Issued	3,436	(1)	623	308	400
(1) Fire:					
Number of Emergency Calls	5,186	5,152	5,393	5,813	6,216
Inspections	1,494	1,159	1,317	2,200	821
Parks and Recreation:					
Number of Recreation Classes	140	137	107	110	107
Number of Facility Rentals	2,143	2,137	1,983	1,989	1,852
Water:					
New Connections	268	250	85	157	101
Average Daily Consumption (millions of gallons)	17	17	16	16	16
Sewer:					
New Connections	358	263	101	161	128

(1) Information unavailable.

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

Source:

Various City of Tulare Departments as appropriate

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

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	3	3	3	3	3
Public Works:					
Streets (miles)	187.52	192.67	194.32	194.32	195.02
Traffic Signals	41	41	41	41	41
Parks and Recreation:					
Parks	17	17	17	18	18
Park Acreage	207.81	207.81	207.81	303.15	341.00
Water:					
Water Mains (miles)	208.51	214.32	215.26	215.98	219.26
Average Daily Consumption (millions of gallons)	16.72	16.48	15.80	16.04	16.44
Sewer:					
Sanitary Sewers (miles)	197.64	203.78	231.82	232.46	235.94
Average Daily Wastewater Flow (millions of gallon)	11.36	11.18	11.06	11.64	12.44

Source:

Various City of Tulare Departments as appropriate

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

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