City Council Agenda

APRIL 24, 2012
7:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

choose civility
www.stancoe.org/civility

Mayor
John S. Lazar

Council Members
William DeHart, Jr. **Amy Bublak**
Forrest White **Mary Jackson**
Vice Mayor

City Manager
Roy W. Wasden
City Clerk
Kellie E. Weaver
City Attorney
Phaedra A. Norton

SPEAKER CARDS: To accommodate those wishing to address the Council and allow for staff follow-up, speaker cards are available for any agendized topic or any other topic delivered under Public Comment. Please fill out and provide the Comment Card to the City Clerk or Police Officer.

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Turlock City Council meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the City Council on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the City Council's consideration of the item.

AGENDA PACKETS: Prior to the City Council meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Council after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER

B. SALUTE TO THE FLAG

2. PROCLAMATIONS, RECOGNITIONS, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS

A. *Proclamation*: Light of Christ Lutheran Church 100th Anniversary accepted by Sylvia Mueller
B. *Proclamation*: Arbor Day 140th Anniversary, April 27, 2012 accepted by Allison Van Guilder
C. *Presentation*: Meadowlark Lemon and the Harlem All Stars Charity Basketball Game, April 28, 2012 by Municipal Services Director Dan Madden

Any invocation that may be offered before the official start of the Council meeting shall be the voluntary offering of a private citizen, to and for the benefit of the Council. The views or beliefs expressed by the invocation speaker have not been previously reviewed or approved by the Council and the Council does not endorse the religious beliefs or views of this, or any other, invocation speaker.

3. A. SPECIAL BRIEFINGS: None

B. STAFF UPDATES: None

C. PUBLIC PARTICIPATION:

This is the time set aside for members of the public to directly address the City Council on any item of interest to the public, before or during the City Council's consideration of the item, that is within the subject matter jurisdiction of the City Council. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Council addresses the matter.

No action or discussion may be undertaken on any item not appearing on the posted agenda, except that Council may refer the matter to staff or request it be placed on a future agenda.

4. A. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS: None

5. CONSENT CALENDAR:

Information concerning the consent items listed hereinbelow has been forwarded to each Councilmember prior to this meeting for study. Unless the Mayor, a Councilmember or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Council. The action taken by the Council in approving the consent items is set forth in the explanation of the individual items.

A. *Resolution*: Accepting Demands of 3/29/12 in the amount of $1,539,219.03; Demands of 4/5/12 in the amount of 473,039.25

B. *Motion*: Accepting Minutes of Special Meeting of April 10, 2012; Minutes of Regular Meeting of April 10, 2012

C. *Motion*: Accepting notification of Contract Change Order No. 1 in the decreased amount of ($65,045) (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 1 – General Construction and Specialties, bringing the contract total to $2,337,955

D. *Motion*: Accepting notification of Contract Change Order No. 2 in the increased amount of $518.15 (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 4 - Landscaping, bringing the contract total to $227,328.15

E. *Motion*: Accepting notification of Contract Change Order No. 2 in the increased amount of $6,399 (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 08 – Roofing and Waterproofing, bringing the contract total to $599,797

F. *Motion*: Accepting notification of Contract Change Order No. 1 in the decreased amount of ($6,100) (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 16 – Fire Protection, bringing the contract total to $237,390

G. *Motion*: Awarding bid and approving an agreement in the amount of $177,623 (Fund 215) with Tim Paxin's Excavation of Elk Grove, California, for City Project No. 0945, "Washington and West Main Intersection Improvements"

H. *Motion*: Approving Contract Change Order No. 4 in the amount of $11,804.57 (Fund 426) for City Project No. 0952, "Turlock Regional Transit Center," bringing the contract total to $1,669,773.95

I. *Motion*: Approving an agreement in an amount not to exceed $15,595 (Fund 420) with Kenneth D. Schmidt and Associates for groundwater quality consultation services for City Project 11-45, "Pilot Hole for Well No. 41"

J. *Motion*: Awarding bid and approving an agreement in the amount of $13,834.00 (Fund 112) with Barton Overhead Door, Inc., Modesto, California, for City Project No. 12-32, "Rollup Door Replacement at Fire Station No. 2 & No. 4"

K. *Motion*: Reaffirming the emergency declaration of the City Manager that there is a need to pursue the replacement of hot water circulation piping at the Turlock Regional Water Quality Control Facility without compliance with the formal competitive bidding procedure

L. *Motion*: Approving Amendment No. 2 to City Contract No. 07- 448 with Carollo Engineers in the amount of $42,510, to provide a comparison of Packed Tower technology for removal of Trihalomethanes (THM) with continued chlorine disinfection versus Ultra Violet Light (UV) technology for disinfection without the use of chlorine, in the Regional Water Quality Control Facility (RWQCF) effluent

M. *Motion*: Approving the Maintenance Agreement with Mo-Cal Office Solutions of Modesto for the Fire Department's Ricoh MP 3010 copier, for a period of twelve (12) months, in an annual amount not to exceed $200, plus an overage rate of $0.015 per page

N. *Resolution*: Authorizing the Purchasing Officer to dispose of surplus property by any means determined to be in the best interest of the City

O. *Resolution*: Authorizing the filling of one (1) vacant Police Records Technician position within the Turlock Police Department through an in-house recruitment of full-time, part-time and volunteer staff, and outside recruitment if needed

P. *Resolution*: Authorizing the Turlock Fire Department to establish a Working Agreement or Memorandum of Understanding with American Medical Response – West for the sole purpose of Continuing Education Records oversight under the direction of a Clinical Medical Director provided by American Medical Response – West

Q. *Motion*: Accepting the 2010-11 Audited Financial Statements for the City of Turlock

R. *Resolution*: Approving the 2012 Master Calendar and subsequent street closures for the Turlock Downtown Property Owners Association

6. FINAL READINGS: None

7. PUBLIC HEARINGS:

A. Request to repeal Turlock Municipal Code Title 4, Chapter 7, Article 9, Section 03 entitled, "Solicitation of Motorists Prohibited." *(Norton)*

Recommended Action
Ordinance: Repealing Turlock Municipal Code Title 4, Chapter 7, Article 9, Section 03 entitled, "Solicitation of Motorists Prohibited"

8. SCHEDULED MATTERS:

A. Request to accept the report regarding the status of the Turlock City Arts Commission and take potential action regarding the future of the commission, including maintaining the current role of the Commission, disbanding the Commission, and/or entering into a future Memorandum of Understanding with the Carnegie Arts Center. *(Van Guilder)*

Recommended Action - Option 1:
Resolution: Accepting the report regarding the status of the Turlock City Arts Commission, and effective June 1, 2012, disbanding the Commission and rescinding Resolution No. 97-112, which set forth the Turlock City Arts Commission bylaws, with the intent of entering into a Memorandum of Understanding between the City of Turlock and the Carnegie Arts Center to provide public art in the City Hall Gallery

OR

Recommended Action - Option 2:
Motion: Accepting the report regarding the status of the Turlock City Arts Commission and maintaining the current role of the Turlock City Arts Commission

B. Request to provide direction to staff with regard to the feasibility of a transportation funding options local ballot measure. *(Pitcock)*

Recommended Action
Motion: Providing direction to staff with regard to the feasibility of a transportation funding options local ballot measure

C. Request to support ACA 23, an amendment to the California Constitution, lowering the voter threshold to fifty-five (55) percent for local transportation sales tax. *(Pitt)*

Recommended Action:
Resolution: Supporting ACA 23, an amendment to the California Constitution, lowering the voter threshold to fifty-five (55) percent for local transportation sales tax

9. COUNCIL ITEMS FOR FUTURE CONSIDERATION

10. COUNCIL COMMENTS

Councilmembers may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

11. CLOSED SESSION

Conference with Labor Negotiators, Cal. Gov't Code §54957.6

Agency Negotiators: Roy W. Wasden/Phil Lancaster
Employee Organization: Turlock Associated Police Officers
Employee Organization: Turlock City Employee Association
Employee Organization: Turlock Firefighters Association. Local 2434
Employee Organization: Turlock Management Association-Public Safety
Unrepresented Employees: Accountant, Sr., Assistant to the City Manager for Economic Development/Redevelopment, Community Housing Services Manager, Deputy Development Services Director/Planning, Development Services Director/City Engineer, Development Services Supervisor/City Surveyor, Executive Assistant to the City Manager/City Clerk, Finance Customer Service Supervisor, Fire Chief, Human Resources Manager, Human Resources Technician, Legal Assistant, Municipal Services Director, Payroll Coordinator, Principal Civil Engineer, Public Facilities Maintenance Manager, Regulatory Affairs Manager, Secretary/Deputy City Clerk, Executive Administrative Assistant/Public Safety, Technical Services Manager, Traffic/Transportation Engineering Supervisor, Utilities Manager, Water Quality Control Division Manager

12. ADJOURNMENT

2A

IN HONOR OF

LIGHT OF CHRIST LUTHERAN CHURCH

100th ANNIVERSARY

WHEREAS, on March 10, 1912, with the help of Reverend M.A. Nordstrom, a small group of "Swedish Lutherans" officially organized in the spirit of unwavering faith in God as the Nazareth Evangelical Lutheran Church; and

WHEREAS, in 1913, W.X. Magnuson was called fresh out of seminary to serve Nazareth in Turlock, Saron Lutheran in Escalon and Berea Lutheran in Hilmar; and

WHEREAS, by 1920, Nazareth in Turlock became a separate congregation from its sister churches, maintaining a close bond to this very day; and

WHEREAS, in 2005, the congregation officially changed their name to Light of Christ Lutheran Church; and

WHEREAS, today, the Light of Christ Lutheran Church in Turlock is dedicated to gathering, equipping, and sending disciples of Jesus Christ into our community and the world; and

WHEREAS, we give pause, honor and praise this day for those faithful souls whose deep and trusting Christian commitment gave this congregation a rich heritage of faith; and

WHEREAS, this church has now established a 100-year legacy of positive benefit to the City of Turlock, contributing to the City's success as a wonderful community.

NOW, THEREFORE, I, JOHN LAZAR, by virtue of the authority vested in me as Mayor of the City of Turlock, and on behalf of all our citizens, do hereby extend this Proclamation of Recognition to Pastor Sylvia Mueller of the **LIGHT OF CHRIST LUTHERAN CHURCH** on the occasion of their **100th ANNIVERSARY**, a time at which we honor the unfailing devotion and fellowship which have made this church an example and faithful witness of our community.

IN WITNESS WHEREOF, I, JOHN LAZAR, Mayor of Turlock, have hereunto set my hand and caused the Seal of the City of Turlock to be affixed this 24th day of April, 2012.

_____

JOHN LAZAR, MAYOR
City of Turlock, County of Stanislaus,
State of California

2B

IN HONOR OF

ARBOR DAY

April 27, 2012

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska; and

WHEREAS, 2012 is the 140th anniversary of the holiday and Arbor Day is now observed throughout the nation and world; and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce life-giving oxygen, and provide habitat for wildlife; and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires, and beautify our community; and

WHEREAS, trees, wherever they are planted, are a source of joy and spiritual renewal.

NOW, THEREFORE, I, JOHN LAZAR, by virtue of the authority vested in me as Mayor of the City of Turlock, and on behalf of all our citizens, do hereby proclaim April 27, 2012, as the 140th anniversary celebration of "**ARBOR DAY**" in the City of Turlock and urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands; and encourage all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

IN WITNESS WHEREOF, I, JOHN LAZAR, Mayor of Turlock, have hereunto set my hand and caused the Seal of the City of Turlock to be affixed this 24th day of April, 2012.

_____

JOHN LAZAR, MAYOR
City of Turlock, County of Stanislaus,
State of California

5A

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF ACCEPTING DEMANDS OF 3/29/12 IN THE AMOUNT OF $1,539,219.03; DEMANDS OF 4/5/12 IN THE AMOUNT OF $473,039.25	}	**RESOLUTION NO. 2012-**

WHEREAS, the City has received demands for ratification and approval.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby accept Demands as follows:

Demands of:	In the Amount of:
3/29/12	$1,539,219.03
4/5/12	$473,039.25

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk
City of Turlock, County of Stanislaus,
State of California

LIVE - City of Turlock - LIVE

Payment Register

From Payment Date: 3/23/2012 - To Payment Date: 3/29/2012

Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
AP - Accounts Payable									
Check									
87947	03/23/2012	Reconciled		03/26/2012	Accounts Payable	FARIA, JAMIE	$426.00	$426.00	$0.00
	Paying Fund			Cash Amount		Amount			
	104 - Payroll Clearing Fund			104.11000 (Cash)		$427.50			
	110 - General Fund			110.11000 (Cash)		($1.50)			
87948	03/23/2012	Open			Accounts Payable	SUPPORT PAYMENT CLEARING	$439.13		
	Paying Fund			Cash Amount		Amount			
	104 - Payroll Clearing Fund			104.11000 (Cash)		$440.13			
	110 - General Fund			110.11000 (Cash)		($1.00)			
87949	03/29/2012	Open			Accounts Payable	4LEAF INC	$877.90		
	Paying Fund			Cash Amount		Amount			
	405 - Building			405.11000 (Cash)		$877.90			
87950	03/29/2012	Open			Accounts Payable	A & A PORTABLES INC	$176.00		
	Paying Fund			Cash Amount		Amount			
	301 - Capital Improvement			301.11000 (Cash)		$176.00			
87951	03/29/2012	Open			Accounts Payable	ACCOUNTEMPS INC	$262.35		
	Paying Fund			Cash Amount		Amount			
	410 - WATER QUALITY CONTROL (WQC)			410.11000 (Cash)		$131.17			
	420 - WATER			420.11000 (Cash)		$131.18			
87952	03/29/2012	Open			Accounts Payable	AT&T / CALNET 2	$221.54		
	Paying Fund			Cash Amount		Amount			
	110 - General Fund			110.11000 (Cash)		$118.48			
	205 - Sports Facilities			205.11000 (Cash)		$15.86			
	410 - WATER QUALITY CONTROL (WQC)			410.11000 (Cash)		$57.52			
	420 - WATER			420.11000 (Cash)		$29.68			
87953	03/29/2012	Open			Accounts Payable	AT&T INFO SYSTEM	$357.18		
	Paying Fund			Cash Amount		Amount			
	110 - General Fund			110.11000 (Cash)		$357.18			
87954	03/29/2012	Open			Accounts Payable	AVAYA INC	$9.66		
	Paying Fund			Cash Amount		Amount			
	110 - General Fund			110.11000 (Cash)		$9.66			
87955	03/29/2012	Open			Accounts Payable	BALSWICK'S TIRE SHOP INC	$1,781.88		
	Paying Fund			Cash Amount		Amount			
	110 - General Fund			110.11000 (Cash)		$1,346.76			

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	205 - Sports Facilities	205.11000 (Cash)		$196.67	
	246 - Landscape Assessment	246.11000 (Cash)		($50.72)	
	420 - WATER	420.11000 (Cash)		$192.78	
	425 - Transit - Dial A Ride	425.11000 (Cash)		$96.39	
87956	03/29/2012 Open		Accounts Payable	BANK OF AGRICULTURE & COMMERCE	$1,100.00
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$1,100.00	
87957	03/29/2012 Open		Accounts Payable	BATTERY SYSTEMS	$9,307.59
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$6,204.44	
	420 - WATER	420.11000 (Cash)		$3,103.15	
87958	03/29/2012 Open		Accounts Payable	BAY AREA BUS REPAIR INC	$44.81
	Paying Fund	Cash Amount		Amount	
	425 - Transit - Dial A Ride	425.11000 (Cash)		$44.81	
87959	03/29/2012 Open		Accounts Payable	CAROLLO ENGINEERS	$33,969.40
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$24,200.52	
	411 - Storm Drainage Construction	411.11000 (Cash)		$9,768.88	
87960	03/29/2012 Open		Accounts Payable	CARTER CONSTRUCTION	$1,575.34
	Paying Fund	Cash Amount		Amount	
	217 - Streets - Gas Tax	217.11000 (Cash)		$1,575.34	
87961	03/29/2012 Open		Accounts Payable	CENTRAL VALLEY COMMUNITY BANK	$8,507.70
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$8,507.70	
87962	03/29/2012 Open		Accounts Payable	CHARTER COMMUNICATIONS	$329.95
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$134.98	
	501 - Information Technology	501.11000 (Cash)		$194.97	
87963	03/29/2012 Open		Accounts Payable	COUNTY BANK VISA	$3,438.16
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$3,186.93	
	204 - AB 939 Integrated Waste Mgmt	204.11000 (Cash)		$144.98	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$106.25	
87964	03/29/2012 Open		Accounts Payable	CSJVRMA	$133,046.00
	Paying Fund	Cash Amount		Amount	
	512 - Casualty Insurance	512.11000 (Cash)		$133,046.00	

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87965	03/29/2012	Open	Accounts Payable	DIEDE CONSTRUCTION INC	$9,900.00
	Paying Fund		Cash Amount	Amount	
	305 - Capital Facility Fees		305.11000 (Cash)	$9,900.00	
87966	03/29/2012	Open	Accounts Payable	DULEY'S LANDSCAPING INC	$33,007.28
	Paying Fund		Cash Amount	Amount	
	305 - Capital Facility Fees		305.11000 (Cash)	$33,007.28	
87967	03/29/2012	Open	Accounts Payable	FRAZIER MASONRY CORP	$9,822.60
	Paying Fund		Cash Amount	Amount	
	305 - Capital Facility Fees		305.11000 (Cash)	$9,822.60	
87968	03/29/2012	Open	Accounts Payable	GOLDEN STATE STEEL INC	$76,569.30
	Paying Fund		Cash Amount	Amount	
	305 - Capital Facility Fees		305.11000 (Cash)	$76,569.30	
87969	03/29/2012	Open	Accounts Payable	GOMES & SONS INC, JOE M	$23,784.38
	Paying Fund		Cash Amount	Amount	
	110 - General Fund		110.11000 (Cash)	$14,900.41	
	205 - Sports Facilities		205.11000 (Cash)	$402.06	
	217 - Streets - Gas Tax		217.11000 (Cash)	$1,432.55	
	246 - Landscape Assessment		246.11000 (Cash)	$1,488.71	
	405 - Building		405.11000 (Cash)	$152.64	
	410 - WATER QUALITY CONTROL (WQC)		410.11000 (Cash)	$3,097.82	
	420 - WATER		420.11000 (Cash)	$960.64	
	425 - Transit - Dial A Ride		425.11000 (Cash)	$971.93	
	426 - Transit - BLAST		426.11000 (Cash)	$327.20	
	502 - Engineering		502.11000 (Cash)	$50.42	
87970	03/29/2012	Open	Accounts Payable	GROENIGER & CO INC	$125.52
	Paying Fund		Cash Amount	Amount	
	410 - WATER QUALITY CONTROL (WQC)		410.11000 (Cash)	$125.52	
87971	03/29/2012	Open	Accounts Payable	HARDER'S PRINT SHOP INC	$147.90
	Paying Fund		Cash Amount	Amount	
	110 - General Fund		110.11000 (Cash)	$147.90	
87972	03/29/2012	Open	Accounts Payable	IKON OFFICE SOLUTIONS	$193.80
	Paying Fund		Cash Amount	Amount	
	110 - General Fund		110.11000 (Cash)	$193.80	
87973	03/29/2012	Open	Accounts Payable	LEHIGH HANSON INC	$147.97
	Paying Fund		Cash Amount	Amount	
	217 - Streets - Gas Tax		217.11000 (Cash)	$147.97	
87974	03/29/2012	Open	Accounts Payable	MARK III CONSTRUCTION INC	$34,650.00

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	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$34,650.00	
87975	03/29/2012 Open		Accounts Payable	MAXUM PETROLEUM CO	$3,352.83
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$1,010.52	
	205 - Sports Facilities	205.11000 (Cash)		$104.07	
	217 - Streets - Gas Tax	217.11000 (Cash)		$491.20	
	246 - Landscape Assessment	246.11000 (Cash)		$142.91	
	405 - Building	405.11000 (Cash)		$23.22	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$513.11	
	420 - WATER	420.11000 (Cash)		$122.19	
	425 - Transit - Dial A Ride	425.11000 (Cash)		$692.05	
	426 - Transit - BLAST	426.11000 (Cash)		$212.04	
	502 - Engineering	502.11000 (Cash)		$41.52	
87976	03/29/2012 Open		Accounts Payable	MO-CAL OFFICE SOLUTIONS	$126.44
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$126.44	
87977	03/29/2012 Open		Accounts Payable	MODERN BUILDING INC	$99,218.02
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$99,218.02	
87978	03/29/2012 Open		Accounts Payable	NEIL O ANDERSON AND ASSOC	$5,623.00
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$5,623.00	
87979	03/29/2012 Open		Accounts Payable	P G & E	$584.53
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$571.06	
	625 - Successor Agency - LMI	625.11000 (Cash)		$13.47	
87980	03/29/2012 Open		Accounts Payable	PACIFIC PRODUCT & SVS INC	$1,684.98
	Paying Fund	Cash Amount		Amount	
	217 - Streets - Gas Tax	217.11000 (Cash)		$1,684.98	
87981	03/29/2012 Open		Accounts Payable	PACIFIC STORAGE COMPANY	$19.50
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$19.50	
87982	03/29/2012 Open		Accounts Payable	PATRIAS ELEC CONT, DARRAL	$100,257.10
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$100,257.10	
87983	03/29/2012 Open		Accounts Payable	SIERRA CHEMICAL CO	$2,079.15

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	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$2,079.15	
87984	03/29/2012 Open		Accounts Payable	T I D		$9,306.52
	Paying Fund	Cash Amount			Amount	
	216 - Streets - Local Transportation	216.11000 (Cash)			$9,306.52	
87985	03/29/2012 Open		Accounts Payable	TARLTON & SON INC		$270,897.75
	Paying Fund	Cash Amount			Amount	
	305 - Capital Facility Fees	305.11000 (Cash)			$270,897.75	
87986	03/29/2012 Open		Accounts Payable	US BANK		$3,500.00
	Paying Fund	Cash Amount			Amount	
	621 - Successor Agency - Non LMI	621.11000 (Cash)			$3,500.00	
87987	03/29/2012 Open		Accounts Payable	WENELL MATTHEIS BOWE INC		$10,152.80
	Paying Fund	Cash Amount			Amount	
	305 - Capital Facility Fees	305.11000 (Cash)			$10,152.80	
87988	03/29/2012 Open		Accounts Payable	WILLE ELECTRIC SUPPLY INC		$285.92
	Paying Fund	Cash Amount			Amount	
	217 - Streets - Gas Tax	217.11000 (Cash)			($103.08)	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$373.14	
	420 - WATER	420.11000 (Cash)			$15.86	
87989	03/29/2012 Open		Accounts Payable	CESA-IR		$30.00
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$30.00	
87990	03/29/2012 Open		Accounts Payable	NUCP TURLOCK, LLC		$87,705.00
	Paying Fund	Cash Amount			Amount	
	411 - Storm Drainage Construction	411.11000 (Cash)			$87,705.00	
87991	03/29/2012 Open		Accounts Payable	Salabor, Susana		$45.00
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$42.50	
	301 - Capital Improvement	301.11000 (Cash)			$2.50	
87992	03/29/2012 Open		Accounts Payable	AFLAC		$4,282.12
	Paying Fund	Cash Amount			Amount	
	104 - Payroll Clearing Fund	104.11000 (Cash)			$4,282.12	
87993	03/29/2012 Open		Accounts Payable	COMBINED BENEFITS ADMIN C		$110,414.80
	Paying Fund	Cash Amount			Amount	
	511 - Health Insurance	511.11000 (Cash)			$110,414.80	
87994	03/29/2012 Open		Accounts Payable	COMBINED BENEFITS ADMIN-		$5,567.55
	Paying Fund	Cash Amount			Amount	

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	511 - Health Insurance	511.11000 (Cash)		$5,567.55	
87995	03/29/2012 Open		Accounts Payable	COMBINED BENEFITS ADMIN/	$2,183.98
	Paying Fund	Cash Amount		Amount	
	511 - Health Insurance	511.11000 (Cash)		$2,183.98	
87996	03/29/2012 Open		Accounts Payable	COUNTY BANK VISA	$310.59
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$270.84	
	255 - CDBG	255.11000 (Cash)		$39.75	
87997	03/29/2012 Open		Accounts Payable	FARIA, JAMIE	$426.00
	Paying Fund	Cash Amount		Amount	
	104 - Payroll Clearing Fund	104.11000 (Cash)		$427.50	
	110 - General Fund	110.11000 (Cash)		($1.50)	
87998	03/29/2012 Open		Accounts Payable	ING LIFE INSURANCE AND	$147.34
	Paying Fund	Cash Amount		Amount	
	104 - Payroll Clearing Fund	104.11000 (Cash)		$147.34	
87999	03/29/2012 Open		Accounts Payable	JCS PROPERTIES INC	$1,874.73
	Paying Fund	Cash Amount		Amount	
	625 - Successor Agency - LMI	625.11000 (Cash)		$1,874.73	
88000	03/29/2012 Open		Accounts Payable	MAGIC SANDS MOBILE HOME	$260.64
	Paying Fund	Cash Amount		Amount	
	625 - Successor Agency - LMI	625.11000 (Cash)		$260.64	
88001	03/29/2012 Open		Accounts Payable	MICROBIZ SECURITY COMPANY	$114,907.00
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$3,446.00	
	205 - Sports Facilities	205.11000 (Cash)		$1,723.00	
	217 - Streets - Gas Tax	217.11000 (Cash)		$4,633.00	
	246 - Landscape Assessment	246.11000 (Cash)		$1,723.00	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1,723.00	
	413 - WQC-Capital Expansion Reserve	413.11000 (Cash)		$85,481.88	
	420 - WATER	420.11000 (Cash)		$13,677.12	
	426 - Transit - BLAST	426.11000 (Cash)		$2,500.00	
88002	03/29/2012 Open		Accounts Payable	MULBERRY MOBILE PARK	$207.93
	Paying Fund	Cash Amount		Amount	
	625 - Successor Agency - LMI	625.11000 (Cash)		$207.93	
88003	03/29/2012 Open		Accounts Payable	P E R S ACTNG DIV	$19,958.15
	Paying Fund	Cash Amount		Amount	
	104 - Payroll Clearing Fund	104.11000 (Cash)		$19,445.70	

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	110 - General Fund	110.11000 (Cash)			$512.45		
88004	03/29/2012 Open		Accounts Payable	P E R S ACTNG DIV		$293,870.57	
	Paying Fund	Cash Amount			Amount		
	104 - Payroll Clearing Fund	104.11000 (Cash)			$281,436.24		
	110 - General Fund	110.11000 (Cash)			$12,114.90		
	205 - Sports Facilities	205.11000 (Cash)			$3.76		
	217 - Streets - Gas Tax	217.11000 (Cash)			$13.25		
	246 - Landscape Assessment	246.11000 (Cash)			$15.04		
	265 - Fire Department Grants	265.11000 (Cash)			$55.65		
	266 - Police Services Grants	266.11000 (Cash)			$89.68		
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$97.80		
	420 - WATER	420.11000 (Cash)			$34.53		
	505 - Fleet	505.11000 (Cash)			$9.72		
88005	03/29/2012 Open		Accounts Payable	SUPPORT PAYMENT CLEARING		$439.13	
	Paying Fund	Cash Amount			Amount		
	104 - Payroll Clearing Fund	104.11000 (Cash)			$440.13		
	110 - General Fund	110.11000 (Cash)			($1.00)		
88006	03/29/2012 Open		Accounts Payable	WESTERN VIEW MOBILE RANCH		$2,929.56	
	Paying Fund	Cash Amount			Amount		
	625 - Successor Agency - LMI	625.11000 (Cash)			$2,929.56		
88007	03/29/2012 Open		Accounts Payable	WESTFORK ESTATES		$688.30	
	Paying Fund	Cash Amount			Amount		
	625 - Successor Agency - LMI	625.11000 (Cash)			$688.30		
88008	03/29/2012 Open		Accounts Payable	DUSEL, JOSEPH		$440.00	
	Paying Fund	Cash Amount			Amount		
	266 - Police Services Grants	266.11000 (Cash)			$440.00		
88009	03/29/2012 Open		Accounts Payable	HOLIDAY INN DUBLIN		$544.60	
	Paying Fund	Cash Amount			Amount		
	266 - Police Services Grants	266.11000 (Cash)			$544.60		
88010	03/29/2012 Open		Accounts Payable	HOLIDAY INN DUBLIN		$544.60	
	Paying Fund	Cash Amount			Amount		
	266 - Police Services Grants	266.11000 (Cash)			$544.60		
88011	03/29/2012 Open		Accounts Payable	QUIROGA, ELIZABETH		$133.56	
	Paying Fund	Cash Amount			Amount		
	110 - General Fund	110.11000 (Cash)			$133.56		
Type Check Totals:			65 Transactions			$1,539,219.03	$426.00 $0.00
AP - Accounts Payable Totals							

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Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	64	$1,538,793.03	$0.00
	Reconciled	1	$426.00	$426.00
	Voided	0	$0.00	$0.00
	Stopped	0	$0.00	$0.00
	Total	65	$1,539,219.03	$426.00

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	64	$1,538,793.03	$0.00
	Reconciled	1	$426.00	$426.00
	Voided	0	$0.00	$0.00
	Stopped	0	$0.00	$0.00
	Total	65	$1,539,219.03	$426.00

Grand Totals:

Checks	Status	Count	Transaction Amount	Reconciled Amount
	Open	64	$1,538,793.03	$0.00
	Reconciled	1	$426.00	$426.00
	Voided	0	$0.00	$0.00
	Stopped	0	$0.00	$0.00
	Total	65	$1,539,219.03	$426.00

All	Status	Count	Transaction Amount	Reconciled Amount
	Open	64	$1,538,793.03	$0.00
	Reconciled	1	$426.00	$426.00
	Voided	0	$0.00	$0.00
	Stopped	0	$0.00	$0.00
	Total	65	$1,539,219.03	$426.00

LIVE - City of Turlock - LIVE

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Number	Date	Status	Void Reason	Reconciled/ Voided Date	Source	Payee Name	Transaction Amount	Reconciled Amount	Difference
AP - Accounts Payable									
Check									
88012	03/30/2012	Open			Accounts Payable	CPOA	$188.00		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$188.00		
88013	03/30/2012	Open			Accounts Payable	DOUBLETREE SACRAMENTO	$286.23		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$286.23		
88014	03/30/2012	Open			Accounts Payable	HOLEMAN, RUSS	$162.00		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$162.00		
88015	03/30/2012	Open			Accounts Payable	NATIONAL NOTARY ASSOCIATION	$52.00		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$52.00		
88016	04/02/2012	Open			Utility Management Refund	ANDREWS, AARON, RICHARD	$58.70		
	Paying Fund			Cash Amount			Amount		
	420 - WATER			420.11000 (Cash)			$58.70		
88017	04/02/2012	Open			Utility Management Refund	BARNETT, JAMES	$83.50		
	Paying Fund			Cash Amount			Amount		
	420 - WATER			420.11000 (Cash)			$83.50		
88018	04/02/2012	Open			Utility Management Refund	BELLO, MACHELLE	$25.84		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$0.84		
	410 - WATER QUALITY CONTROL (WQC)			410.11000 (Cash)			$0.95		
	420 - WATER			420.11000 (Cash)			$24.05		
88019	04/02/2012	Open			Utility Management Refund	BORGES, ANTHONY	$51.65		
	Paying Fund			Cash Amount			Amount		
	110 - General Fund			110.11000 (Cash)			$2.51		
	410 - WATER QUALITY CONTROL (WQC)			410.11000 (Cash)			$4.92		
	420 - WATER			420.11000 (Cash)			$44.22		
88020	04/02/2012	Open			Utility Management Refund	CHAPMAN, THOMAS	$58.70		
	Paying Fund			Cash Amount			Amount		

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	110 - General Fund	110.11000 (Cash)		$0.84	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1.40	
	420 - WATER	420.11000 (Cash)		$56.46	
88021	04/02/2012 Open	Utility Management Refund	GARCIA, MAX, MANUEL		$150.00
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$2.51	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$4.92	
	420 - WATER	420.11000 (Cash)		$142.57	
88022	04/02/2012 Open	Utility Management Refund	LAU, SUZANNA		$172.17
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$172.17	
88023	04/02/2012 Open	Utility Management Refund	LEASE, NATHANIEL		$75.12
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$75.12	
88024	04/02/2012 Open	Utility Management Refund	NARAYAN, DIP		$58.70
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$0.84	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1.40	
	420 - WATER	420.11000 (Cash)		$56.46	
88025	04/02/2012 Open	Utility Management Refund	REAL PROPERTY MANAGEMENT		$89.58
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$89.58	
88026	04/02/2012 Open	Utility Management Refund	REAL PROPERTY MANAGEMENT		$101.86
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$101.86	
88027	04/02/2012 Open	Utility Management Refund	ROWE, BRIAN		$51.65
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$0.84	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1.64	
	420 - WATER	420.11000 (Cash)		$49.17	
88028	04/02/2012 Open	Utility Management Refund	SANDOVAL, ERIBERTO		$72.45
	Paying Fund	Cash Amount		Amount	

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	420 - WATER	420.11000 (Cash)			$72.45	
88029	04/02/2012 Open		Utility Management Refund	SEIBERT, SUZI		$5.11
	Paying Fund	Cash Amount			Amount	
	420 - WATER	420.11000 (Cash)			$5.11	
88030	04/02/2012 Open		Utility Management Refund	SMITH, JAMES MICHAEL		$90.73
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$6.62	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$0.95	
	420 - WATER	420.11000 (Cash)			$83.16	
88031	04/02/2012 Open		Utility Management Refund	WAMSAT, RICHARD		$80.17
	Paying Fund	Cash Amount			Amount	
	420 - WATER	420.11000 (Cash)			$80.17	
88032	04/05/2012 Open		Accounts Payable	AMERINATN'L COMM SERVICE		$16,750.00
	Paying Fund	Cash Amount			Amount	
	258 - Housing Stimulus Funds	258.11000 (Cash)			$16,750.00	
88033	04/05/2012 Open		Accounts Payable	AMERINATN'L COMM SERVICE		$91,750.00
	Paying Fund	Cash Amount			Amount	
	255 - CDBG	255.11000 (Cash)			$81,750.00	
	258 - Housing Stimulus Funds	258.11000 (Cash)			$10,000.00	
88034	04/05/2012 Open		Accounts Payable	STANISLAUS CO PLANNING		$423.92
	Paying Fund	Cash Amount			Amount	
	256 - Stanislaus Housing Consortia	256.11000 (Cash)			$423.92	
88035	04/05/2012 Open		Accounts Payable	AIRGAS NCN		$246.53
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$246.53	
88036	04/05/2012 Open		Accounts Payable	AMERICA'S AUTO GLASS		$138.42
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$138.42	
88037	04/05/2012 Open		Accounts Payable	ANDREWS ELECTRIC MOTORS		$2,379.33
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$2,379.33	
88038	04/05/2012 Open		Accounts Payable	AT&T / CALNET 2		$4,140.32
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$3,625.80	
	205 - Sports Facilities	205.11000 (Cash)			$21.72	

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	405 - Building	405.11000 (Cash)			$11.89	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$186.58	
	420 - WATER	420.11000 (Cash)			$34.65	
	426 - Transit - BLAST	426.11000 (Cash)			$66.22	
	501 - Information Technology	501.11000 (Cash)			$84.87	
	502 - Engineering	502.11000 (Cash)			$12.82	
	505 - Fleet	505.11000 (Cash)			$95.77	
88039	04/05/2012 Open		Accounts Payable	AT&T MOBILITY		$389.40
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$242.64	
	501 - Information Technology	501.11000 (Cash)			$146.76	
88040	04/05/2012 Open		Accounts Payable	BALSWICK'S TIRE SHOP INC		$54.33
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$54.33	
88041	04/05/2012 Open		Accounts Payable	BAY AREA BUS REPAIR INC		$133.44
	Paying Fund	Cash Amount			Amount	
	425 - Transit - Dial A Ride	425.11000 (Cash)			$133.44	
88042	04/05/2012 Open		Accounts Payable	BONANDER PONTIAC INC		$510.35
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$392.75	
	426 - Transit - BLAST	426.11000 (Cash)			$117.60	
88043	04/05/2012 Open		Accounts Payable	BONANDER TRUCKS		$7.41
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$7.41	
88044	04/05/2012 Open		Accounts Payable	BURTON'S FIRE APPARATUS		$146.85
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$146.85	
88045	04/05/2012 Open		Accounts Payable	CAROLLO ENGINEERS		$81,839.23
	Paying Fund	Cash Amount			Amount	
	415 - Sewer Bond Projects	415.11000 (Cash)			$81,839.23	
88046	04/05/2012 Open		Accounts Payable	CHARTER COMMUNICATIONS		$54.99
	Paying Fund	Cash Amount			Amount	
	501 - Information Technology	501.11000 (Cash)			$54.99	
88047	04/05/2012 Open		Accounts Payable	COMBINED BENEFITS ADMIN C		$113,522.53
	Paying Fund	Cash Amount			Amount	
	511 - Health Insurance	511.11000 (Cash)			$113,522.53	
88048	04/05/2012 Open		Accounts Payable	COSTCO		$940.29

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	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$117.39	
	270 - Recreation Grants	270.11000 (Cash)		$822.90	
88049	04/05/2012 Open		Accounts Payable	COUNTRY FORD TRUCKS INC	$1,120.47
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$473.10	
	217 - Streets - Gas Tax	217.11000 (Cash)		$47.47	
	246 - Landscape Assessment	246.11000 (Cash)		$47.07	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$485.48	
	420 - WATER	420.11000 (Cash)		$67.35	
88050	04/05/2012 Open		Accounts Payable	CUMMINS WEST INC	$32,991.33
	Paying Fund	Cash Amount		Amount	
	217 - Streets - Gas Tax	217.11000 (Cash)		$18,826.33	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$14,165.00	
88051	04/05/2012 Open		Accounts Payable	CWEA	$604.00
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$604.00	
88052	04/05/2012 Open		Accounts Payable	DELAMARE-FULTZ ENG INC	$2,317.00
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$2,317.00	
88053	04/05/2012 Open		Accounts Payable	DELTA WIRELESS & NETWORK	$1,022.21
	Paying Fund	Cash Amount		Amount	
	246 - Landscape Assessment	246.11000 (Cash)		$204.44	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$613.32	
	420 - WATER	420.11000 (Cash)		$204.45	
88054	04/05/2012 Open		Accounts Payable	DEPT OF PUBLIC HEALTH	$163.80
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$163.80	
88055	04/05/2012 Open		Accounts Payable	DOWNEY BRAND ATTORNEYS	$444.50
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$260.00	
	420 - WATER	420.11000 (Cash)		$184.50	
88056	04/05/2012 Open		Accounts Payable	EMJ CORPORATION	$5,249.35
	Paying Fund	Cash Amount		Amount	
	305 - Capital Facility Fees	305.11000 (Cash)		$5,249.35	
88057	04/05/2012 Open		Accounts Payable	GEOANALYTICAL LAB INC	$3,673.76
	Paying Fund	Cash Amount		Amount	

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	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$2,015.76	
	420 - WATER	420.11000 (Cash)			$1,658.00	
88058	04/05/2012	Open	Accounts Payable	GRAINGER INC, W W		$990.91
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$48.32	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$922.40	
	420 - WATER	420.11000 (Cash)			$20.19	
88059	04/05/2012	Open	Accounts Payable	HARDER'S PRINT SHOP INC		$267.91
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$267.91	
88060	04/05/2012	Open	Accounts Payable	HILMAR READY MIX		$115.42
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$69.79	
	420 - WATER	420.11000 (Cash)			$45.63	
88061	04/05/2012	Open	Accounts Payable	JUSTUS LAWNMOWER SHOP INC		$6.23
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$6.23	
88062	04/05/2012	Open	Accounts Payable	N & S TRACTOR INC		$280.90
	Paying Fund	Cash Amount			Amount	
	217 - Streets - Gas Tax	217.11000 (Cash)			$280.90	
88063	04/05/2012	Open	Accounts Payable	NEW WORLD SYSTEM CORP		$21,303.17
	Paying Fund	Cash Amount			Amount	
	240 - Small Equipment Replacement	240.11000 (Cash)			$18,303.17	
	420 - WATER	420.11000 (Cash)			$3,000.00	
88064	04/05/2012	Open	Accounts Payable	OMNI-MEANS INC		$863.00
	Paying Fund	Cash Amount			Amount	
	305 - Capital Facility Fees	305.11000 (Cash)			$863.00	
88065	04/05/2012	Open	Accounts Payable	P G & E		$12.62
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$12.62	
88066	04/05/2012	Open	Accounts Payable	PACIFIC TIRE & WHEEL		$54.00
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$36.00	
	205 - Sports Facilities	205.11000 (Cash)			$3.00	
	246 - Landscape Assessment	246.11000 (Cash)			$3.00	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$3.00	
	420 - WATER	420.11000 (Cash)			$3.00	

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From Payment Date: 3/30/2012 - To Payment Date: 4/5/2012

	425 - Transit - Dial A Ride	425.11000 (Cash)		$6.00	
88067	04/05/2012 Open		Accounts Payable	PATCHETT FORD MERCURY INC	$13.08
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$13.08	
88068	04/05/2012 Open		Accounts Payable	REPUBLIC ITS	$12,885.20
	Paying Fund	Cash Amount		Amount	
	216 - Streets - Local Transportation	216.11000 (Cash)		$12,885.20	
88069	04/05/2012 Open		Accounts Payable	SCOTT'S PPE RECON	$2,264.04
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$2,264.04	
88070	04/05/2012 Open		Accounts Payable	SECURE DELIVERY	$123.00
	Paying Fund	Cash Amount		Amount	
	420 - WATER	420.11000 (Cash)		$123.00	
88071	04/05/2012 Open		Accounts Payable	SHELL FLEET PLUS	$333.59
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$333.59	
88072	04/05/2012 Open		Accounts Payable	SIEMENS INDUSTRY INC	$1,894.77
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1,894.77	
88073	04/05/2012 Open		Accounts Payable	SIERRA CHEMICAL CO	$4,158.29
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$4,158.29	
88074	04/05/2012 Open		Accounts Payable	SIERRA FOOTHILL LAB	$275.00
	Paying Fund	Cash Amount		Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$275.00	
88075	04/05/2012 Open		Accounts Payable	SOUTHWEST SCHOOL &	$676.82
	Paying Fund	Cash Amount		Amount	
	270 - Recreation Grants	270.11000 (Cash)		$676.82	
88076	04/05/2012 Open		Accounts Payable	T I D	$33,616.13
	Paying Fund	Cash Amount		Amount	
	110 - General Fund	110.11000 (Cash)		$2,871.52	
	205 - Sports Facilities	205.11000 (Cash)		$675.06	
	216 - Streets - Local Transportation	216.11000 (Cash)		$2,263.21	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)		$1,895.63	
	420 - WATER	420.11000 (Cash)		$25,771.90	
	426 - Transit - BLAST	426.11000 (Cash)		$138.81	
88077	04/05/2012 Open		Accounts Payable	THERMO KING MODESTO INC	$123.92

Payment Register

From Payment Date: 3/30/2012 - To Payment Date: 4/5/2012

	Paying Fund	Cash Amount			Amount	
	426 - Transit - BLAST	426.11000 (Cash)			$123.92	
88078	04/05/2012 Open		Accounts Payable	TID		$520.00
	Paying Fund	Cash Amount			Amount	
	420 - WATER	420.11000 (Cash)			$520.00	
88079	04/05/2012 Open		Accounts Payable	TURLOCK CITY TOW INC		$230.00
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$230.00	
88080	04/05/2012 Open		Accounts Payable	TURLOCK UNIFIED		$5,276.02
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$5,276.02	
88081	04/05/2012 Open		Accounts Payable	UNITED RESOURCE SYSTEMS INC		$527.46
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$333.40	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$111.17	
	420 - WATER	420.11000 (Cash)			$82.89	
88082	04/05/2012 Open		Accounts Payable	US BANK OFFICE EQUIPMENT		$459.51
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$153.89	
	502 - Engineering	502.11000 (Cash)			$305.62	
88083	04/05/2012 Open		Accounts Payable	VAN DE POL ENTERPRISE INC		$678.79
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$678.79	
88084	04/05/2012 Open		Accounts Payable	WILLE ELECTRIC SUPPLY INC		$16.11
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$16.11	
88085	04/05/2012 Open		Accounts Payable	ZALCO LABORATORIES INC		$206.00
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$206.00	
88086	04/05/2012 Open		Accounts Payable	ZALREICH CHEMICAL CO INC		$14,155.71
	Paying Fund	Cash Amount			Amount	
	410 - WATER QUALITY CONTROL (WQC)	410.11000 (Cash)			$14,155.71	
88087	04/05/2012 Open		Accounts Payable	ADVANCE MARKING SYSTEMS		$85.50
	Paying Fund	Cash Amount			Amount	
	110 - General Fund	110.11000 (Cash)			$85.50	
88088	04/05/2012 Open		Accounts Payable	JACKSON, ROBERT		$326.35
	Paying Fund	Cash Amount			Amount	

5B1

APRIL 10, 2012
5:30 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

DRAFT

MINUTES
Special Meeting

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1. **CALL TO ORDER** - Mayor Lazar called the meeting to order at 5:35 p.m.
   PRESENT: Councilmembers Amy Bublak (arrived at 5:40 p.m.), Bill DeHart, Mary Jackson, Forrest White, and Mayor John S. Lazar.
   ABSENT: None

2. **PUBLIC PARTICIPATION:**

   David Fransen and Sergio Alvarado spoke in favor of City Council prioritizing funding for streets with General Fund monies.

3. **A. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:** None

4. **WORKSHOP – ROAD CONDITIONS, EVALUATION, AND POTENTIAL FUNDING SOURCES**

   Development Services Director Mike Pitcock provided the staff report to Council, which included information about the Pavement Management System, conditions of our existing street network, funding required to improve our existing street network, the cost of various types of street improvements, gas tax funding, federal and state grant funding, and options for alternative funding sources.

   Mr. Pitcock introduced Jennifer West, a consultant from J. West Group, who provided additional information regarding funding sources.

   Council and staff discussion included current funding mechanisms and how funding is expended, potential grant options associated with being deemed a "Self Help" city, the importance of educating the public regarding roadways and funding sources, formation of assessment districts, and the potential for a sales tax ballot measure.

   Mayor Lazar opened public comment. Toby Wells, City Engineer from the City of Ceres, spoke in favor of a roads tax and provided information about ACA 23 (Perea) which would only require a 55% voter approval rate for imposition of a special tax for local transportation projects. Stanislaus County District 2 Supervisor Vito Chiesa spoke regarding StanCOG's acceptance of the 55% voter threshold as part of their legislative platform. Mayor Lazar closed public comment.

5. **ADJOURNMENT:**

   Motion by Councilmember DeHart, seconded by Councilmember Jackson, to adjourn the meeting at approximately 6:50 p.m. Motion carried unanimously.

RESPECTFULLY SUBMITTED

Kellie E. Weaver
City Clerk

DRAFT

5B2

APRIL 10, 2012
7:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

DRAFT

MINUTES
Regular Meeting
Turlock City Council

---

1. **A. CALL TO ORDER** –Mayor Lazar called the meeting to order at 7:06 p.m.
   PRESENT: Councilmembers Amy Bublak, Bill DeHart, Mary Jackson, Forrest White, and Mayor John S. Lazar.
   ABSENT: None

   B. SALUTE TO THE FLAG

2. **PROCLAMATIONS, PRESENTATIONS, RECOGNITIONS, ANNOUNCEMENTS & APPOINTMENTS:** None

3. **A. SPECIAL BRIEFINGS**: None

   B. STAFF UPDATES

   1. City Clerk Kellie Weaver provided information regarding Board, Commission, and Committee vacancies.

   C. PUBLIC PARTICIPATION:

   Turlock Library Branch Manager Carol Blomquist provided information about upcoming programs and activities at the Turlock Library.

4. **A. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:** None

5. **CONSENT CALENDAR:**
   Staff requested Item 5I be removed from the Consent Calendar to be brought forward at a future meeting.

   Action: Motion by Councilmember Jackson, seconded by Councilmember DeHart, and unanimously carried to adopt the amended consent calendar as follows:

   A. **Resolution No. 2012-057** Accepting Demands of 3/22/12 in the amount of $942,035.94
   B. *Motion*: Accepting Minutes of Regular Meeting of March 27, 2012
   C. *Motion*: Reaffirming the emergency declaration of the City Manager that there is a need to pursue the replacement of hot water circulation piping at the Turlock Regional Water Quality Control Facility without compliance to the formal bid process
   D. *Motion*: Awarding bid and approving an agreement in the amount of $22,764 (Fund 301) with G. Ramirez Concrete, Inc., of Merced, California, for City Project No. 12-27, "ADA Improvements at the Southwest Corner of Monte Vista Avenue and Geer Road"
   E. 1. *Motion*: Approving Contract Change Order No. 2 (Final) in the amount of $16,704.60 (Fund 305) for City Project No. 0745, "Traffic Signal at W Main and S Kilroy," bringing the contract total to $287,547.08

DRAFT

2. **Resolution No. 2012-058** Appropriating $20,750 to account number 305-40-440.51270 "Traffic Signal at W Main and S Kilroy" to be funded via a transfer of Section 2103 Gas Tax monies from Fund 217 "Gas Tax Fund" for City Project No. 0745, "Traffic Signal at W Main and S Kilroy," to complete the necessary funding required for the project

3. *Motion*: Accepting improvements for City Project No. 0745, "Traffic Signal at W Main and S Kilroy," and authorizing the City Engineer to file a Notice of Completion

F. *Motion*: Approving Amendment No. 2 with Neil O. Anderson and Associates, Inc., of Lodi, California, for City Project No. 0804B, "Turlock Public Safety Facility," for special services, in an amount not to exceed $66,995 (Fund 305), bringing the total contract to $321,175

G. *Motion*: Approving Amendment No. 1 to the Retainer Agreement (Contract No. 09-656) with Cogdill & Giomi Real Estate Appraisers & Consultants of Modesto, California, for professional appraisal services, in an amount not to exceed $50,000

H. **Resolution No. 2012-059** Authorizing the City Manager or his designee to submit an application for a California Local Groundwater Assistance (LGA) grant on behalf of the Turlock Groundwater Basin Association (TGBA), to execute a grant agreement with the Department of Water Resources, and to execute all related documents pertaining to the grant and its administration

I. *Removed from Consent Calendar for future consideration*

J. 1. *Motion*: Approving the purchase of two (2) 2012 Ford F250 4x2 regular cab ¾ ton pickup trucks through the State of California, Contract No. 1-11-23-20, from Downtown Ford Sales of Sacramento, California, for the Parks, Recreation and Public Facilities Division, without compliance to the formal bid process, in an amount not to exceed $52,134

2. **Resolution No. 2012-060** Appropriating $26,067 to account number 506-00-000-221.51020 "Pick Up Truck/Parks" from Fund 506 "Equipment Pool Replacement" reserve balances for Parks, Public Facilities, Streets, Storm and Landscape Assessments for the purchase of a vehicle to be utilized for all standby calls

K. **Resolution No. 2012-061** Approving a Public Dance Hall Renewal Permit for Wellington's Pub and Restaurant, located at 10 E. Main Street, Turlock, California, owned and operated by Mr. Anthony T. Walker and Dorothy L. Walker

L. **Resolution No. 2012-062** Authorizing the release of property from Police Property and Evidence of nine (9) bicycles for donation to the 38th District Agricultural Association (Stanislaus County Fair Board) for their use in varied community/fair programs and hydroponic/lighting equipment for auction through PropertyRoom.com

M. **Resolution No. 2012-063** Approving the Conflict of Interest Code for the Successor Agency to the Turlock Redevelopment Agency; Designating the Code Reviewing Body (City Council) as the entity with which Statements of Economic Interest are to be filed; and Designating the City Clerk of the City of Turlock as the filing officer for reports required to be filed by each member of the Successor Agency

N. *Motion*: Approving a Professional Services Agreement for the preparation of 2011-12 Actuarial Reports for the City's Other Post Employment Benefit (OPEB) Plans with each of the City's Bargaining Units

O. *Motion*: Rejecting Claim for Damages filed by Michael and Sharon Butler

6. FINAL READINGS: None

7. PUBLIC HEARINGS: None

8. SCHEDULED MATTERS:

A. City Manager Roy Wasden and Sr. Accountant Julie Burke presented information on the request to accept a portion of the preliminary Fiscal Year 2012-13 Non-General Fund Budget, with the final budget to be adopted in whole on June 12, 2012.

Acting Police Support Operations Division Manager Steve Williams, Fire Chief Tim Lohman, Parks, Recreation and Public Facilities Maintenance Manager Allison Van Guilder, and Development Services Director Mike Pitcock presented information on their respective budgets. Ms. Van Guilder noted that on page 54, "Fund 246 – Landscape Assessment," account 48001_133 should indicate $60,000, rather than $0.

Action: Motion by Councilmember DeHart, seconded by Councilmember Jackson, Accepting a portion of preliminary Fiscal Year 2012-13 Non-General Fund Budget, with the final budget to be adopted in whole on June 12, 2012. Motion carried unanimously.

9. COUNCIL ITEMS FOR FUTURE CONSIDERATION

Councilmember Jackson asked that Council be provided information on ACA 23 "Perea Bill" at the next meeting.

Councilmember Bublak asked that an item to discuss the Arts Commission be agendized. She was advised an item has been scheduled for the next meeting.

Councilmember Bublak asked that her previous request to begin Council meetings at an earlier time be revisited. She noted that in December, when she introduced the matter in order to better accommodate City staff's schedules, her request did not move forward due to difficulties the change might present for the public. In light of the many early meetings/events that have recently been held, she would like the matter given further consideration.

Mayor Lazar asked that an item be agendized for Council discussion and public input as a result of the Road Conditions, Evaluation, and Potential Funding Sources workshop held earlier in the evening.

10. COUNCIL COMMENTS:

Councilmember White commended Chief Robert Jackson and Police Department staff for the skill and patience they exhibited during a recent incident at Denair Park.

Councilmember White asked that Council request an opportunity to be involved in the selection of the new California State University, Stanislaus president. Mayor Lazar informed him that request has already been made and accommodated.

Councilmember Jackson thanked Parks staff for their work in cleaning up City parks over the busy Easter weekend.

Councilmember Jackson passed on compliments from EAH to Council and City staff for their efforts on the Avena Bella project.

Councilmember Jackson announced that the Turlock Farmers Market will begin on Friday May 4, 2012, from 8:00 a.m. to 1:00 p.m.

11. CLOSED SESSION: None

12. ADJOURNMENT:

Mayor Lazar adjourned the meeting at 8:05 p.m.

RESPECTFULLY SUBMITTED

_____

Kellie E. Weaver
City Clerk

5C

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, P.E.
Director of Development Services / City Engineer

Prepared by: Anthony R. Orosco, Senior Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Accepting notification of Contract Change Order No. 1 in the decreased amount of ($65,045) (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 1 – General Construction and Specialties, bringing the contract total to $2,337,955

2. DISCUSSION OF ISSUE:

On February 1, 2011, Council awarded a contract in the amount of $2,403,000 to Diede Construction, Inc., of Woodbridge, California for "Turlock Public Safety Facility," Category 01 – General Construction and Specialties. In an effort to identify value engineering changes to the contract, City Staff and Deide Construction, Inc., recommend the following changes:

Change Order History	Amount	City Council Meeting
Original Contract	$2,403,000	2/1/11
Change Order No. 1	($65,045)	4/24/12
Adjusted Contract Total	$2,337,955	

Description of change order:

Change order No. 1 includes 6 items:

1) Change bronze plaque per Section 10400, Subsection 2.2, Item J, to cast aluminum per Submittal 10. (savings of $500)

2) Change ceiling grid per Specification Section 09511, Subsection 2.2A, Armstrong "Silhouette" to Armstrong "Prelude" exposed tee system. Items B through G in Subsection 2.2 remain as outlined. (savings of $25,800)

3) Change bronze plaque per Section 10400, Subsection 2.2, Item J, partition, delete gapless requirement and change hinges to lower grade type. (savings of $3,475)

4) Change access floor manufacturer to RAF Solutions. Maintain quality standards per Specification Section 10270. (savings of $30,000)

5) Change walk-in cooler manufacturer per Specification Section 09672 from Econocold System 34-1 to Bally Walk-in Coolers. All performance requirements in specifications and drawings shall remain intact. (savings of $1,870)

6) Change epoxy chip flooring system per Specification Section 09672 to Dura Quartz Epoxy Flooring System. Performance requirements per Item 2.2 of Section 09672 remain intact for epoxy system. (savings of $3,400)

3. BASIS FOR RECOMMENDATION:

A) City Policy is that the City Engineer is authorized to approve change orders up to 2%, the City Manager is authorized to approve change orders up to 5% and all other change orders must be approved by the City Council.

Strategic Plan Initiative C. PUBLIC SAFETY

Goal(s): b Police Department
ii. Complete construction and transition into new Public Safety Facility

4. FISCAL IMPACT / BUDGET AMENDMENT:

The original contract amount of $2,403,000 will be decreased in the amount of ($65,045), bringing the total contract to $2,337,955 (Fund 305).

Note: No General Fund money will be used for this change order.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

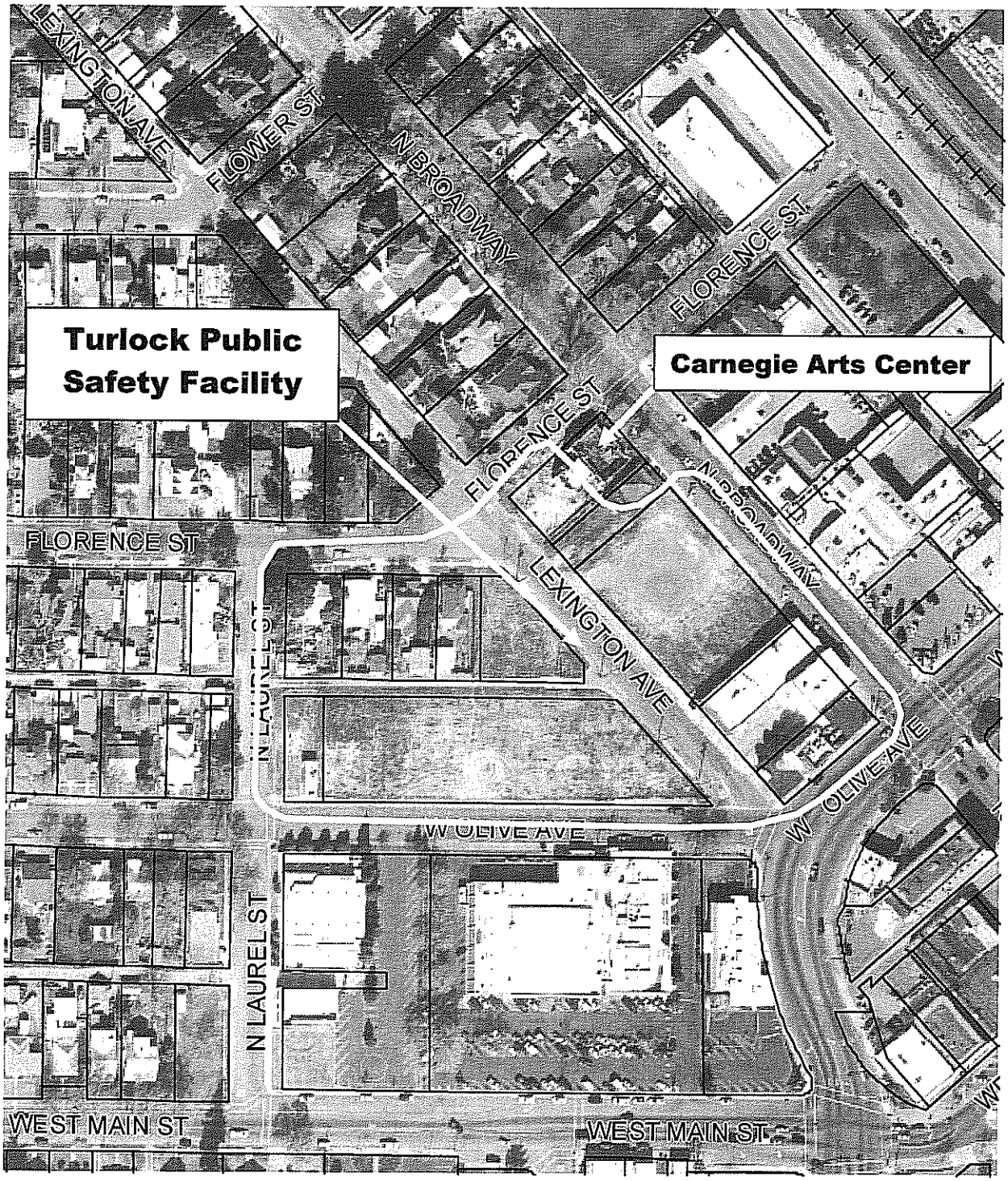
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Not approve Change Order No. 1. This option is not recommended by City Staff since the changes are necessary for the Turlock Public Safety Facility to be completed within the approved budget.

TURLOCK PUBLIC SAFETY FACILITY
(not to scale)



CONTRACT CHANGE ORDER AUTHORIZATION FORM

PROJECT INFORMATION

Diede Construction, Inc.
P.O. Box 1007
Woodbridge, CA 95258
(209) 369-8255

Change Order No.	1

Project Name:	Turlock Public Safety Facility
Project No.:	0804B - Category 01
Awarded on:	February 1, 2011
Original Contract Amount:	$2,403,000.00
Change to contract:	($65,045.00)
Change percentage:	-2.7%
New Contract Total:	$2,337,955.00

Description of change order:

1	Change bronze plaque per Section 10400, Subsection 2.2, Item J, to cast aluminum per Submittal 10.	($500.00)
2	Change ceiling grid per Specification Section 09511, Subsection 2.2A, Armstrong "Silhouette" to Armstrong "Prelude" exposed tee system. Items B through G in Subsection 2.2 remain as outlined.	($25,800.00)
3	Change bronze plaque per Section 10400, Subsection 2.2, Item J, partition, delete gapless requirement and change hinges to lower grade type.	($3,475.00)
4	Change access floor manufacturer to RAF Solutions. Maintain quality standards per Specification Section 10270.	($30,000.00)
5	Change walk-in cooler manufacturer per Specification Section 09672 from Econocold System 34-1 to Bally Walk-in Coolers. All performance requirements in specifications and drawings shall remain intact.	($1,870.00)
6	Change epoxy chip flooring system per Specification Section 09672 to Dura Quartz Epoxy Flooring System. Performance requirements per Item 2.2 of Section 09672 remain intact for epoxy system.	($3,400.00)
	TOTAL	($65,045.00)

☐ ***Change order >2% and <5% of contract: Recommended by City Engineer; approved by City Manager; City Council is notified.***

Recommended: _____
Michael G. Pitcock, Director of Development Services / City Engineer — Date

Approved: _____
Roy W. Wasden, City Manager — Date

CONTRACT CHANGE ORDER

Date issued: 24-Apr-12 **Change Order No.:** 1
Project Name: Turlock Public Safety Facility

Diede Construction, Inc.
P.O. Box 1007
Woodbridge, CA 95258

Project No.: 0804B - Category 01
Contract For: $2,403,000.00
Contract Award Date: February 1, 2011

You are directed to make the following changes in this contract as requested by The City of Turlock:

	ITEM	Unit:	Quantity:	Unit Price:	Total:
1	Change bronze plaque per Section 10400, Subsection 2.2, Item J, to cast aluminum per Submittal 10.	LS	1	($500.00)	($500.00)
2	Change ceiling grid per Specification Section 09511, Subsection 2.2A, Armstrong "Silhouette" to Armstrong "Prelude" exposed tee system. Items B through G in Subsection 2.2 remain as outlined.	LS	1	($25,800.00)	($25,800.00)
3	Change bronze plaque per Section 10400, Subsection 2.2, Item J, partition, delete gapless requirement and change hinges to lower grade type.	LS	1	($3,475.00)	($3,475.00)
4	Change access floor manufacturer to RAF Solutions. Maintain quality standards per Specification Section 10270.	LS	1	($30,000.00)	($30,000.00)
5	Change walk-in cooler manufacturer per Specification Section 09672 from Econocold System 34-1 to Bally Walk-in Coolers. All performance requirements in specifications and drawings shall remain intact.	LS	1	($1,870.00)	($1,870.00)
6	Change epoxy chip flooring system per Specification Section 09672 to Dura Quartz Epoxy Flooring System. Performance requirements per Item 2.2 of Section 09672 remain intact for epoxy system.	LS	1	($3,400.00)	($3,400.00)
			Total this CCO=		**($65,045.00)**

The original contract sum =	**$2,403,000.00**
Net change by previous change orders =	**$0.00**
The contract sum will be (decreased) by this Change Order =	**($65,045.00)**
The new contract sum including this change order will be =	**$2,337,955.00**
The contract time will be increased by (0) working days.	

Accepted: _____ **Date:** _____
Contractor

Recommended: _____ **Date:** _____
Michael G. Pitcock, Development Services Director/City Engineer

Approved: _____ **Date:** _____
City Manager

5D

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, P.E.
Director of Development Services / City Engineer

Prepared by: Anthony R. Orosco, Senior Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Accepting notification of Contract Change Order No. 2 in the increased amount of $518.15 (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 4 - Landscaping, bringing the contract total to $227,328.15

2. DISCUSSION OF ISSUE:

On February 1, 2011, Council awarded a contract in the amount of $256,529 to Duley's Landscaping, Inc., of Tollhouse, California for "Turlock Public Safety Facility," Category 4 – Landscaping. However, due to conflicts in scheduling of the off-site improvements that were necessary to begin the on-site work, the Contractor was required to begin construction later than proposed in the bid documents. Additionally, during the over-excavation of the building foundation, contaminated soil was discovered and needed to be removed, causing more delays in construction. After review of the project schedule, City Staff and Duley's Landscaping, Inc., recommend the following changes:

Change Order History	Amount	City Council Meeting
Original Contract	$256,529	2/1/11
Change Order No. 1	($29,719)	9/27/11
Change Order No. 2	$518.15	4/24/12
Adjusted Contract Total	$227,328.15	

Description of change order:

Change order No. 2 includes 1 item:

1) Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for changes to labor rates and increased material costs. Contractor legitimately claims costs for changes to labor rates and increased material costs resulting from schedule delays and delays due to the discovery and remediation of contaminated soil in the amount of $518.15.

3. BASIS FOR RECOMMENDATION:

A) City Policy is that the City Engineer is authorized to approve change orders up to 2%, the City Manager is authorized to approve change orders up to 5% and all other change orders must be approved by the City Council.

Strategic Plan Initiative C. PUBLIC SAFETY

Goal(s): b Police Department
ii. Complete construction and transition into new Public Safety Facility

4. FISCAL IMPACT / BUDGET AMENDMENT:

The original contract amount of $256,529 will be increased in the amount of $518.15, bringing the total contract to $227,328.15 (Fund 305)

Note: No General Fund money will be used for this change order.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

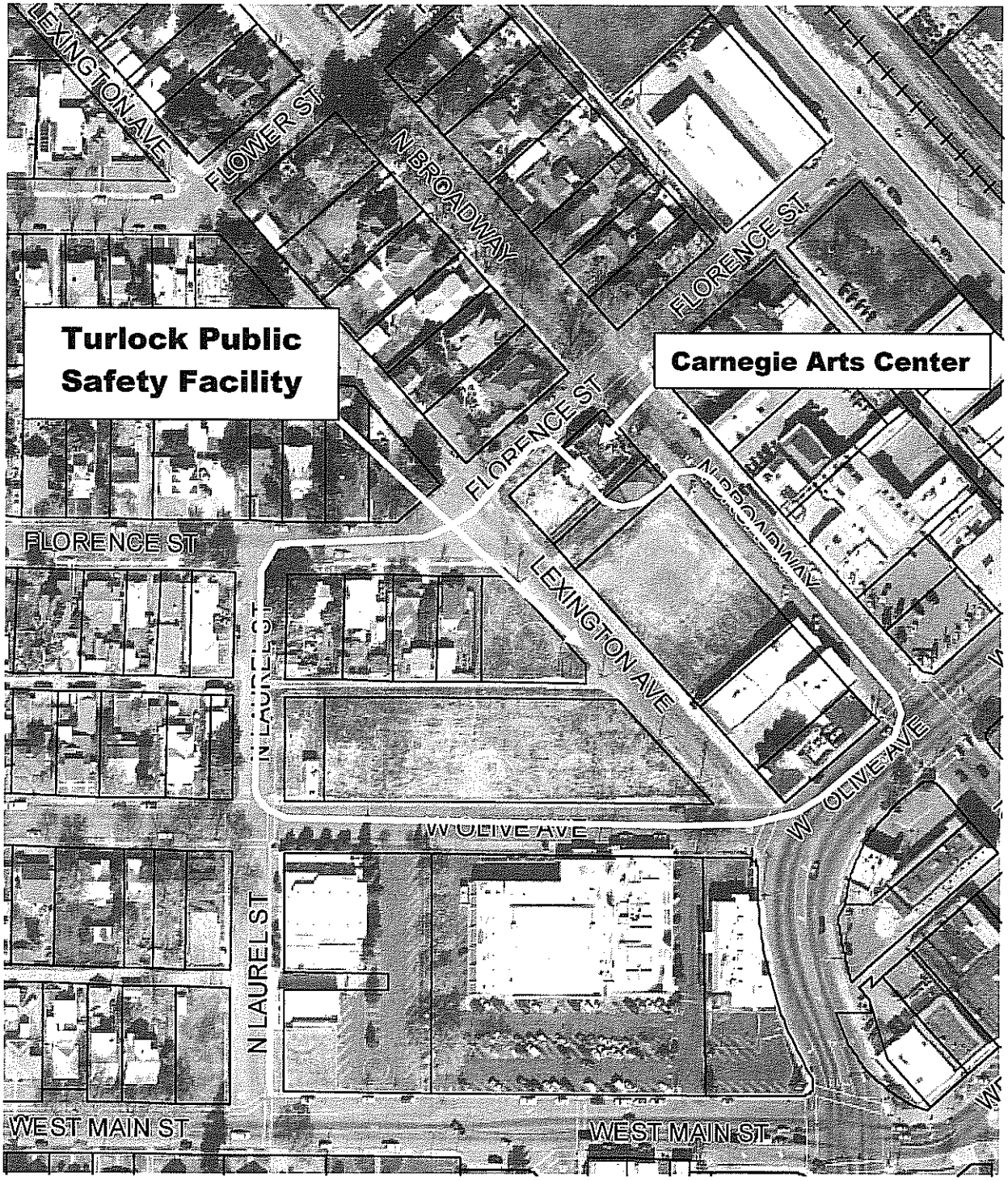
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Not approve Change Order No. 2. This option is not recommended by City Staff since the changes are necessary for the Turlock Public Safety Facility to be completed.

TURLOCK PUBLIC SAFETY FACILITY
(not to scale)



CONTRACT CHANGE ORDER AUTHORIZATION FORM

PROJECT INFORMATION

Duley's Landscaping, Inc.
28876 Topaz
Tollhouse, CA 93667
(559) 855-5090

Project Name:	Turlock Public Safety Facility
Project No.:	0804B - Category 04
Awarded on:	February 1, 2011
Original Contract Amount:	$256,529.00
Increase to contract:	$518.15
Increase percentage:	0.2%
Increase of previous CCOs:	($29,719.00)
Cumulative percentage:	-11.4%
New Contract Total:	$227,328.15

Change Order No. 2

Description of change order:

Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for increased material costs.	$518.15

[X] ***Change orders <2% of contract: Approval of City Engineer, notify City Manager & City Council***

Approved: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

[ ] ***Change order >2% and <5% of contract: Recommended by City Engineer; approved by City Manager; City Council is notified.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Approved: _____
Roy W. Wasden, City Manager — Date

[ ] ***Change order >5% of contract: Recommended by City Engineer and City Manager; Approved by City council.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Recommended: _____
Roy W. Wasden, City Manager — Date

Approval by City Council: _____

CONTRACT CHANGE ORDER

Date issued: 24-Apr-12 **Change Order No.:** 2
Project Name: Turlock Public Safety Facility

Duley's Landscaping, Inc.
28876 Topaz
Tollhouse, CA 93667

Project No.: 0804B - Category C
Contract For: $256,529.00
Contract Award Date: February 1, 2011

You are directed to make the following changes in this contract as requested by The City of Turlock:

	ITEM	Unit:	Quantity:	Unit Price:	Total:
1	Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for increased material costs.	LS	1	$518.15	$518.15
			Total this CCO=		$518.15

The original contract sum =	**$256,529.00**
Net change by previous change orders =	**($29,719.00)**
The contract sum will be (increased) by this Change Order =	**$518.15**
The new contract sum including this change order will be =	**$227,328.15**
The contract time will be increased by (10) working days.	

Accepted: _____ **Date:** _____
Contractor

Recommended: _____ **Date:** _____
Michael G. Pitcock, Development Services Director/City Engineer

Approved: _____ **Date:** _____
City Manager

5E

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, P.E.
Director of Development Services / City Engineer

Prepared by: Anthony R. Orosco, Senior Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Accepting notification of Contract Change Order No. 2 in the increased amount of $6,399 (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 08 – Roofing and Waterproofing, bringing the contract total to $599,797

2. DISCUSSION OF ISSUE:

On February 1, 2011, Council awarded a contract in the amount of $609,000 to Graham Prewett, Inc., of Fresno, California for "Turlock Public Safety Facility," Category 08 – Roofing and Waterproofing. However, due to conflicts in scheduling of the off-site improvements that were necessary to begin the on-site work, the Contractor was required to begin construction later than proposed in the bid documents. Additionally, during the over-excavation of the building foundation, contaminated soil was discovered and needed to be removed, causing more delays in construction. After review of the project schedule, City Staff and Graham Prewett, Inc., recommend the following changes:

Change Order History	Amount	City Council Meeting
Original Contract	$609,000	2/1/11
Change Order No. 1	($15,602)	1/10/12
Change Order No. 2	$6,399	4/24/12
Adjusted Contract Total	$599,797	

Description of change order:

Change order No. 2 includes 1 item:

1) Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for changes to labor rates and increased material costs. Contractor legitimately claims costs for changes to labor rates and increased material costs resulting from schedule delays and delays due to the discovery and remediation of contaminated soil in the amount of $6,399.

3. BASIS FOR RECOMMENDATION:

A) City Policy is that the City Engineer is authorized to approve change orders up to 2%, the City Manager is authorized to approve change orders up to 5% and all other change orders must be approved by the City Council.

Strategic Plan Initiative C. PUBLIC SAFETY

Goal(s): b Police Department
ii. Complete construction and transition into new Public Safety Facility

4. FISCAL IMPACT / BUDGET AMENDMENT:

The original contract amount of $609,000 will be increased in the amount of $6,399, bringing the total contract to $599,797 (Fund 305).

Note: No General Fund money will be used for this change order.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

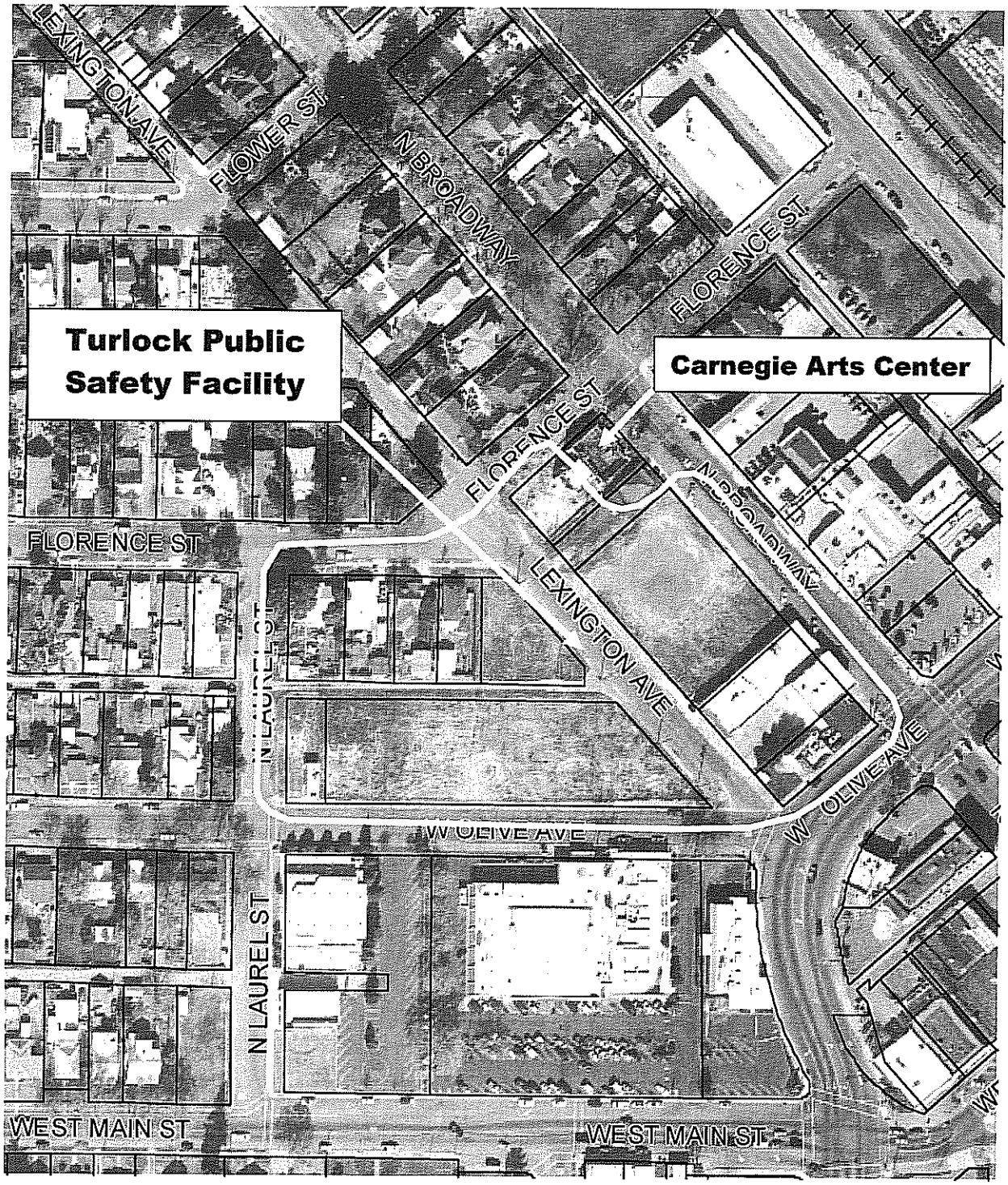
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Not approve Change Order No. 2. This option is not recommended by City Staff since the changes are necessary for the Turlock Public Safety Facility to be completed.

TURLOCK PUBLIC SAFETY FACILITY
(not to scale)



CONTRACT CHANGE ORDER AUTHORIZATION FORM

PROJECT INFORMATION

Graham Prewett, Inc.
2773 N. Business Park Ave., #102
Fresno, CA 93727
559-291-3741

Change Order No. 2

Project Name:	Turlock Public Safety Facility
Project No.:	0804B - Category 08
Awarded on:	February 1, 2011
Original Contract Amount:	$609,000.00
Increase to contract:	$6,399.00
Increase percentage:	1.1%
Increase of previous CCOs:	($15,602.00)
Cumulative percentage:	-1.5%
New Contract Total:	$599,797.00

Description of change order:

Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for changes to labor rates and increased material costs.	$6,399.00

[X] ***Change orders <2% of contract: Approval of City Engineer, notify City Manager & City Council***

Approved: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

[ ] ***Change order >2% and <5% of contract: Recommended by City Engineer; approved by City Manager; City Council is notified.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Approved: _____
Roy W. Wasden, City Manager — Date

[ ] ***Change order >5% of contract: Recommended by City Engineer and City Manager; Approved by City council.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Recommended: _____
Roy W. Wasden, City Manager — Date

Approval by City Council: _____

CONTRACT CHANGE ORDER

Date issued: 24-Apr-12 **Change Order No.:** 2
Project Name: Turlock Public Safety Facility

Graham Prewett, Inc.
2773 N. Business Park Ave., #102
Fresno, CA 93727

Project No.: 0804B - Category C
Contract For: $609,000.00
Contract Award Date: February 1, 2011

You are directed to make the following changes in this contract as requested by The City of Turlock:

ITEM		Unit:	Quantity:	Unit Price:	Total:
1	Add 61 working days from the Notice to Proceed date of April 13, 2011 to the actual start date and 36 working days for delay due to contaminated soil. The new completion date is now July 18, 2013. The added cost is for changes to labor rates and increased material costs.	LS	1	$6,399.00	$6,399.00
			Total this CCO=		**$6,399.00**
The original contract sum =					**$609,000.00**
Net change by previous change orders =					**($15,602.00)**
The contract sum will be (increased) by this Change Order =					**$6,399.00**
The new contract sum including this change order will be =					**$599,797.00**
The contract time will be increased by (10) working days.					

Accepted: _____ **Date:** _____
Contractor

Recommended: _____ **Date:** _____
Michael G. Pitcock, Development Services Director/City Engineer

Approved: _____ **Date:** _____
City Manager

5F

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, P.E.
Director of Development Services / City Engineer

Prepared by: Anthony R. Orosco, Senior Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Accepting notification of Contract Change Order No. 1 in the decreased amount of ($6,100) (Fund 305) for City Project No. 0804B, "Turlock Public Safety Facility," Category 16 – Fire Protection, bringing the contract total to $237,390

2. DISCUSSION OF ISSUE:

On February 1, 2011, Council awarded a contract in the amount of $243,490 to Cen-Cal Fire Systems, Inc., of Lodi, California for "Turlock Public Safety Facility - Off-site Improvements," Category 16 – Fire Protection. In an effort to identify value engineering changes to the contract, City Staff and Cen-Cal Fire Systems, Inc., recommend the following changes:

Change Order History	Amount	City Council Meeting
Original Contract	$243,490	2/1/11
Change Order No. 1	($6,100)	4/24/12
Adjusted Contract Total	$237,390	

Description of change orders:

Change order No. 1 includes 1 item:

1) Change Clean Agent Fire Protection System per Specification Section 15301from Fike's ECARO-25 (HFC-125) to Novec 1230 Clean Agent System. All other specification requirements shall not be changed. (savings of $6,100)

3. BASIS FOR RECOMMENDATION:

A) City Policy is that the City Engineer is authorized to approve change orders up to 2%, the City Manager is authorized to approve change orders up to 5% and all other change orders must be approved by the City Council.

Strategic Plan Initiative C. PUBLIC SAFETY

Goal(s): b Police Department
ii. Complete construction and transition into new Public Safety Facility

4. FISCAL IMPACT / BUDGET AMENDMENT:

The original contract amount of $243,490 will be decreased in the amount of $6,100, bringing the total contract to $237,390 (Fund 304)

Note: No General Fund money will be used for this change order.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

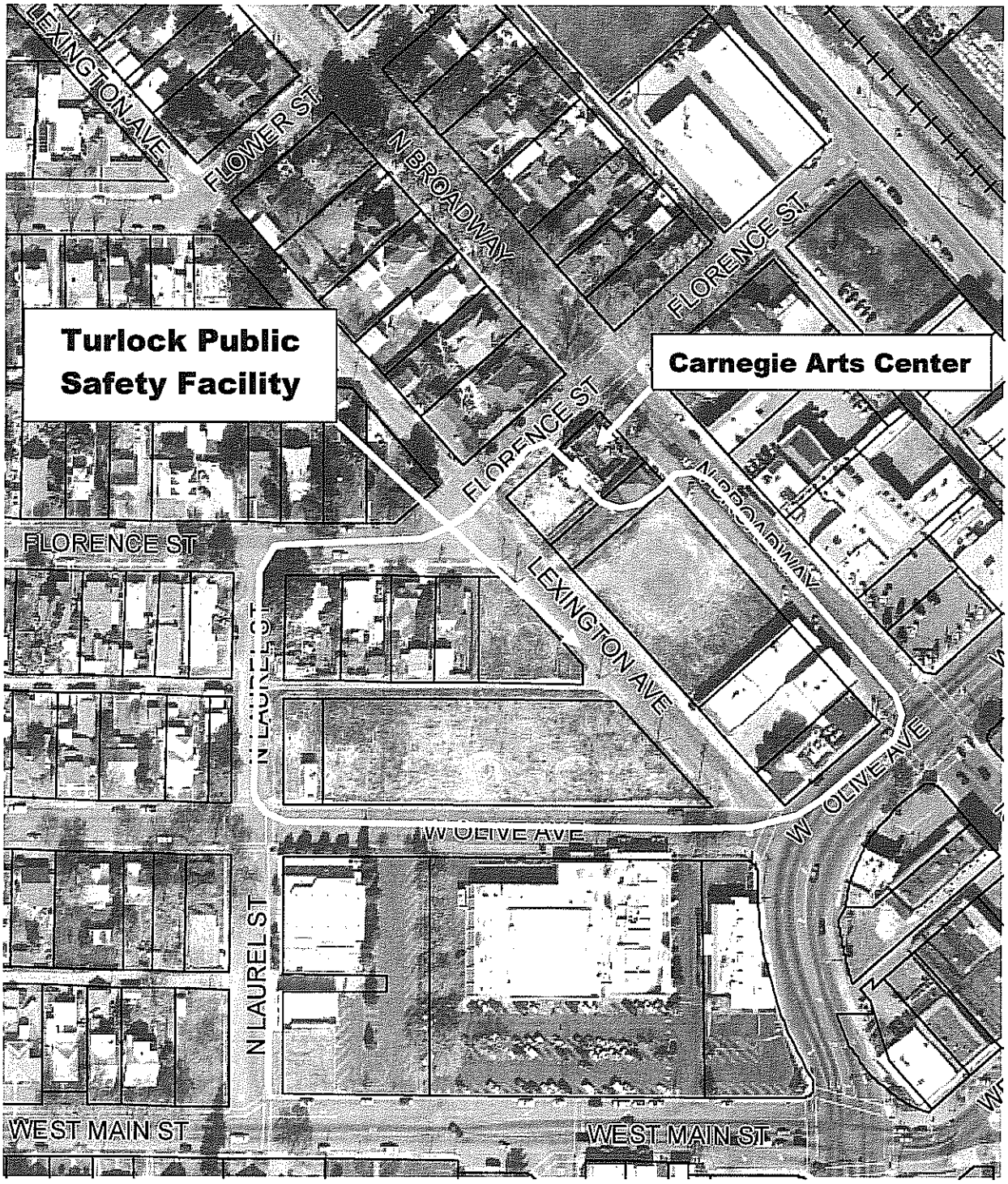
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Not approve Change Orders No. 1. This option is not recommended by City Staff since the changes are necessary for the Turlock Public Safety Facility to be completed within the approved budget.

TURLOCK PUBLIC SAFETY FACILITY
(not to scale)



CONTRACT CHANGE ORDER AUTHORIZATION FORM

PROJECT INFORMATION

Cen-Cal Fire Systems, Inc.
PO Box 1284
Lodi, CA 95241
209-334-9119

Project Name:	Turlock Public Safety Facility - Off-site Imp.
Project No.:	0804B - Category 16
Awarded on:	February 1, 2011
Original Contract Amount:	$243,490.00
Change to contract:	($6,100.00)
Change percentage:	-2.5%
New Contract Total:	$237,390.00

Change Order No. 1

Description of change order:

Change Clean Agent Fire Protection System per Specification Section 15301 from Fike's ECARO-25 (HFC-125) to Novec 1230 Clean Agent System. All Other specification requirements to remain intact. ($6,100.00)

[X] ***Change orders <2% of contract: Approval of City Engineer, notify City Manager & City Council***

Approved: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

[ ] ***Change order >2% and <5% of contract: Recommended by City Engineer; approved by City Manager; City Council is notified.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Approved: _____
Roy W. Wasden, City Manager — Date

[ ] ***Change order >5% of contract: Recommended by City Engineer and City Manager; Approved by City council.***

Recommended: _____
Michael G. Pitcock, Director of Development Services — Date
City Engineer

Recommended: _____
Roy W. Wasden, City Manager — Date

Approval by City Council: _____

CONTRACT CHANGE ORDER

Date issued: 24-Apr-12 **Change Order No.:** 1
Project Name: Turlock Public Safety Facility - Off-site Imp.

Cen-Cal Fire Systems, Inc.
PO Box 1284
Lodi, CA 95241

Project No.: 0804B - Category 16
Contract For: $243,490.00
Contract Award Date: February 1, 2011

You are directed to make the following changes in this contract as requested by The City of Turlock:

	ITEM	Unit:	Quantity:	Unit Price:	Total:
1	Change Clean Agent Fire Protection System per Specification	LS	1	($6,100.00)	($6,100.00)
	Section 15301 from Fike's ECARO-25 (HFC-125) to Novec 1230				
	Clean Agent System. All Other specification requirements to				
	remain intact.				
			Total this CCO=		($6,100.00)

The original contract sum =	$243,490.00
Net change by previous change orders =	$0.00
The contract sum will be (decreased) by this Change Order =	($6,100.00)
The new contract sum including this change order will be =	$237,390.00
The contract time will be increased by (10) working days.	

Accepted: _____ Date: _____
Contractor

tecommended: _____ Date: _____
Michael G. Pitcock, Development Services Director/City Engineer

Approved: _____ Date: _____
City Manager

5G

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, PE
Director of Development Services / City Engineer

Prepared by: Nathan Bray, PE
Associate Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Awarding bid and approving an agreement in the amount of $177,623 (Fund 215) with Tim Paxin's Excavation of Elk Grove, California, for City Project No. 0945, "Washington and West Main Intersection Improvements"

2. DISCUSSION OF ISSUE:

On February 9, 2012 Staff received four bids for City Project No. 0945, "Washington and West Main Intersection Improvements." At the bid opening, Collins Electrical Company of Stockton, California was the lowest bidder with a bid of $173,760.

Bid Summary:

COMPANY NAME	BID AMOUNT
Collins Electrical Company.	$173,760
Tim Paxin's Pacific Excavation	$177,623
Prism Engineering	$220,020
Lockwood General Engineering Inc.	$227,823

During bid review, Staff reviewed the proposals for compliance with the guidelines and specifications. This project uses federal funding and in-turn has additional requirements. Contractors are required to meet the Underutilized Disadvantaged Business Enterprise (UDBE) contract goal or provide documentation that a good faith effort was made in order to meet the UDBE contract goal.

After Staff's evaluation, the first bidder failed to meet the contract UDBE goal and Staff determined the bidder's good faith efforts were inadequate. The second and third bidders exceeded the contract UDBE goal.

In accordance with 49 CFR 26; if the agency determines that the low bidder did not demonstrate a good faith effort in order to meet the UDBE contract goal, the agency, before awarding the bid to the next bidder, must afford the bidder whose good faith effort was deemed inadequate a reconsideration hearing.

Note: At the time this staff report is being prepared and distributed, the reconsideration hearing for Collins Electric Company has not been held. The hearing is scheduled for April 18, 2012. If Collins Electric Company prevails at their hearing, this item will be removed from the agenda and brought forward at the next regular Council meeting for award of bid to Collins Electric.

Staff recommends the award of bid to Tim Paxin's Pacific Excavation.

3. BASIS FOR RECOMMENDATION:

A. Per the Public Contract Code, the City Council must authorize an award of bid to the lowest responsible bidder.

B. This project is federally funded and the funds must be spent in a timely manner in order for the City to utilize them.

Strategic Plan Initiative: D) MUNICIPAL INFRASTRUCTURE

Goal(s): a. Identify avenues to address current deficiencies (general fund, grants, ballot initiatives, assessment district) in:

ii) West Side

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact

Total Amount	Contractor Bid Cost	Construction Contingency	Construction Engineering & Inspection	Preliminary Engineering
$272,552.43	$177,623	$17,762.30	$17,762.30	$59,404.83

Funding anticipated for this project is comprised of the following sources:

- CMAQ $227,859
- Fund 305 (CFF) $44,693.43

Sufficient fund have been appropriated in the approved FY 11/12 budget in account number 215-40-420.51210 "W. Main St. & Washington Ave. Signal".

NOTE: No General Fund money will be used for this project.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

A. Reject all bids and re-advertise the project. Staff does not recommend this as this will delay the start of the project and the City will incur additional cost.

CITY OF TURLOCK
BIDDER'S SUMMARY

PROJECT TITLE: Washington and West Main Intersection Improvements
PROJECT NUMBER: 0945
BID OPENING: 9-Feb-12

ANTICIPATED COUNCIL AWARD DATE March 13, 2012

						1		2		3		4	
				ENGINEER'S EST.		Collins Electrical Company		Tim Paxin's Pacific Excavation		Prism Engineering		Lockwood General Eng. Inc.	
Item No.	Item Description	Unit of Measure	Estimated Quantity	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	Remove Existing Improvements	LS	1	$7,500.00	$7,500.00	$1,000.00	$1,000.00	$500.00	$500.00	$4,500.00	$4,500.00	$4,640.00	$4,640.00
2	Remove and Salvage Improvements	LS	1	$5,000.00	$5,000.00	$2,100.00	$2,100.00	$500.00	$500.00	$6,500.00	$6,500.00	$5,694.00	$5,694.00
3	Remove Thermoplastic Traffic Stripes/ Markings and Pavement Markers	LS	1	$1,250.00	$1,250.00	$1,400.00	$1,400.00	$1,300.00	$1,300.00	$1,600.00	$1,600.00	$3,705.00	$3,705.00
4	Clearing and Grubbing	LS	1	$2,500.00	$2,500.00	$1,500.00	$1,500.00	$1,650.00	$1,650.00	$5,500.00	$5,500.00	$3,100.00	$3,100.00
5	Earthwork	LS	1	$5,000.00	$5,000.00	$3,500.00	$3,500.00	$5,000.00	$5,000.00	$4,500.00	$4,500.00	$11,000.00	$11,000.00
6	Aggregate Base	CY	8	$125.00	$1,000.00	$220.00	$1,760.00	$200.00	$1,600.00	$150.00	$1,200.00	$250.00	$2,000.00
7	Hot Mix Asphalt	TN	30	$175.00	$5,250.00	$170.00	$5,100.00	$200.00	$6,000.00	$300.00	$9,000.00	$325.00	$9,750.00
8	Traffic Signal System	LS	1	$145,000.00	$145,000.00	$149,500.00	$149,500.00	$156,719.00	$156,719.00	$157,720.00	$157,720.00	$180,454.00	$180,454.00
9	Thermoplastic Pavement Striping	LS	1	$1,250.00	$1,250.00	$1,200.00	$1,200.00	$1,104.00	$1,104.00	$1,500.00	$1,500.00	$1,705.00	$1,705.00
10	Construction Project Sign	EA	1	$500.00	$500.00	$1,200.00	$1,200.00	$750.00	$750.00	$3,000.00	$3,000.00	$1,000.00	$1,000.00
11	Traffic Control	LS	1	$1,500.00	$1,500.00	$3,500.00	$3,500.00	$2,000.00	$2,000.00	$15,000.00	$15,000.00	$1,375.00	$1,375.00
12	Mobilization	LS	1	$10,000.00	$10,000.00	$2,000.00	$2,000.00	$500.00	$500.00	$10,000.00	$10,000.00	$3,400.00	$3,400.00
Total =					$185,750.00		$173,760.00		$177,623.00		$220,020.00		$227,823.00

AGREEMENT

FOR PUBLIC IMPROVEMENT

Project No. 0945

INTERSECTION IMPROVEMENTS AT WASHINGTON AND WEST MAIN
CML-5165(056)

THIS AGREEMENT is entered into by and between the CITY OF TURLOCK, a Municipal Corporation, hereinafter called "City," and

Tim Paxin's Pacific Excavation Inc
9796 Kent Street
Elk Grove, CA 95624

hereinafter called "Contractor" on this 24th day of April, 2012 (hereinafter called the "Agreement").

RECITALS

A City has taken appropriate proceedings to authorize construction of the public work and improvements herein provided and execution of this contract.

B A notice was duly published for bids for the contract for the improvement hereinafter described.

C On April 24, 2012, after notice duly given, the City Council of the City of Turlock awarded the contract for the construction of the improvements hereinafter described to Contractor, which Contractor said Council found to be the lowest responsible bidder for said improvements.

D City and Contractor desire to enter into this Agreement for the construction of said improvements.

IT IS AGREED AS FOLLOWS:

1. **Scope Of Work:**
Contractor shall perform the work described briefly as follows:

The work consists, in general, of: remove existing improvements, remove and salvage existing improvements, remove striping and markers, clear and grub existing site, earthwork, placement of minor amounts of aggregate base and hot mix asphalt, install traffic signal system, install minor amounts of thermoplastic striping, and traffic control and furnishing all necessary labor, materials, tools, equipment and incidentals needed to perform the improvements as shown on the contract plans complete and in place. This work shall be completed in accordance with the Standard Specifications, standard Drawings and these Special Provisions.

The aforesaid improvements are further described in the plans, specifications and technical requirements for such project, copies of which are on file in the office of the City Engineer, and which are incorporated herein by reference as if set forth fully herein.

2. The Contract:

The complete contract consists of the following documents: This agreement, the notice to contractors, the contractor's accepted proposal, general conditions, special provisions, plans and detailed drawings, addendums, faithful performance bond, labor and materials bond, and any and all supplemental agreements amending, decreasing, or extending the work contemplated or which may be required to complete the work in a substantial and acceptable manner. The current edition of the "City of Turlock Standard Specifications and Drawings" is hereby incorporated as a part of the contract.

All rights and obligations of City and Contractor are set forth and described in the contract.

All of the above named documents are intended to incorporate the terms of the others so that any work called for in one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all said documents. The documents comprising the complete contract will hereinafter be referred to as the "contract". In case of any dispute, the decision of the City Engineer shall be final.

3. Schedule:

All work shall be performed in accordance with the schedule approved by the City Engineer and under his direction.

4. Equipment & Performance Of Work:

Contractor shall furnish all tools, equipment, facilities, labor and materials necessary to perform and complete in good workmanlike manner the work of general construction as called for and in the manner designated in and in strict conformity with the plans and specifications for said work, which said specifications are entitled, "General Conditions and Special Provisions for **City Project No. 0945, "INTERSECTION IMPROVEMENTS AT WASHINGTON AND WEST MAIN CML-5165(056)."**

The equipment, apparatus, facilities, labor and material shall be furnished, and said work performed and completed as required in said plans and specifications under the direction and supervision, and subject to the approval of the City Engineer of said City, or City Engineer's designated agent.

5. **Contract Price:**

City shall pay, and Contractor shall accept in full payment for the work above agreed to be done, an amount not to exceed **One Hundred Seventy Seven Thousand Six Hundred Twenty Three and NO/100ths Dollars ($177,623.00).** Said amount shall be paid in installments as hereinafter provided.

6. **Time For Performance:**

The time fixed for the commencement of such work is within ten (10) working days after the "Notice to Proceed" has been issued. The work on this project, including all punch list items, shall be completed on or before the expiration of **Thirty (30)** working days beginning on the first day of work or no later than the tenth day after the "Notice to Proceed" has been issued.

The City will start counting working days once construction in the field starts. The City will not count working days during the lead time of the traffic signal system, unless work has commenced in the field.

7. **Rights Of City To Increase Working Days:**

If such work is not completed within such time, the City Engineer shall have the right to increase the number of working days in the amount the City Engineer may determine will best serve the interests of the City, and if the City Engineer desires to increase said number of working days, the City Engineer shall have the further right to charge the Contractor and deduct from the final payment for the work the actual cost of engineering, inspection, superintendence, and other overhead expenses which are directly chargeable to Contractor, and which accrue during the period of such extension, except that the cost of the final service and preparation of the final estimates shall not be included in such charges; provided, however, that no extension of time for completion of such work shall ever be allowed unless requested by Contractor at least twenty (20) calendar days prior to the time herein fixed for the completion thereof, in writing, with the City Engineer. In this connection, it is understood that the City Engineer shall not consider any such requests if not filed within the time herein prescribed.

8. **Option Of City To Terminate Agreement In Event Of Failure To Complete Work:**

If Contractor shall have refused or failed to prosecute the work, or any severable part thereof, with such diligence as will ensure its completion within the time specified or any extensions thereof, or shall have failed to complete said work within such time if

Contractor should be adjudged a bankrupt, or if Contractor should make a general assignment for the benefit of Contractor's creditors, or if a receiver should be appointed in the event of Contractor's insolvency, or if Contractor or any subcontractor should violate any of the provisions of this agreement, the City Engineer or the City Council may give written notice to Contractor and Contractor's sureties of its intention to terminate this agreement, and unless within five (5) days after the serving of such notice such violation shall cease and satisfactory arrangements for the correction thereof made, this agreement may, at the option of City, upon the expiration of said time, cease and terminate.

9. Liquidated Damages:

In the event the Contractor, for any reason, shall have failed to perform the work herein specified to the satisfaction of the City Engineer within the time herein required, the City may, in lieu of any other of its rights authorized by paragraph 8 of this agreement, deduct from payments or credits due Contractor after such breach, a sum equal to **Seven Hundred** and no/100ths Dollars **($700.00)** for each calendar day beyond the date herein provided for the completion of such work. This deduction shall not be considered a penalty but shall be considered as liquidated damages. The aforementioned rate of deduction is an amount agreed to by the Contractor and the City as reasonably representing additional construction engineering costs incurred by the City if the Contractor fails to complete the work within the contract time. However, any deduction assessed as liquidated damages shall not relieve the Contractor from liability for any damages or costs resulting from delays to other contractors on the project or other projects caused by a failure of the assessed Contractor to complete the work within the contract time. Due account shall be taken of any time extensions granted to the Contractor by the City. Permitting the Contractor to continue work beyond the contract completion date shall not operate as a waiver on the part of the City of any of its rights under the contract nor shall it relieve the Contractor from liability for any damages or costs resulting from delays to other contractors on the project or other projects caused by a failure of the assessed Contractor to complete the work within the contract time.

10. Performance By Sureties:

In the event of any termination as hereinbefore provided, City shall immediately give written notice thereof to Contractor and Contractor's sureties, and the sureties shall have the right to take over and perform the agreement; provided, however, that if the sureties within five (5) days after giving them said notice of termination, do not give the City written notice of their intention to take over the performance of the agreement and do not commence performance thereof within five (5) days after notice to the City of such election, City may take over the work and prosecute the same to completion by contract or by any other method it may deem advisable for the account, and at the expense of Contractor and the sureties shall be liable to City for any excess cost or damages occasioned City thereby; and, in such event, City may, without liability for so doing, take possession of

and utilize in completing the work such materials, appliances, plant and other property belonging to Contractor as may be on the site of the work and necessary therefor.

11. Disputes Pertaining To Payment For Work:

Should any dispute arise respecting the true value of any work done, of any work omitted, or of any extra work which Contractor may be required to do, or respecting the size of any payment to Contractor during the performance of this contract, such dispute shall be decided by the City Engineer, and the decision of the latter shall be final and conclusive.

12. Permits, Compliance With Law:

Contractor shall, at Contractor's expense, obtain all necessary permits and licenses for the construction of each improvement, give all necessary notices and pay all fees and taxes required by law.

13. Superintendence By Contractor:

Contractor shall give personal superintendence to the work on said improvement or have a competent foreman or superintendent satisfactory to the City Engineer on the work at all times during progress, with authority to act for him.

14. Inspection By City:

Contractor shall at all times maintain proper facilities and provide safe access for inspection by City to all parts of the work and to the shops wherein the work is in preparation.

15. Extra And/Or Additional Work And Changes:

Should City at any time during the progress of said work request any alterations, deviations, additions, or omissions from said specifications or plans or other contract documents, it shall be at liberty to do so, and the same shall in no way affect or make void the contract, but will be added to or deducted from the amount of said contract price as the case may be, by fair and reasonable valuation. Request for such change must be made in writing signed by the City Engineer, shall be accompanied by plans and specifications for such purpose, shall be accepted in writing by Contractor and Contractor's surety.

In the event work is performed or materials furnished in addition to those set forth in Contractor's bid and the specifications herein, said work and materials shall be paid for at the unit price therein contained. Said amount shall be paid in installments as hereinafter provided.

16. Inspection And Testing Of Materials:

Contractor shall notify City a sufficient time in advance of the manufacture of production materials to be supplied by Contractor under this contract in order that City may arrange for mill or factory inspection and testing of same.

Any materials shipped by Contractor from factory prior to having satisfactorily passed such testing and inspection by City's representative or prior to the receipt of notice from such representative that such testing and inspection will not be required shall not be incorporated on the job of said improvement. Contractor shall also furnish City, in triplicate, certified copies of all factory and mill test reports upon request.

17. Permits And Care Of The Work:

Contractor has examined the site of the work and is familiar with its topography and condition, location of property lines, easements, building lines, and other physical factors and limitations affecting the performance of this agreement. Contractor, at Contractor's expense, shall obtain any permission necessary for any operations conducted off the property owned or controlled by City. Contractor shall be responsible for the proper care and protection of all materials delivered and work performed until completion and final acceptance.

18. Other Contracts:

City may award other contracts for additional work, and Contractor shall fully cooperate with such other Contractors and carefully fit Contractor's own work to that provided under other contracts as may be directed by the City Engineer. Contractor shall not commit or permit any act which will interfere with the performance of work by any other Contractor.

19. Payments To Contractor:

Payments are to be made to the Contractor in accordance with the provisions of Section 9 of the General Conditions of said specifications in legally executed and regularly issued warrants of the city, drawn on the appropriate fund or funds as required by law and order of the City Council thereof. The Contractor shall be administered a progress payment approximately every 30 calendar days from the time work begins according to the payment schedule furnished by the City Engineer at the time work begins.

Pursuant to Division 2, Part 5, Section 22300, *et seq.*, of the Public Contracts Code, the Contractor may request the right to substitute securities for any moneys withheld by the City of Turlock to ensure the performance required of the Contractor under the contract, or that the City of Turlock make payment of retentions earned directly into an escrow account established at the expense of the Contractor.

20. Contract Security:

Concurrently with the execution hereof, Contractor shall furnish on the forms provided (1) a surety bond in an amount equal to at least one hundred percent (100%) of the contract price as security for the faithful performance of this contract; and (2) a separate surety bond in an amount equal to at least one hundred percent (100%) of the contract price as security for the payment of all persons performing labor and furnishing materials in connection with this contract. Sureties on each of said bonds thereof shall be satisfactory to the City.

21. Hold-Harmless Agreement And Contractor's Insurance:

Contractor shall indemnify, defend, and hold harmless City and its elective and appointive boards, officers, agents, employees, and volunteers from and against all claims, damages, losses and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of City.

22. Contractor's Insurance:

Contractor shall not commence work under this Agreement until Contractor has obtained City's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall Contractor allow any subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal may constitute a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 11 85 or its equivalent), to be approved by the City of Turlock.

(2) Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(4) Surety bonds as described below.

(5) Errors and Omissions/Professional Liability Insurance (if *Design/Build*).

(b) Minimum Limits of Insurance: Contractor shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): $1,000,000 per occurrence for bodily injury, personal injury and

property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: $1,000,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation: As statutorily required by the State of California.

(4) Employer's Liability: $1,000,000 per accident for bodily injury or disease.

(5) Errors and Omissions/Professional Liability: $1,000,000 per claim as needed for design/build.

(c) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its elective and appointive boards, officers, agents, employees, and volunteers; or (b) Contractor shall provide a financial guarantee satisfactory to City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) City, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three (3) years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (CG 20 10 for ongoing operations and CG 20 37 for products/completed operations, or their equivalent), or as a separate owner's policy that is at least as broad as the ISO Form CG 00 09 11 88 Owners and Contractors Protective Liability Coverage Form – Coverage for Operations of Designated Contractor.

(2) For any claims related to this project, Contractor's insurance coverage shall be primary insurance as respects City and any insurance or self-insurance maintained by City shall be excess of Contractor's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to City under any of the required insurance coverages, the insurer, broker/producer, or Contractor shall provide City with thirty (30) days' prior written notice of such action.

(4) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

(e) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII or with an insurer to which the City has provided prior approval.

(f) Verification of Coverage: Contractor shall furnish City with original certificates and endorsements, including amendatory endorsements, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by City before work commences. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

(g) Waiver of Subrogation: With the exception of professional liability, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of City for all work performed by Contractor, its agents, employees, independent contractors and subcontractors. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

(h) Subcontractors: Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

(i) Surety Bonds: Contractor shall provide a Performance Bond, and a Payment Bond.

23. Proof Of Carriage Of Insurance:

Contractor shall furnish City concurrently with the execution hereof, satisfactory proof of carriage of the insurance required, and that Contractor shall give City at least sixty (60) days prior notice of the cancellation of any policy during the effective period of this contract.

24. Wages & Hours Of Employment:

In the performance of this contract, eight (8) hours shall be the maximum hours of labor on any calendar day, and the minimum wages of compensation of persons performing labor in the execution of this agreement shall be the current prevailing scale of wages determined by the Director of the Department of Industrial Relations for the community.

The Contractor shall forfeit as penalty to the City, Twenty-five and no/100ths Dollars ($25.00) to be paid to the City of Turlock for each workman employed in the execution of this agreement by him or by any subcontractor, for each calendar day during which any workman is required or permitted to labor more than eight (8) hours, in violation of provisions of Article 3, Chapter 1, Part 7, a Division 2, of the Labor Code of the State of California, and all amendments thereto.

25. Emergency - Additional Time For Performance - Procurement Of Materials:

If, because of war or other declared national emergency, the Federal or State Government restricts, regulates, or controls the procurement and allocation of labor or materials, or both, and if solely because of said restrictions, regulations or controls, Contractor is through no fault of the Contractor, unable to perform this agreement, or the work is thereby suspended or delayed, any of the following steps may be taken.

(a) City may, pursuant to resolution of the Council, grant Contractor additional time for the performance of this agreement, sufficient to compensate in time, for delay or suspension.

To qualify for such extension in time, Contractor within ten (10) days of Contractor's discovering such inability to perform, shall notify City Engineer in writing thereof, and give specific reasons therefore; City Engineer shall thereupon have sixty (60) days within which to procure such needed materials or labor as is specified in this agreement, or permit substitution, or provide for changes in the work in accordance with other provisions of this agreement.

Substituted materials, or changes in the work, or both, shall be ordered in writing by City Engineer, and the concurrence of the Council shall not be necessary. All reasonable expenses of such procurement incurred by the City Engineer shall be defrayed by the Contractor; or

(b) If such materials or labor cannot be procured through legitimate channels within sixty (60) days after the filing of the aforesaid notice, either party may, upon thirty (30) days' written notice to the other, terminate this agreement. In such event, Contractor shall be compensated for all work executed upon a unit basis in proportion to the amount of the work completed, or upon a cost-plus-ten-percent (10%) basis, whichever is the lesser. Materials on the ground, in process of fabrication or in route upon the date of notice of

termination specially ordered for the project and which cannot be utilized by Contractor, shall be compensated for by City at cost, including freight, provided the Contractor shall take all steps possible to minimize this obligation; or

(c) City Council, by resolution, may suspend this agreement until the cause of inability to perform is removed but for a period of not to exceed sixty (60) days.

If this agreement is not canceled, and the inability of Contractor to perform continues without fault on Contractor's part, beyond the time during which the agreement may have been suspended, as herein above provided, City Council may further suspend this agreement, or either party hereto may, without incurring any liability, elect to declare this agreement terminated upon the ground of impossibility of performance. In the event City declares this agreement terminated, such declaration shall be authorized by the City Council by resolution, and Contractor shall be notified in writing thereof within five (5) days after the adoption of such resolution. Upon such termination, Contractor shall be entitled to proportionate compensation at the agreement rate for such portion of the agreement as may have been performed, or

(d) City may terminate this agreement, in which case Contractor shall be entitled to proportionate compensation at the agreed rate for such portion of the agreement as may have been performed. Such termination shall be authorized by resolution of the Council. Notice thereof shall be forthwith given in writing to Contractor, and this agreement shall be terminated upon receipt by Contractor of such notice.

In the event of the termination provided in this sub-paragraph (d), none of the covenants, conditions or provisions hereof shall apply to the work not performed, and City shall be liable to Contractor for the proportionate compensation last herein mentioned.

26. Provisions Cumulative:

The provisions of this agreement are cumulative, and in addition to and not in limitation of, any other rights or remedies available to City.

27. Taxes:

Contractor shall cooperate with City to the full extent possible to maximize the local allocation of California sales and use tax to the City. Such cooperation shall include but not be limited to:

(a) Use Tax Direct Payment Permits. Contractor shall apply for, obtain and utilize, to the maximum extent reasonable, a California Use Tax Direct Payment Permit.

(b) Purchases of $500,000 or More. Contractor shall require vendors and suppliers located outside California from whom Contractor makes purchase of $500,000 or more to allocate the use tax to the City.

Additional information regarding use tax and the Permit can be found in the State of California Board of Equalization, Sales and Use Tax Regulations, Regulation 1699.6, Use Tax Direct Payment Permits, or on the web site for the Board of Equalization at http://www.boe.ca.gov/sutax/sutprograms.htm

28. Notices:

All notices shall be in writing and delivered in person or transmitted by certified mail, postage prepaid.

Notices required to be given to City shall be addressed as follows:

City of Turlock
City Engineer
156 S. Broadway, Suite 150
Turlock, CA 95380-5454

Notices required to be given to Contractor shall be addressed as follows:

_____
_____
_____

Notices required to be given sureties of Contractor shall be addressed as follows:

_____
_____
_____
_____

28. Interpretation:

As used herein, any gender includes each other gender, the singular includes the plural and vice versa.

29. Antitrust Claims:

The Contractor or subcontractor offers and agrees to assign to the City all rights, title and interest to any causes of action under Section Four of the Clayton Act and the Cartwright Act concerning antitrust claims.

IN WITNESS WHEREOF, three identical counterparts of this agreement, consisting of a total of 18 pages, each of which counterparts shall for all purposes be deemed an original of said agreement, have been duly executed by the parties hereinabove named, on the day and year first herein above written.

(Attach Contractor's Seal Here)

CONTRACTOR

_____

_____

Print Name

Address: _____

_____

_____

Phone: _____

Date: _____

Federal Tax ID or
Social Security Number: _____

CITY OF TURLOCK, a municipal corporation

_____

Roy W. Wasden, City Manager

APPROVED AS TO SUFFICIENCY:

_____

Michael G. Pitcock, PE
Director of Development Services / City Engineer

APPROVED AS TO FORM:

_____

Phaedra A. Norton, City Attorney

ATTEST:

_____

Kellie E. Weaver, City Clerk

BOND FOR FAITHFUL PERFORMANCE

KNOW ALL BY THESE PRESENTS:

That _____, as Principal, and _____, incorporated under the laws of the State of _____, and authorized to execute bonds and undertakings as sole Surety, in the State of California, and held and firmly bound unto the City of Turlock, a municipal corporation of the State of California, in the sum of _____Dollars ($_____) for the payment thereof, well and truly to be made, said Principal and Surety bind themselves, their administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that: Whereas the above bounden Principal has entered, or is about to enter, into a certain contract with the City of Turlock, entitled "Agreement for **City Project No. 0945, "INTERSECTION IMPROVEMENTS AT WASHINGTON AND WEST MAIN CML-5165(056),"** a true and correct copy of which agreement is presently on file in the office of the City Clerk of the City of Turlock, which said agreement is hereby referred to and made a part hereof.

NOW, THEREFORE, if the above bounden Principal shall well and truly perform the work contracted to be performed under said contract, then this obligation shall be void, otherwise to remain in full force and effect.

No prepayment or delay in payment and no changes, extension, addition or alteration of any provision of said contract or in any plans and specifications referred to herein, and no forbearance on the part of the City shall operate to release the Surety from liability on this Bond, and consent to make such alterations without further notice to or consent by the Surety is hereby given, and the Surety hereby waives the provisions of Section 2819 of the Civil Code of the State of California.

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Dated this _____day of _____, 20__.

_____

(Principal)
By: X_____

By: X_____

_____

(Surety)
By: X_____

By: X_____

Address:_____

_____

(Zip)
Phone:_____

(Attach Acknowledgment
Both Principal's and Surety's
Attorney In Fact)

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BOND FOR LABOR AND MATERIAL

KNOW ALL BY THESE PRESENTS:

That _____, as Principal, and _____, incorporated under the laws of the State of _____ and authorized to execute bonds and undertakings as sole Surety, in the State of California, as Surety, are held and firmly bound unto any and all material, men, persons, companies or corporations furnishing materials, provisions, provender or other supplies used in, upon, for or about the performance of the work contracted to be executed or performed under the contract hereinafter mentioned, and all persons, companies or corporations renting or hiring teams, or implements or machinery, for or contributing to said work to be done, and all persons who perform work or labor upon the same, and all persons who supply both work and materials, and whose claim has not been paid by the Contractor, company, or corporations in the just and full sum of_____ Dollars ($_____) for payment thereof, well and truly to be made, said Principal and Surety bind themselves, their administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that: Whereas the above bounden Principal has entered, or is about to enter, into a certain contract with the City of Turlock, entitled "Agreement for **City Project No. 0945, "INTERSECTION IMPROVEMENTS AT WASHINGTON AND WEST MAIN CML-5165(056),"** a true and correct copy of which agreement is presently on file in the office of the City Clerk of the City of Turlock, which said agreement is hereby referred to and made a part hereof.

NOW, THEREFORE, if the above bounden Principal or said Principal's subcontractors, fail to pay for any materials, provisions provender or other supplies, or teams, used in, upon, for, or about the performance of the work contracted to be done, or for any work or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, the Surety will pay for the same, in an amount not exceeding the sum specified in this bond, provided that any and all claims hereunder shall be filled and proceedings had in connection therewith as required by the provisions of Sections 5100, et. seq., inclusive, of the Public Contracts Code of the State of California, and any amendments thereof; provided, also, that in case suit is brought upon this bond, a reasonable attorney's fee shall be awarded by the court to the prevailing party in said suit, said attorney's fee to be fixed as costs in said suit, and to be included in the judgment therein rendered.

No prepayment or delay in payment and no change, extension, addition, or alteration of any provision of said contract or in said plans and specifications agreed to between the Principal and the City, and no forbearance on the part of the City, shall operate to release the Surety from liability on this bond, and consent to make such alterations without further notice to or consent by the Surety is hereby given, and the Surety hereby waives the provisions of Section 2819 of the Civil Code of the State of California.

Dated this _____ day of _____, 20___.

_____
(Principal)

By: X_____

By: X_____

_____
(Surety)

By: X_____

By: X_____

Address:_____

_____
(Zip)
Phone:_____

(Attach Acknowledgment
Both Principal's and
Surety's Attorney In Fact)

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5H

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, PE
Director of Development Services / City Engineer

Prepared by: Stephen Fremming, Assistant Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Approving Contract Change Order No. 4 in the amount of $11,804.57 (Fund 426) for City Project No. 0952, "Turlock Regional Transit Center," bringing the contract total to $1,669,773.95

2. DISCUSSION OF ISSUE:

On May 12, 2011, three (3) proposals were received for City Project No. 0952, "Turlock Regional Transit Center". George Reed of Modesto, California, was the lowest responsible bidder and a contract was awarded in the amount of $1,345,080.84.

Change Order History:

	Amount	City Council Meeting
Original Contract	$1,345,080.84	5/24/2011
Change Order No. 1	$ 17,669.96	9/27/2011
Change Order No. 2	$ 17,049.82	10/25/2011
Change Order No. 3	$ 278,168.76	1/10/2012
Change Order No. 4	$ 11,804.57	4/24/2012
Adjusted Contract Total	$1,669,773.95	

Change Order No. 4 Items:

1. **$10,244.39.** The Transit Center design included frontage improvements on W. Hawkeye Avenue. A ten foot wide sidewalk was constructed to connect the Transit Center to the pedestrian access ramp on the corner of W. Hawkeye Avenue and N. Golden State Blvd. After the new sidewalk was constructed, a commercial driveway approach was added on W. Hawkeye Avenue to provide access to the vacant parcel to the west of the Transit Center. Off-site development plans were previously submitted by the property owner to the west of the Transit Center and approved the construction of a commercial driveway approach on W. Hawkeye Avenue. The driveway was constructed as a result of initial property purchase negotiations for future use by the City's transit system.

2. **$710.00.** A 12 inch by 12 inch bronze plaque will be furnished and installed at the base of the post clock.

3. **$850.18.** When the concrete pavers were added to the project as a part of Contract Change Order No. 3, concrete foundations were added to the project scope for each passenger shelter so that posts could bolt into the underlying concrete. Discussions with Stanislaus Regional Transit (STaRT) yielded a need to relocate one of the passenger shelters, requiring the addition of a concrete pad in order to anchor the relocated passenger shelter.

3. BASIS FOR RECOMMENDATION:

A) City Policy is that the City Engineer is authorized to approve change orders up to 2%, the City Manager is authorized to approve change orders up to 5% and all other change orders must be approved by the City Council.

B) The extra work included with Change Order No. 3 is necessary to prevent cross-lot drainage, provide a working electrical system, and fully expending available ARRA funds by enhancing the accessibility and aesthetics of the site.

Strategic Plan Initiative D. MUNICIPAL INFRASTRUCTURE

Goal(s): b. Address Growth-Related Issues (Current and Future)

This project will meet the needs of City and County transit services to provide a transfer hub between bus routes.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Funds are available in the current budget line item, 426-40-415.51260 "Transit Hub Const."

Note: No General Fund money will be used for this project.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

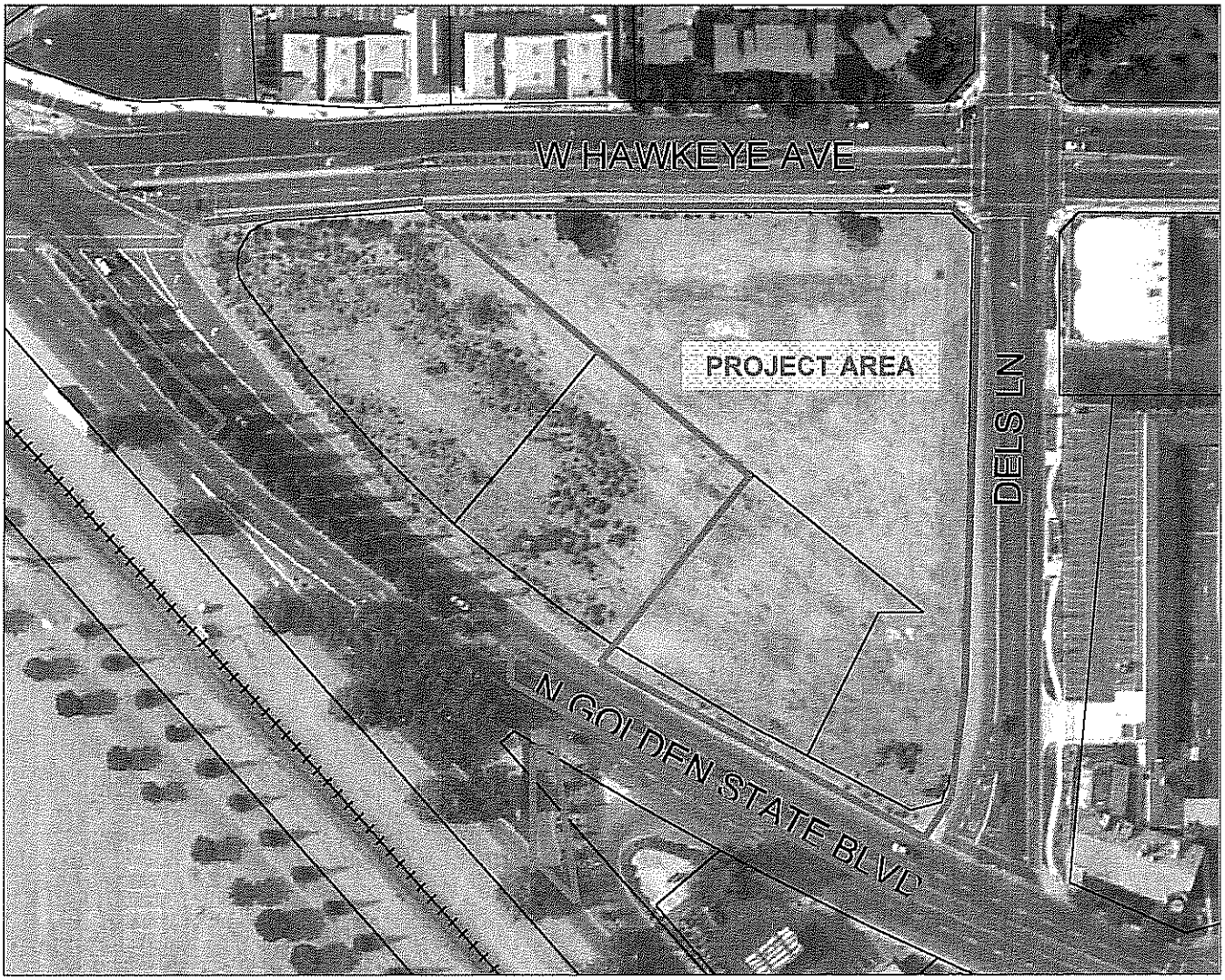
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

A. Not approve Change Order No. 4. This option is not recommended by City Staff as the extra work items are needed and funding is available.

TURLOCK REGIONAL TRANSIT CENTER
CITY PROJECT NO. 0952



CONTRACT CHANGE ORDER AUTHORIZATION FORM

PROJECT INFORMATION

Contractor Name	Project Name:	Turlock Regional Transit Center
Street Address	Project No.:	0952
City, CA Zip Code	Awarded on:	May 24, 2011
209.668.5520	Original Contract Amount:	$1,345,080.84
	Increase to contract:	$11,804.57
Change Order No. 4	Increase percentage:	0.9%
	Increase of previous CCOs:	$312,888.54
	Cumulative percentage:	24.1%
	New Contract Total:	$1,669,773.95

Description of change order:

A) $10,244.39. Commercial driveway approach on W. Hawkeye Avenue. B) $710. Dedicatory plaque. C) $850.18. Concrete pad under relocated passenger shelter.

[X] ***Change orders <2% of contract: Approval of City Engineer, notify City Manager & City Council***

Approved: _____

Michael G. Pitcock, Director of Development Services — Date
City Engineer

[ ] ***Change order >2% and <5% of contract: Recommended by City Engineer; approved by City Manager; City Council is notified.***

Recommended: _____

Michael G. Pitcock, Director of Development Services — Date
City Engineer

Approved: _____

Roy W. Wasden, City Manager — Date

[ ] ***Change order >5% of contract: Recommended by City Engineer and City Manager; Approved by City council.***

Recommended: _____

Michael G. Pitcock, Director of Development Services — Date
City Engineer

Recommended: _____

Roy W. Wasden, City Manager — Date

Approval by City Council: _____

CONTRACT CHANGE ORDER

Date issued: 24-Apr-12 **Change Order No.:** 4
Project Name: Turlock Regional Transit Center

George Reed, Inc.
P.O. Box 4760
Modesto, CA 95352

Project No.: 0952
Contract For: $1,345,080.84
Contract Award Date: 24-May-11

You are directed to make the following changes in this contract as requested by The City of Turlock:

ITEM		Unit:	Quantity:	Unit Price:	Total:
A.	Commercial driveway on W. Hawkeye Ave.	LS	1	$10,244.39	$10,244.39
B.	Dedicatory plaque	LS	1	$710.00	$710.00
C.	Concrete pad under relocated passenger shelter	LS	1	$850.18	$850.18
			Total this CCO=		**$11,804.57**

The original contract sum =	**$1,345,080.84**
Net change by previous change orders =	**$312,888.54**
The contract sum will be (increased) by this Change Order =	**$11,804.57**
The new contract sum including this change order will be =	**$1,669,773.95**
The contract time will be increased by (5) working days.	

Accepted: _____ **Date:** _____
Contractor

Recommended: _____ **Date:** _____
Michael G. Pitcock, Development Services Director/City Engineer

Approved: _____ **Date:** _____
City Manager

5I

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, PE
Director of Development Services / City Engineer

Prepared by: Nathan Bray, PE
Associate Civil Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Approving an agreement in an amount not to exceed $15,595 (Fund 420) with Kenneth D. Schmidt and Associates for groundwater quality consultation services for City Project 11-45, "Pilot Hole for Well No. 41"

2. DISCUSSION OF ISSUE:

With the construction of a pilot hole for well No. 41, the City of Turlock has the need for a hydrogeologist to determine the water quality and expected quantity at the pilot hole. Kenneth D. Schmidt and Associates have an extensive background in providing this service and a long history working with the City of Turlock.

3. BASIS FOR RECOMMENDATION:

A. Per the Municipal Code, City Council approval of an agreement is required prior to execution of the contract with the consultant.

B. The consultant will provide a service that is needed to in order to meet the needs of the development of the Turlock Regional Industrial Park.

Strategic Plan Initiative: D) MUNICIPAL INFRASTRUCTURE

Goal(s): b. Address Growth-Related Issues (Current and Future):

ii) Water

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact
This project is funded from line item number 420-52-511.51131 "New Well No. 41". All funds for this proposal were encumbered and appropriated with the project 11-41 "Pilot Hole for Well No. 41" award of bid.

No General Fund money will be used for this project.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

This project is part of a larger project that is currently going through the minor discretionary permit (MDP) process. The MDP process requires an initial study to be performed which address the environmental impacts that the project will have and conditions any mitigation measures needed per the CEQA process.

Construction of the pilot hole will not be allowed to start until the initial study has been completed and all mitigation measures have been conditioned. Most of the measures will be addressed with the future project (water reservoir and pump station). Since this project will be the first construction-type project at the site, the mitigation measure of evaluating any biological activity will fall on pilot hole project. If there are any endangered species found, a certified biologist will be brought onsite to analyze and prepare a certified report. Staff will bring forward any additional cost if this occurs prior to moving forward.

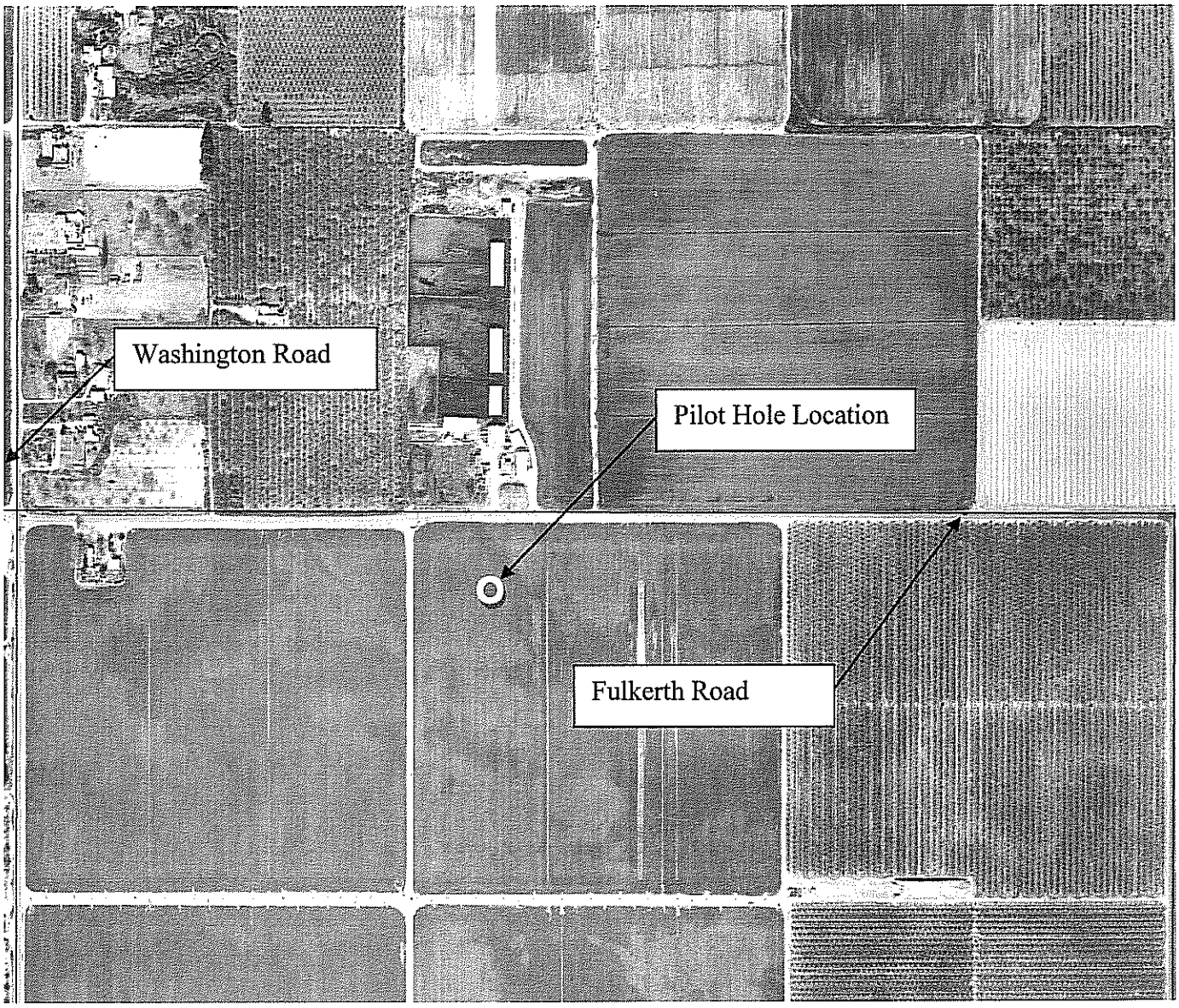
7. ALTERNATIVES:

A. Not approve an agreement with Kenneth D. Schmidt and Associates. Staff does not recommend this alternative due to the fact that the professional services are needed to move forward with the development of a water well.

Project Location

11-45, "Pilot Hole for Well No. 41"

Approximately 1500' East of Washington Road
Approximately 110' South of Fulkerth Road into the open parcel



AGREEMENT FOR SPECIAL SERVICES
between
CITY OF TURLOCK
and
KENNETH D. SCHMIDT AND ASSOCIATES
for
Professional Hydrogeologic Services
CONTRACT NO. 12-002

THIS AGREEMENT is made this 24th day of April 2012, by and between the **CITY OF TURLOCK**, a municipal corporation of the State of California hereinafter referred to as "CITY" and **KENNETH D. SCHMIDT AND ASSOCIATES,** hereinafter referred to as "CONSULTANT."

W I T N E S S E T H:

WHEREAS, in accordance with California Government Code §37103, CITY has a need for professional hydrogeologic services; and

WHEREAS, CONSULTANT has represented itself as duly trained, qualified, and experienced to provide such special service, hereinafter referred to as "Services."

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **SCOPE OF WORK:** CONSULTANT shall furnish all labor, equipment, materials and process, implements, tools, and machinery, except as otherwise specified, which are necessary and required to provide the Services and shall perform such special services in accordance with the standards of its profession and the specifications attached hereto as Exhibit A. CONSULTANT shall provide Services that are acceptable to CITY.

2. **PERSONNEL AND EQUIPMENT:** CONSULTANT shall provide all personnel needed to accomplish the Services hereunder. CONSULTANT shall additionally acquire, provide, maintain, and repair, at its sole cost and expense, such equipment, materials, and supplies as CONSULTANT shall reasonably require to accomplish said Services.

3. **SAFETY REQUIREMENT:** All Services and merchandise must comply with California State Division of Industrial Safety orders and O.S.H.A.

OK for Agenda

4. COMPENSATION: CITY agrees to pay CONSULTANT in accordance with Exhibit A as full remuneration for performing all Services and furnishing all staffing and materials called for in Exhibit A and for performance by CONSULTANT of all of its duties and obligations under this Agreement. In no event shall the sum of this Agreement exceed Fifteen Thousand Five Hundred Ninety Five and 00/100^{ths} Dollars ($15,595.00). CONSULTANT agrees that compensation shall be paid in the manner and at the times set forth below:

(a) Invoices: CONSULTANT shall submit dated invoices to CITY specifying the date, location and service rendered, and the charge therefor.

(b) Payment:

(1) All payments by CITY shall be made in arrears, after satisfactory service, as determined and approved by CITY, has been provided. Payment shall be made by CITY no more than thirty (30) days from CITY's receipt of invoice.

(2) CITY shall normally pay by voucher or check within ten (10) working days after each meeting at which payments can be authorized, provided that CITY receives the invoice at least five (5) working days prior to CITY's meeting date.

(3) If CITY disputes any items on an invoice for a reasonable cause, which includes but is not limited to unsatisfactory service, CITY may deduct that disputed item from the payment, but shall not delay payment for the undisputed portions. The amounts and reasons for such deletions shall be documented to CONSULTANT within fifteen (15) working days after receipt of invoice by CITY. CITY shall assign a sequential reference number to each deletion.

(4) If dispute is settled, payment shall be by voucher or check payable to and mailed to CONSULTANT within five (5) working days of dispute settlement.

(5) CITY reserves the right to only pay for such services rendered to the satisfaction of CITY.

5. TERM OF AGREEMENT: This Agreement shall become effective upon execution and shall continue in full force and effect for a period of twelve months (12) beginning April 25, 2012 and ending April 24, 2013, subject to CITY's availability of funds.

6. INSURANCE: CONSULTANT shall not commence work under this Agreement until CONSULTANT has obtained CITY's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall CONSULTANT allow any subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. CONSULTANT shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CONSULTANT, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal may constitute a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 11 85 or its equivalent), to be approved by the City of Turlock.

(2) Insurance Services Office Form CA 00 01 covering Automobile

Liability, Code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(4) Errors and Omissions/Professional Liability Insurance.

(b) Minimum Limits of Insurance: CONSULTANT shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: $1,000,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation: as statutorily required by the State of California. Employer's Liability: $1,000,000 per accident for bodily injury or disease.

(4) Errors and Omissions/Professional Liability: $1,000,000 per claim.

(c) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY, its elective and appointive boards, officers, agents, employees, and volunteers; or (b) CONSULTANT shall provide a financial guarantee satisfactory to CITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general liability and automobile policies are to contain, or be endorsed to contain, the following provisions:

(1) CITY, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of CONSULTANT; and with respect to liability arising out of work or operations performed by or on behalf of CONSULTANT, including materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three (3) years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to CONSULTANT's insurance (CG 20 10 11 85 or its equivalent), or as a separate Owners Protective Liability policy providing both ongoing operations and completed operations.

(2) For any claims related to this project, CONSULTANT's insurance coverage shall be primary insurance as respects CITY and any insurance or self-insurance maintained by CITY shall be excess of CONSULTANT's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to CITY under any of the required insurance coverages, the insurer, broker/producer, or CONSULTANT shall provide CITY with thirty (30) days' prior written notice of such action.

(4) Coverage shall not extend to any indemnity coverage for the active

negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

(e) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

(f) Verification of Coverage: CONSULTANT shall furnish CITY with original certificates and endorsements, including amendatory endorsements, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by CITY before work commences. CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

(g) Waiver of Subrogation: With the exception of professional liability, CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of CITY for all work performed by CONSULTANT, its agents, employees, independent contractors and subcontractors. CONSULTANT agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

(h) Subcontractors: CONSULTANT shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

7. INDEMNIFICATION: CONSULTANT shall indemnify, defend, and hold harmless CITY and its elective and appointive boards, officers, agents, employees, and volunteers from and against all claims, damages, losses and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of CITY.

8. INDEPENDENT CONTRACTOR RELATIONSHIP: All acts of CONSULTANT, its agents, officers, and employees and all others acting on behalf of CONSULTANT relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers, or employees of CITY. CONSULTANT, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of CITY. CONSULTANT has no authority or responsibility to exercise any rights or power vested in the CITY. No agent, officer, or employee of the CITY is to be considered an employee of CONSULTANT. It is understood by both CONSULTANT and CITY that this Agreement shall not under any circumstances be construed or considered to create an employer-employee relationship or a joint venture.

CONSULTANT, its agents, officers and employees are and, at all times during the terms of this Agreement, shall represent and conduct themselves as independent contractors and not as employees of CITY.

CONSULTANT shall determine the method, details and means of performing the work and services to be provided by CONSULTANT under this Agreement. CONSULTANT shall be responsible to CITY only for the requirements and results specified in this Agreement, and, except as expressly provided in this Agreement, shall not be subjected to CITY's control with respect to the physical action or activities of the CONSULTANT in fulfillment of this Agreement. CONSULTANT has control over the manner and means of performing the services under this Agreement. CONSULTANT is permitted to provide services to others during the same period

service is provided to CITY under this Agreement. If necessary, CONSULTANT has the responsibility for employing other persons or firms to assist CONSULTANT in fulfilling the terms and obligations under this Agreement.

If in the performance of this Agreement any third persons are employed by CONSULTANT, such persons shall be entirely and exclusively under the direction, supervision, and control of CONSULTANT. All terms of employment including hours, wages, working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by the CONSULTANT.

It is understood and agreed that as an independent contractor and not an employee of CITY neither the CONSULTANT or CONSULTANT'S assigned personnel shall have any entitlement as a CITY employee, right to act on behalf of the CITY in any capacity whatsoever as an agent, or to bind the CITY to any obligation whatsoever.

It is further understood and agreed that CONSULTANT must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of CONSULTANT'S personnel.

As an independent contractor, CONSULTANT hereby indemnifies and holds CITY harmless from any and all claims that may be made against CITY based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. VOLUNTARY TERMINATION: CITY may terminate this Agreement without cause or legal excuse by providing thirty (30) days' written notice to CONSULTANT.

10. TERMINATION OF STATED EVENT:

(a) Termination on Occurrence of Stated Events. This Agreement shall terminate automatically on the date on which any of the following events occur: (1) bankruptcy or insolvency of CONSULTANT, (2) legal dissolution of CONSULTANT, or (3) death of key principal(s) of CONSULTANT.

(b) Termination by CITY for Default of CONSULTANT. Should CONSULTANT default in the performance of this Agreement or materially breach any of its provisions, at its option CITY may terminate this Agreement by giving written notification to CONSULTANT. The termination date shall be the effective date of the notice. For the purposes of this section, material breach of this Agreement shall include but not be limited to any of the following: failure to perform required services or duties, willful destruction of CITY's property by CONSULTANT, dishonesty or theft.

(c) Termination by CONSULTANT for Default of CITY. Should CITY default in the performance of this Agreement or materially breach any of its provisions, at its option CONSULTANT may terminate this Agreement by giving written notice to CITY. The termination date shall be the effective date of the notice. For the purposes of this section, material breach of this Agreement shall include but not be limited to any of the following: failure to cooperate reasonably with CONSULTANT, willful destruction of CONSULTANT's property by CITY, dishonesty or theft.

(d) Termination for Failure to Make Agreed-Upon Payments. Should CITY fail to pay CONSULTANT all or any part of the payments set forth in this Agreement on the date due, at its option CONSULTANT may terminate this Agreement if the failure is not remedied within thirty (30) days after CONSULTANT notifies CITY in writing of such failure to pay. The termination date shall be the effective date of the notice.

(e) Termination by CITY for Change of CONSULTANT'S Tax Status. If CITY

determines that CONSULTANT does not meet the requirements of federal and state tax laws for independent contractor status, CITY may terminate this Agreement by giving written notice to CONSULTANT. The termination date shall be the effective date of the notice.

(f) In the Event of Termination. If this Agreement is terminated pursuant to this Paragraph, CONSULTANT shall cease all its work on the project as of the termination date and shall see to it that its employees, subcontractors and agents are notified of such termination and cease their work. If CITY so requests, and at CITY's cost, CONSULTANT shall provide sufficient oral or written status reports to make CITY reasonably aware of the status of CONSULTANT'S work on the project. Further, if CITY so requests, and at CITY's cost, CONSULTANT shall deliver to CITY any work products whether in draft or final form which have been produced to date.

If the Agreement is terminated pursuant to any of the subsections contained in this paragraph, CITY will pay CONSULTANT an amount based on the percentage of work completed on the termination date, this percentage shall be determined by CITY in its sole discretion. If the Agreement is terminated pursuant to the subparagraph entitled Termination by CITY for Default of CONSULTANT, CONSULTANT understands and agrees that CITY may, in CITY's sole discretion, refuse to pay CONSULTANT for that portion of CONSULTANT'S services which were performed by CONSULTANT on the project prior to the termination date and which remain unacceptable and/or not useful to CITY as of the termination date.

11. CONFORMANCE WITH FEDERAL AND STATE LAW: All equipment, supplies and services used by CONSULTANT in the performance of this Agreement shall conform to the laws of the government of the United States and the State of California.

12. NONDISCRIMINATION: In connection with the execution of this Agreement, CONSULTANT shall not discriminate against any employee or applicant for employment because of age, race religion, color, sex, or national origin. CONSULTANT shall take affirmative action to insure that applicants are employed, and the employees are treated during their employment, without regard to their age, race, religion, color, sex or national origin. Such actions shall include, but not be limited to, the following: employment, promotions, demotions or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. CONSULTANT shall also comply with the requirement of Title VII of the Civil Rights Act of 1964 (P.L. 88-352) and with all applicable regulations, statutes, laws, etc., promulgated pursuant to the civil rights acts of the government of the United States and the State of California now in existence or hereafter enacted. Further, CONSULTANT shall comply with the provisions of Section 1735 of the California Labor Code.

13. TIME: Time is of the essence in this Agreement.

14. ENTIRE AGREEMENT AND MODIFICATION: This Agreement supersedes all previous Agreements and constitutes the entire understanding of the parties hereto. CONSULTANT shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties. CONSULTANT specifically acknowledges that in entering into and executing this Agreement, CONSULTANT relies solely upon the provisions contained in this Agreement and no others.

15. OBLIGATIONS OF CONSULTANT: Throughout the term of this Agreement, CONSULTANT shall possess, or secure all licenses, permits, qualifications and approvals legally required to conduct business. CONSULTANT warrants that it has all of the necessary professional capabilities and experience, as well as all tools, instrumentalities, facilities and other resources necessary to provide the CITY with the services contemplated by this Agreement. CONSULTANT further represents that it will follow the best current, generally accepted and professional practices to

make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding this project.

16. OWNERSHIP OF DOCUMENTS: All reports, data, drawings, plans, designs, specifications, graphics, calculations, working papers, models, flow diagrams, visual aids, and other incidental work or materials furnished hereunder shall become and remain the property of the CITY, and may be used by CITY as it may require without any additional cost to CITY. No reports shall be used by the CONSULTANT for purposes other than this contract without the express prior written consent of CITY.

17. NEWS AND INFORMATION RELEASE: CONSULTANT agrees that it will not issue any news releases in connection with either the award of this Agreement, or any subsequent amendment of or efforts under this Agreement, without first obtaining review and approval of said news releases from CITY through the City Manager.

18. INTEREST OF CONSULTANT: CONSULTANT warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONSULTANT warrants that, in performance of this Agreement, CONSULTANT shall not employ any person having any such interest. CONSULTANT agrees to file a Statement of Economic Interests with the City Clerk at the start and end of this contract if so required at the option of CITY.

19. AMENDMENTS: Both parties to this Agreement understand that it may become desirable or necessary during the execution of this Agreement, for CITY or CONSULTANT to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with CITY and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work.

Until a change order is so executed, CITY will not be responsible to pay any charges CONSULTANT may incur in performing such additional services, and CONSULTANT shall not be required to perform any such additional services.

20. PATENT/COPYRIGHT MATERIALS: Unless otherwise expressly provided in the contract, CONSULTANT shall be solely responsible for obtaining the right to use any patented or copyrighted materials in the performance of this Agreement. CONSULTANT shall furnish a warranty of such right to use to CITY at the request of CITY.

21. CERTIFIED PAYROLL REQUIREMENT: For CONSULTANTS performing field work on public works contracts on which prevailing wages are required, CONSULTANT shall comply with the provisions of Section 1776 of the California Labor Code, regarding payroll records, and shall require its subconsultants and subcontractors to comply with that section as may be required by law.

22. PARTIAL INVALIDITY: If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

23. WAIVER: The waiver by any party to this Agreement of a breach of any provision hereof shall be in writing and shall not operate or be construed as a waiver of any other or subsequent breach hereof unless specifically stated in writing.

24. AUDIT: CITY's duly authorized representative shall have access at all reasonable times to all reports, contract records, contract documents, contract files, and personnel necessary to audit and verify CONSULTANT'S charges to CITY under this Agreement.

CONSULTANT agrees to retain reports, records, documents, and files related to charges under this Agreement for a period of four (4) years following the date of final payment for CONSULTANT services. CITY's representative shall have the right to reproduce any of the aforesaid documents.

25. GOVERNING LAW: This Agreement shall be governed according to the laws of the State of California.

26. HEADINGS NOT CONTROLLING: Headings used in the Agreement are for reference purposes only and shall not be considered in construing this Agreement.

27. COMPLIANCE WITH LAWS: CONSULTANT shall insure compliance with all safety and hourly requirements for employees, in accordance with federal, state, and county safety and health regulations and laws. CONSULTANT shall fully comply with all applicable federal, state, and local laws, ordinances, regulations and permits.

28. CITY BUSINESS LICENSE: CONSULTANT will have a City of Turlock business license.

29. ASSIGNMENT: This Agreement is binding upon CITY and CONSULTANT and their successors. Except as otherwise provided herein, neither CITY nor CONSULTANT shall assign, sublet, or transfer interest in this Agreement or any part thereof without the prior written consent of the other.

30. RECORD INSPECTION AND AUDIT: CONSULTANT shall maintain adequate records to permit inspection and audit of CONSULTANT's time and material charges under this Agreement. CONSULTANT shall make such records available to CITY during normal business hours upon reasonable notice. Such records shall be turned over to CITY upon request.

31. EXCLUSIVE USE: Services provided within the scope of this Agreement are for the exclusive use of CITY and CONSULTANT agrees that, until final approval by CITY, all data, plans, specifications, reports, and other documents will not be released to third parties by CONSULTANT without the prior written consent of CITY.

32. EMPLOYMENT OF CITY OFFICIAL OR EMPLOYEE: CONSULTANT shall employ no CITY official or employee in the work performed pursuant to this Agreement. No officer or employee of CITY shall have any financial interest in this Agreement in violation of California Government Code Sections 1090 *et seq.*; nor shall CITY violate any provision of its Conflict of Interest Code adopted pursuant to the provisions of California Government Code Sections 87300 *et seq.*

33. NOTICE: Any and all notices permitted or required to be given hereunder shall be deemed duly given and effective (1) upon actual delivery, if delivery is by hand; or (2) five (5) days after delivery into the United States mail, if delivery is by postage paid, registered, or certified (return receipt requested) mail. Each such notice shall be sent to the parties at the address respectively indicated below or to any other address as the respective parties may designate from time to time:

for CONSULTANT: KENNETH D. SCHMIDT AND ASSOCIATES
600 WEST SHAW, SUITE 250
FRESNO, CALIFORNIA 93704
PHONE: (559)224-4412

for CITY: **CITY OF TURLOCK**
ATTN: MICHAEL G. PITCOCK
ENGINEERING DIVISION
156 SOUTH BROADWAY, SUITE 150
TURLOCK, CALIFORNIA 95380-5454
PHONE: (209) 668-5599 Ext. 4430
FAX: (209) 668-5563

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by and through their respective officers thereunto duly authorized.

CITY OF TURLOCK, a municipal corporation

By: _____
Roy W. Wasden, City Manager

Date: _____

APPROVED AS TO SUFFICIENCY:

By: _____
Michael G. Pitcock, PE, Director of Development Services/City Engineer

APPROVED AS TO FORM:

By: _____
Phaedra A. Norton, City Attorney

ATTEST:

By: _____
Kellie Weaver, City Clerk

KENNETH D. SCHMIDT AND ASSOCIATES

By: _____

Title: _____

Print name: _____

Date: _____

KENNETH D. SCHMIDT AND ASSOCIATES
GROUNDWATER QUALITY CONSULTANTS
600 WEST SHAW, SUITE 250
FRESNO, CALIFORNIA 93704
TELEPHONE (559) 224-4412

Exhibit A

February 14, 2012

Mr. Nathan Bray
City of Turlock
Engineering Division
156 S. Broadway, Suite 150
Turlock, CA 95380

Re: Mud Rotary Test Hole

Dear Nathan:

Following is the proposed scope of work and estimated costs for hydrogeologic services related to a test hole for the City.

PRELIMINARY PHASE

We would contact drillers and obtain cost estimates for alternative approaches to the reverse rotary pilot hole. We would discuss these with you and prepare a technical description of the work to be done and list of line items.

Estimated Costs

Professional fees would be as follows:

K.D. Schmidt, Principal	1.5 hours @ $250/hr	$375
C. Lassotovitch, Hydrogeologist	5.0 hours @ $120/hr	600

Total professional fees would be $975. Expenses would be as follows:

Copies, phonecalls, and delivery charges	$ 40
Secretarial services (2.0 hours @ $50/hr)	100
Subtotal:	$140

Total professional fees and expenses for this phase would be $1,115.

TEST HOLE PHASE

We would attend a pre-construction meeting with the selected contractor in Turlock. We would log the drill cuttings, make field measurements, collect water samples from an estimated ten depths, preserve and deliver or ship the samples to qualified laboratories, arrange and pay for the chemical analyses, observe

the electric logging, and prepare a geologic log. We would collect samples of fine sands for sieve analyses. I would prepare a letter on the results, including recommendations for the construction of a new well at the site, if conditions are favorable.

Estimated Costs

Professional fees for this phase would be as follows:

K.D. Schmidt, Principal	3.0 hours @ $250/hr	$750
C. Lassotovitch, Hydrogeologist	8.0 hours @ $120/hr	960
O. Sartono, Hydrogeologist	60.0 hours @ $90/hr	5,400

Total professional fees would be $7,110. Expenses would be as follows:

Chemical analyses and shipping	$6,400
Mileage (Fresno-Turlock-Clovis 600 miles @ 0.50)	300
Per Diem Turlock (4 @ $100/day)	400
Secretarial services (3.0 hours @ $50/hr)	150
Copies, phonecalls, and delivery charges	120
Subtotal:	$7,370

Total professional fees and expenses for this phase would be $14,480.

Sincerely yours,

Kenneth D. Schmidt

5J

Council Synopsis

April 24. 2012

From: Michael G. Pitcock, P.E.
Director of Development Services /City Engineer

Prepared by: Jeff Haney, Senior Engineering Technician

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Awarding bid and approving an agreement in the amount of $13,834.00 (Fund 112) with Barton Overhead Door, Inc., Modesto, California, for City Project No. 12-32, "Rollup Door Replacement at Fire Station No. 2 & No. 4"

2. DISCUSSION OF ISSUE:

On March 8, 2012, three (3) bids were received for City Project No. 12-32, "Rollup Door Replacement at Fire Station No. 2 & No. 4". Barton Overhead Door, Inc. of Modesto, California, was the lowest responsible bidder with a bid in the amount of $13,834.00.

Bid Summary:

COMPANY NAME	BID AMOUNT
Barton Overhead Door, Inc.	$13,834
Modesto Overhead Door, Inc.	$15,866
R&S Erection Tri-County, Inc.	$18,055

The project will replace four (4) apparatus bay doors at Fire Station number 2 and one (1) door at Fire Station number 4.

3. BASIS FOR RECOMMENDATION:

A) Per the Public Contract Code, the City Council must authorize an Award of Bid to the lowest responsible bidder.

B) The doors have exceeded their service life and are in need of replacement.

Strategic Plan Initiative C. PUBLIC SAFETY

Goal(s): a Turlock Fire Department
ii. Provide station locations that enhance appropriate response times with appropriate equipment and staffing.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact:

Total Amount	Contractor Bid Cost	Construction Engineering & Inspection
$15,000	$13,834	$1,166

Funding is available in line item number 112-10-116.51118, "New Apparatus Bay Door – Fire Station No. 2" for the proposed work. These funds are specifically for replacing the apparatus bay doors.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

Exempt per CEQA Section 15301 (Existing Facilities)

7. ALTERNATIVES:

1. Reject all bids submitted for this project. Staff does not recommend this alternative because the doors need to be replaced and the funding is available.

AGREEMENT

FOR PUBLIC IMPROVEMENT

PROJECT NO. 12-32
Rollup Door Replacement at Fire Station No. 2 & No. 4

THIS AGREEMENT is entered into by and between the CITY OF TURLOCK, a Municipal Corporation, hereinafter called "City," and

Barton Overhead Door Inc
1132 N. Carpenter Road
Modesto, CA 95351

hereinafter called "Contractor" on this 24th day of April, 2012 (hereinafter called the "Agreement").

RECITALS

A City has taken appropriate proceedings to authorize construction of the public work and improvements herein provided and execution of this contract.

B On April 24, 2012, after notice duly given, the City Council of the City of Turlock awarded the contract for the construction of the improvements hereinafter described to Contractor, which Contractor said Council found to be the lowest responsible bidder for said improvements.

C City and Contractor desire to enter into this Agreement for the construction of said improvements.

IT IS AGREED AS FOLLOWS:

1. <u>Scope of Work:</u>
Contractor shall perform the work described briefly as follows:

The work consists, in general, of:

Remove and replace existing doors and furnishing all necessary labor, materials, tools, equipment and incidentals needed to perform the improvements as shown on the contract plans complete and in place. This work shall be completed in accordance with the Standard Specifications, standard Drawings and these Special Provisions.

The aforesaid improvements are further described in the plans, specifications and technical requirements for such project, copies of which are on file in the office of the City Engineer, and which are incorporated herein by reference as if set forth fully herein.

2. The Contract:

The complete contract consists of the following documents: This agreement, the contractor's accepted proposal, general conditions, special provisions, plans and detailed drawings, addendums, faithful performance bond, labor and materials bond, and any and all supplemental agreements amending, decreasing, or extending the work contemplated or which may be required to complete the work in a substantial and acceptable manner. The current edition of the "City of Turlock Standard Specifications and Drawings" is hereby incorporated as a part of the contract.

All rights and obligations of City and Contractor are set forth and described in the contract.

All of the above named documents are intended to incorporate the terms of the others so that any work called for in one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all said documents. The documents comprising the complete contract will hereinafter be referred to as the "contract". In case of any dispute, the decision of the City Engineer shall be final.

3. Schedule:

All work shall be performed in accordance with the schedule approved by the City Engineer and under his direction.

4. Equipment & Performance of Work:

Contractor shall furnish all tools, equipment, facilities, labor and materials necessary to perform and complete in good workmanlike manner the work of general construction as called for and in the manner designated in and in strict conformity with the plans and specifications for said work, which said specifications are entitled, "General Conditions and Special Provisions for **CITY PROJECT NO. 12-32, "Rollup Door Replacement at Fire Station #2 & #4."**

The equipment, apparatus, facilities, labor and material shall be furnished, and said work performed and completed as required in said plans and specifications under the direction and supervision, and subject to the approval of the City Engineer of said City, or City Engineer's designated agent.

5. Contract Price:

City shall pay, and Contractor shall accept in full payment for the work above agreed to be done, an amount not to exceed **Thirteen Thousand Eight Hundred Thirty Four and NO/100ths Dollars ($13,834.00).** Said amount shall be paid in installments as hereinafter provided.

6. Time for Performance:

The time fixed for the commencement of such work is within ten (10) working days after the "Notice to Proceed" has been issued. The work on this project, including all punch list items, shall be completed on or before the expiration of **Five (5)** working days beginning on the first day of work or no later than the tenth day after the "Notice to Proceed" has been issued.

7. Rights of City to Increase Working Days:

If such work is not completed within such time, the City Engineer shall have the right to increase the number of working days in the amount the City Engineer may determine will best serve the interests of the City, and if the City Engineer desires to increase said number of working days, the City Engineer shall have the further right to charge the Contractor and deduct from the final payment for the work the actual cost of engineering, inspection, superintendence, and other

overhead expenses which are directly chargeable to Contractor, and which accrue during the period of such extension, except that the cost of the final service and preparation of the final estimates shall not be included in such charges; provided, however, that no extension of time for completion of such work shall ever be allowed unless requested by Contractor at least twenty (20) calendar days prior to the time herein fixed for the completion thereof, in writing, with the City Engineer. In this connection, it is understood that the City Engineer shall not consider any such requests if not filed within the time herein prescribed.

8. Option of City to Terminate Agreement in Event of Failure to Complete Work:

If Contractor shall have refused or failed to prosecute the work, or any severable part thereof, with such diligence as will ensure its completion within the time specified or any extensions thereof, or shall have failed to complete said work within such time if Contractor should be adjudged a bankrupt, or if Contractor should make a general assignment for the benefit of Contractor's creditors, or if a receiver should be appointed in the event of Contractor's insolvency, or if Contractor or any subcontractor should violate any of the provisions of this agreement, the City Engineer or the City Council may give written notice to Contractor and Contractor's sureties of its intention to terminate this agreement, and unless within five (5) days after the serving of such notice such violation shall cease and satisfactory arrangements for the correction thereof made, this agreement may, at the option of City, upon the expiration of said time, cease and terminate.

9. Liquidated Damages:

In the event the Contractor, for any reason, shall have failed to perform the work herein specified to the satisfaction of the City Engineer within the time herein required, the City may, in lieu of any other of its rights authorized by paragraph 8 of this agreement, deduct from payments or credits due Contractor after such breach, a sum equal to **Two Hundred Fifty** and no/100ths Dollars **($250.00)** for each calendar day beyond the date herein provided for the completion of such work. This deduction shall not be considered a penalty but shall be considered as liquidated damages. The aforementioned rate of deduction is an amount agreed to by the Contractor and the City as reasonably representing additional construction engineering costs incurred by the City if the Contractor fails to complete the work within the contract time. However, any deduction assessed as liquidated damages shall not relieve the Contractor from liability for any damages or costs resulting from delays to other contractors on the project or other projects caused by a failure of the assessed Contractor to complete the work within the contract time. Due account shall be taken of any time extensions granted to the Contractor by the City. Permitting the Contractor to continue work beyond the contract completion date shall not operate as a waiver on the part of the City of any of its rights under the contract nor shall it relieve the Contractor from liability for any damages or costs resulting from delays to other contractors on the project or other projects caused by a failure of the assessed Contractor to complete the work within the contract time.

10. Performance by Sureties:

In the event of any termination as hereinbefore provided, City shall immediately give written notice thereof to Contractor and Contractor's sureties, and the sureties shall have the right to take over and perform the agreement; provided, however, that if the sureties within five (5) days after giving them said notice of termination, do not give the City written notice of their intention to take over the performance of the agreement and do not commence performance thereof within five (5) days after notice to the City of such election, City may take over the work and prosecute the same to completion by contract or by any other method it may deem advisable for the account, and at the expense of Contractor and the sureties shall be liable to City for any excess cost or damages occasioned City thereby; and, in such event, City may, without liability for so doing, take possession of and utilize in completing the work such materials, appliances, plant and other

property belonging to Contractor as may be on the site of the work and necessary therefor.

11. Disputes Pertaining to Payment for Work:

Should any dispute arise respecting the true value of any work done, of any work omitted, or of any extra work which Contractor may be required to do, or respecting the size of any payment to Contractor during the performance of this contract, such dispute shall be decided by the City Engineer, and the decision of the latter shall be final and conclusive.

12. Permits, Compliance with Law:

Contractor shall, at Contractor's expense, obtain all necessary permits and licenses for the construction of each improvement, give all necessary notices and pay all fees and taxes required by law.

13. Superintendence by Contractor:

Contractor shall give personal superintendence to the work on said improvement or have a competent foreman or superintendent satisfactory to the City Engineer on the work at all times during progress, with authority to act for him.

14. Inspection by City:

Contractor shall at all times maintain proper facilities and provide safe access for inspection by City to all parts of the work and to the shops wherein the work is in preparation.

15. Extra and/or Additional Work and Changes:

Should City at any time during the progress of said work request any alterations, deviations, additions, or omissions from said specifications or plans or other contract documents, it shall be at liberty to do so, and the same shall in no way affect or make void the contract, but will be added to or deducted from the amount of said contract price as the case may be, by fair and reasonable valuation. Request for such change must be made in writing signed by the City Engineer and shall be accompanied by plans and specifications for such purpose.

In the event work is performed or materials furnished in addition to those set forth in Contractor's bid and the specifications herein, said work and materials shall be paid for at the unit price therein contained. Said amount shall be paid in installments as hereinafter provided.

16. Change of Contract Price:

The contract price may only be changed by a contract change order. The value of any work covered by a contract change order for an adjustment in the contract price will be determined in the City's sole discretion as follows:

(a) If the work performed is on the basis of unit prices contained in the contract documents, the change order will be determined in accordance with the provisions in Section 4-1.03B, "Increased or Decreased Quantities", of the Caltrans Standard Specifications; or

(b) If the work performed is not included on the engineers estimate associated with a unit price, the change order will be by a mutually agreed lump sum; or

(c) If the change order is not determined as described in either 1.24.A.1 or 1.24.A.2, the change order will be determined on the basis of Force Account in accordance with the provisions in Section 9-1.03, "Force Account Payment", of the Caltrans Standard

Specifications, plus a contractor's fee for overhead and profit as determined by 1.24.B.

The Contractor will be paid the direct costs for labor, materials and equipment used in performing the force account work in accordance with Sections 9 1.03A "Work Performed by Contractor" of the Caltrans Standard Specifications as modified below.

To the total of the direct costs computed as provided in Sections 9 1.03A(1), "Labor," 9 1.03A(2), "Materials," and 9 1.03A(3), "Equipment Rental," there will be added a markup of 5 percent to the cost of labor, 5 percent to the cost of materials and 5 percent to the equipment rental.

The above markups shall constitute full compensation for all delay costs, overhead costs and profit which shall be deemed to include all items of expense not specifically designated as cost or equipment rental in Sections 9 1.03A(1), "Labor," 9 1.03A(2), "Materials," and 9 1.03A(3), "Equipment Rental." The total payment made as provided above shall be deemed to be the actual cost of the work and shall constitute full compensation therefor.

When extra work to be paid for on a force account basis is performed by a subcontractor, approved in conformance with the provisions in Section 8 1.01, "Subcontracting," an additional markup of 2 percent will be added to the total cost of that extra work including all markups specified in this Section 9 1.03A. The additional 2 percent markup shall reimburse the Contractor for additional administrative costs, and no other additional payment will be made by reason of performance of the extra work by a subcontractor.

17. <u>Change of Contract Time:</u>

The contract time may only be changed by a contract change order. The value of any work covered by a contract change order for an adjustment in the contract time will be determined as follows:

(a) Additional working days will be awarded where the amount of time is mutually agreed upon by Contractor and Engineer; or

(b) Additional working days will be awarded where Contractor is prevented from completing any part of the work identified on the critical path and:

a. where the delay is caused by acts of public enemy, fire, floods, tsunamis, earthquakes, epidemics, quarantine restrictions, strikes, labor disputes, shortage of materials and freight embargos, provided that Contractor shall notify Engineer in writing of the causes of delay within 15 days from the beginning of that delay; or

b. where the delay is caused by actions beyond the control of Contractor; or

c. where the delay is caused by actions or failure to act by Engineer.

Contractor shall not be entitled to an adjustment in contract time for delays within the control of Contractor. Delays resulting from and within the control of a Subcontractor or Supplier shall be deemed to be delays within the control of Contractor.

18. Inspection and Testing of Materials:

Contractor shall notify City a sufficient time in advance of the manufacture of production materials to be supplied by Contractor under this contract in order that City may arrange for mill or factory inspection and testing of same.

Any materials shipped by Contractor from factory prior to having satisfactorily passed such testing and inspection by City's representative or prior to the receipt of notice from such representative that such testing and inspection will not be required shall not be incorporated on the job of said improvement. Contractor shall also furnish City, in triplicate, certified copies of all factory and mill test reports upon request.

19. Permits and Care of the Work:

Contractor has examined the site of the work and is familiar with its topography and condition, location of property lines, easements, building lines, and other physical factors and limitations affecting the performance of this agreement. Contractor, at Contractor's expense, shall obtain any permission necessary for any operations conducted off the property owned or controlled by City. Contractor shall be responsible for the proper care and protection of all materials delivered and work performed until completion and final acceptance.

20. Other Contracts:

City may award other contracts for additional work, and Contractor shall fully cooperate with such other Contractors and carefully fit Contractor's own work to that provided under other contracts as may be directed by the City Engineer. Contractor shall not commit or permit any act which will interfere with the performance of work by any other Contractor.

21. Payments to Contractor:

Payments are to be made to the Contractor in accordance with the provisions of Section 9 of the General Conditions of said specifications in legally executed and regularly issued warrants of the city, drawn on the appropriate fund or funds as required by law and order of the City Council thereof. The Contractor shall be administered a progress payment approximately every 30 calendar days from the time work begins according to the payment schedule furnished by the City Engineer at the time work begins.

Pursuant to Division 2, Part 5, Section 22300, *et seq.*, of the Public Contracts Code, the Contractor may request the right to substitute securities for any moneys withheld by the City of Turlock to ensure the performance required of the Contractor under the contract, or that the City of Turlock make payment of retentions earned directly into an escrow account established at the expense of the Contractor.

22. Contract Security:

Concurrently with the execution hereof, Contractor shall furnish on the forms provided (1) a surety bond in an amount equal to at least one hundred percent (100%) of the contract price as security for the faithful performance of this contract; and (2) a separate surety bond in an amount equal to at least one hundred percent (100%) of the contract price as security for the payment of all persons performing labor and furnishing materials in connection with this contract. Sureties on each of said bonds thereof shall be satisfactory to the City.

23. Hold-Harmless Agreement and Contractor's Insurance:

Contractor shall indemnify, defend, and hold harmless City and its elective and appointive boards, officers, agents, employees, and volunteers from and against all claims, damages, losses

and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of City.

24. Contractor's Insurance:

Contractor shall not commence work under this Agreement until Contractor has obtained City's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall Contractor allow any subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. Contractor shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal may constitute a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 11 85 or its equivalent), to be approved by the City of Turlock.

(2) Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(4) Surety bonds as described below.

(b) Minimum Limits of Insurance: Contractor shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: $1,000,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation: As statutorily required by the State of California.

(4) Employer's Liability: $1,000,000 per accident for bodily injury or disease.

(c) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its elective and appointive boards, officers, agents, employees, and volunteers; or (b) Contractor shall provide a financial

guarantee satisfactory to City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) City, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three (3) years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (CG 20 10 for ongoing operations and CG 20 37 for products/completed operations, or their equivalent), or as a separate owner's policy that is at least as broad as the ISO Form CG 00 09 11 88 Owners and Contractors Protective Liability Coverage Form – Coverage for Operations of Designated Contractor.

(2) For any claims related to this project, Contractor's insurance coverage shall be primary insurance as respects City and any insurance or self-insurance maintained by City shall be excess of Contractor's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to City under any of the required insurance coverages, the insurer, broker/producer, or Contractor shall provide City with sixty (60) days' prior written notice of such action.

(4) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

(e) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII or with an insurer to which the City has provided prior approval.

(f) Verification of Coverage: Contractor shall furnish City with original certificates and endorsements, including amendatory endorsements, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by City before work commences. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

(g) Waiver of Subrogation: With the exception of professional liability, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of City for all work performed by Contractor, its agents, employees, independent contractors and subcontractors. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

(h) Subcontractors: Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All

coverages for subcontractors shall be subject to all of the requirements stated herein.

(i) Surety Bonds: Contractor shall provide a Performance Bond, and a Payment Bond.

25. Proof of Carriage of Insurance:

Contractor shall furnish City concurrently with the execution hereof, satisfactory proof of carriage of the insurance required, and that each carrier shall give City at least thirty (30) days prior notice of the cancellation of any policy during the effective period of this contract.

26. Wages & Hours of Employment:

In the performance of this contract, eight (8) hours shall be the maximum hours of labor on any calendar day, and the minimum wages of compensation of persons performing labor in the execution of this agreement shall be the current prevailing scale of wages determined by the Director of the Department of Industrial Relations for the community.

The Contractor shall forfeit as penalty to the City, Twenty-five and no/100ths Dollars ($25.00) to be paid to the City of Turlock for each workman employed in the execution of this agreement by him or by any subcontractor, for each calendar day during which any workman is required or permitted to labor more than eight (8) hours, in violation of provisions of Article 3, Chapter 1, Part 7, a Division 2, of the Labor Code of the State of California, and all amendments thereto.

27. Emergency - Additional Time for Performance - Procurement of Materials:

If, because of war or other declared national emergency, the Federal or State Government restricts, regulates, or controls the procurement and allocation of labor or materials, or both, and if solely because of said restrictions, regulations or controls, Contractor is through no fault of the Contractor, unable to perform this agreement, or the work is thereby suspended or delayed, any of the following steps may be taken.

(a) City may, pursuant to resolution of the Council, grant Contractor additional time for the performance of this agreement, sufficient to compensate in time, for delay or suspension.

To qualify for such extension in time, Contractor within ten (10) days of Contractor's discovering such inability to perform, shall notify City Engineer in writing thereof, and give specific reasons therefore; City Engineer shall thereupon have sixty (60) days within which to procure such needed materials or labor as is specified in this agreement, or permit substitution, or provide for changes in the work in accordance with other provisions of this agreement.

Substituted materials, or changes in the work, or both, shall be ordered in writing by City Engineer, and the concurrence of the Council shall not be necessary. All reasonable expenses of such procurement incurred by the City Engineer shall be defrayed by the Contractor; or

(b) If such materials or labor cannot be procured through legitimate channels within sixty (60) days after the filing of the aforesaid notice, either party may, upon thirty (30) days' written notice to the other, terminate this agreement. In such event, Contractor shall be compensated for all work executed upon a unit basis in proportion to the amount of the work completed, or upon a cost-plus-ten-percent (10%) basis, whichever is the lesser. Materials on the ground, in process of fabrication or in route upon the date of notice of termination specially ordered for the project and which cannot be utilized by Contractor, shall be compensated for by City at cost, including freight,

provided the Contractor shall take all steps possible to minimize this obligation; or

(c) City Council, by resolution, may suspend this agreement until the cause of inability to perform is removed but for a period of not to exceed sixty (60) days.

If this agreement is not canceled, and the inability of Contractor to perform continues without fault on Contractor's part, beyond the time during which the agreement may have been suspended, as herein above provided, City Council may further suspend this agreement, or either party hereto may, without incurring any liability, elect to declare this agreement terminated upon the ground of impossibility of performance. In the event City declares this agreement terminated, such declaration shall be authorized by the City Council by resolution, and Contractor shall be notified in writing thereof within five (5) days after the adoption of such resolution. Upon such termination, Contractor shall be entitled to proportionate compensation at the agreement rate for such portion of the agreement as may have been performed, or

(d) City may terminate this agreement, in which case Contractor shall be entitled to proportionate compensation at the agreed rate for such portion of the agreement as may have been performed. Such termination shall be authorized by resolution of the Council. Notice thereof shall be forthwith given in writing to Contractor, and this agreement shall be terminated upon receipt by Contractor of such notice.

In the event of the termination provided in this sub-paragraph (d), none of the covenants, conditions or provisions hereof shall apply to the work not performed, and City shall be liable to Contractor for the proportionate compensation last herein mentioned.

28. Provisions Cumulative:

The provisions of this agreement are cumulative, and in addition to and not in limitation of, any other rights or remedies available to City.

29. Notices:

All notices shall be in writing and delivered in person or transmitted by certified mail, postage prepaid.

Notices required to be given to City shall be addressed as follows:

City of Turlock
City Engineer
156 S. Broadway, Suite 150
Turlock CA 95380-5454

Notices required to be given to Contractor shall be addressed as follows:

_____
_____
_____

Notices required to be given sureties of Contractor shall be addressed as follows:

_____
_____
_____

30. Interpretation:

As used herein, any gender includes each other gender, the singular includes the plural and vice versa.

31. Antitrust Claims:

The Contractor or subcontractor offers and agrees to assign to the City all rights, title and interest to any causes of action under Section Four of the Clayton Act and the Cartwright Act concerning antitrust claims.

IN WITNESS WHEREOF, three identical counterparts of this agreement, consisting of a total of 11 pages, each of which counterparts shall for all purposes be deemed an original of said agreement, have been duly executed by the parties hereinabove named, on the day and year first herein above written.

(Attach Contractor's Seal Here)

CONTRACTOR

_____
Signature

_____
Print Name

Address: _____

_____

_____

Phone: _____
Date: _____

Federal Tax ID or
Social Security Number: _____

CITY OF TURLOCK, a municipal corporation

_____
Roy W. Wasden, City Manager

APPROVED AS TO SUFFICIENCY:

_____
Michael G. Pitcock, P.E., Director of
Development Services/City Engineer

APPROVED AS TO FORM:

_____
Phaedra A. Norton, City Attorney
ATTEST:

_____
Kellie E. Weaver, City Clerk

5K

Council Synopsis

April 24, 2012

From: Michael G. Pitcock, P.E.
Director of Development Services / City Engineer

Prepared by: Stephen Fremming, Assistant Engineer

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Reaffirming the emergency declaration of the City Manager that there is a need to pursue the replacement of hot water circulation piping at the Turlock Regional Water Quality Control Facility without compliance with the formal competitive bidding procedure

2. DISCUSSION OF ISSUE:

On January 31, 2012, the City Manager declared an emergency for the replacement of hot water circulation piping at the Turlock Regional Water Quality Control Facility. Resolution 2010-028 allows the City Manager to declare an emergency and order repair or replacement of public facilities and bypass the competitive bid process pursuant to section 22050(a)(1) and 22050(b)(1) of the public contract code when unexpected occurrences require immediate action to mitigate the loss of essential public services.

Council has reaffirmed the emergency declaration for this project in every regular meeting held beginning February 28, 2012. Staff brings forth another motion to continue with the emergency declaration.

City Project No. 12-24, "TRWQCF Emergency Hot Water Circulation Piping," is currently in the design phase. Staff will bring forth a motion to award a contract in a future council meeting.

3. BASIS FOR RECOMMENDATION:

A) Per Council Resolution 2010-028, the City Manager has been delegated authority to declare an emergency and order repair or replacement of public facilities. The Council is to review the City Manager's emergency action and vote at every regularly scheduled meeting thereafter that there is a need to continue with the action until the action is terminated.

B) The sewer treatment process depends on a constant supply of hot water to maintain temperatures conducive to the digestion process. The emergency action allows a construction contract to be awarded without formally advertising for bids, thereby decreasing the risk that digesters become non-operational.

Strategic Plan Initiative D. MUNICIPAL INFRASTRUCTURE

Goal(s): b Address growth related issues (current and future)
iii. Wastewater
Timely replacement of the hot water circulation piping will restore the ability of the Turlock Regional Water Quality Control Facility to maintain consistent temperatures within the digesters should a boiler experience a problem and be taken offline.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Funds will be made available via a transfer from Sewer reserves at the time of the Award of Bid to account number 410-51-534.44030_047 "Emergency Hot Water Loop Replacement".

No General Fund money will be used for this project.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

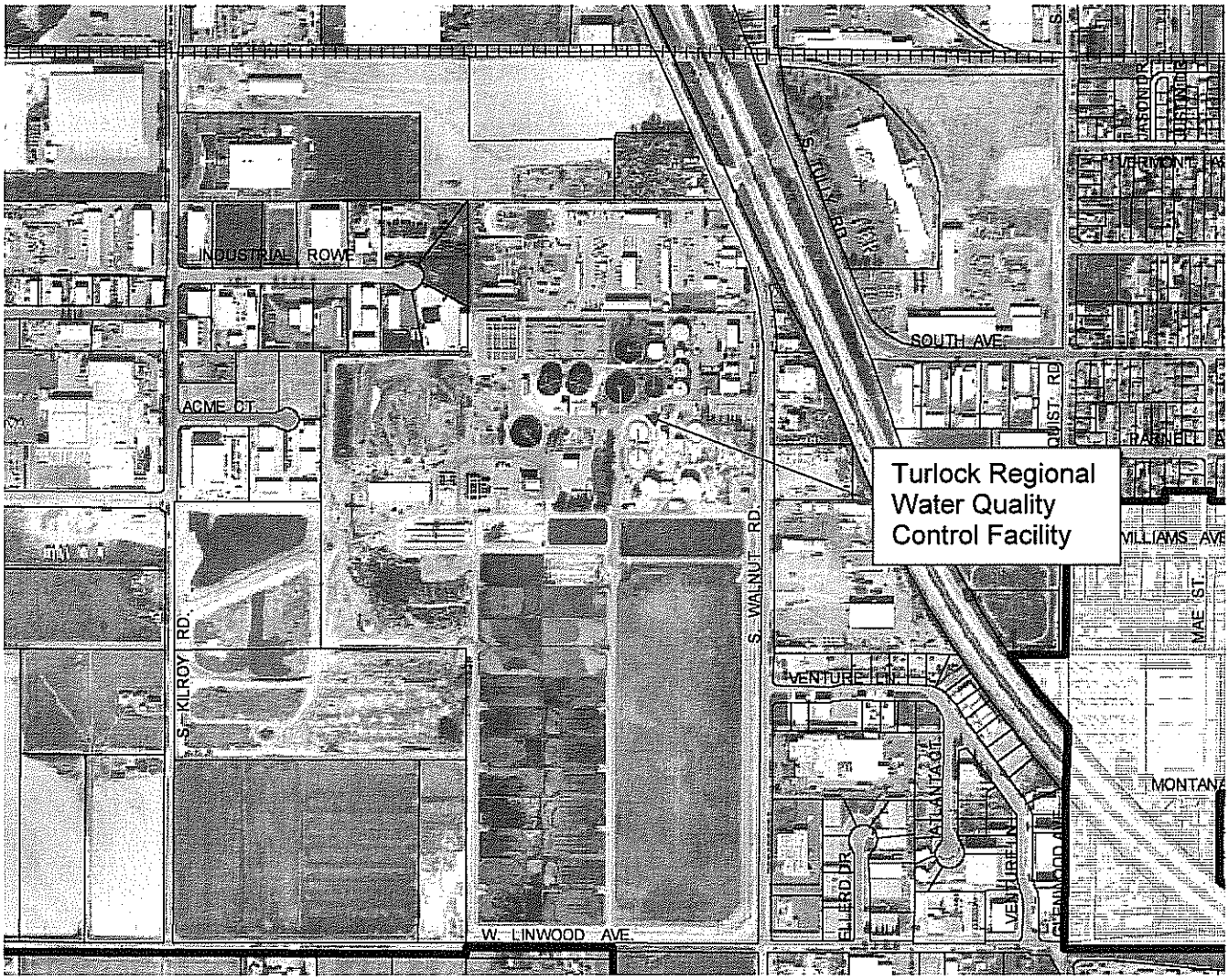
6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

1. Not reaffirm the City Manager's determination of the emergency. This action is not recommended by Staff, as an emergency determination will decrease the amount of time needed to award a contract to replace the failed hot water circulation piping.

City Project No. 12-24
TRWQCF Emergency Hot Water Circulation Piping



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Council Synopsis

April 24, 2012

From: Dan Madden, Municipal Services Director

Prepared by: John S. Wilson,

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Approving Amendment No. 2 to City Contract No. 07- 448 with Carollo Engineers in the amount of $42,510, to provide a comparison of Packed Tower technology for removal of Trihalomethanes (THM) with continued chlorine disinfection versus Ultra Violet Light (UV) technology for disinfection without the use of chlorine, in the Regional Water Quality Control Facility (RWQCF) effluent

2. DISCUSSION OF ISSUE:

On January 28, 2010, the Central Valley Regional Water Quality Control Board (CVRWQCB) adopted a new National Pollutant Discharge Elimination System (NPDES) permit for the RWQCF. The new "permit" became effective on March 19, 2010. A requirement of the City's NPDES Permit is to meet effluent THM compliance limits by January 1, 2015. On January 11, 2011, the City Council approved Agreement No. 11-897 with Carollo Engineers to provide engineering services during a pilot test to evaluate the effectiveness of "Packed Tower" technology in reducing the THM levels in the RWQCF effluent.

The THM pilot test concluded in January 2012 and the THM removal percentages were very promising. The next step is to compare the cost effectiveness of continuing to utilize Chlorine for effluent disinfection (Chlorine reacts with organic material in the water to form THM's) which would necessitate constructing a full-scale THM removal system or changing over to UV technology (no Chlorine is used, therefore no THM's are created) for effluent disinfection.

Carollo Engineers submitted a proposal for this work (Exhibit A). Carollo's analysis will compare capital and life-cycle costs for Packed Tower and UV disinfection technologies. The information derived from this comparison will allow the City to plan the project implementation over the next few years.

3. BASIS FOR RECOMMENDATION:

A requirement of the City's NPDES Permit is to meet effluent THM compliance limits by January 1, 2015. The information derived from Carollo's analysis will allow the City to plan the project implementation over the next few years in order to meet the RWQCF effluent THM requirements within the compliance time limit.

Strategic Plan Initiative: D. MUNICIPAL INFRASTRUCTURE

Goal: 1.a. Identify avenues to address current deficiencies

v. Sewer

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact

The fee for this work is $42,510.00. Funds are available in 410-51-530.43316 NPDES Permit Studies for this work. No funds will come from the General Fund for this work.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

A. Do not approve this request. Staff does not recommend this alternative due to the need to comply with the NPDES Permit requirements.

AMENDMENT NO. 2
to
Agreement
between
CITY OF TURLOCK
and
CAROLLO ENGINEERS, INC.

THIS AMENDMENT NO. 2, dated April 24, 2012, is entered into by and between the **CITY OF TURLOCK**, a municipal corporation (hereinafter "CITY") and **CAROLLO ENGINEERS, INC.**, (hereinafter "CONTRACTOR").

WHEREAS, the parties hereto previously entered into an agreement dated August 14, 2007, whereby CONTRACTOR would perform Design Services for City Contract No. 07-448, (hereinafter the "Agreement"); and

WHEREAS, on April 12, 2011, the parties entered into Amendment No. 1 to the Agreement dated August 14, 2007, whereby CONTRACTOR was to perform additional work in accordance with Exhibit A to Amendment No. 1.

NOW, THEREFORE, the parties hereto mutually agree to further amend said Agreement as follows:

1. Paragraph 1 of the Agreement is amended to read as follows:

"1. **SCOPE OF WORK:** CONTRACTOR shall furnish all labor, equipment, materials and process, implements, tools, and machinery, except as otherwise specified, which are necessary and required to provide engineering services for the evaluation of Three (3) disinfection technologies that will comply with new standards for Trihalomethane (THM) levels in the City's wastewater effluent and shall perform such services in accordance with the specifications attached hereto as Exhibit A.

In addition to the Scope of Work attached as Exhibit A to the Agreement, CONTRACTOR shall furnish all labor, equipment, materials and process, implements, tools, and machinery, except as otherwise specified, to complete the original scope of services, the scope of services set forth in Amendment No. 1, and the added scope of services attached to this Amendment No. 2 as Exhibit A, which are necessary and required to provide Engineering Services, and shall perform such services in accordance with the specifications attached to the Agreement, Amendment No. 1, and this Amendment No. 2."

OK for Agenda

2. Paragraph 4 of the Agreement is amended to read as follows:

"4. **COMPENSATION:** CITY agrees to pay CONTRACTOR additional compensation in the amount of Forty-Two Thousand Five-Hundred Ten and No/100^{ths} Dollars ($42,510.00) in accordance with Exhibit A attached hereto and made a part hereof. The compensation for completion of all items of work, as set forth in the Agreement, Amendment No. 1 and this Amendment No. 2 shall not exceed Four Million Seven Hundred Nineteen Thousand Five Hundred Eighty and No/100^{ths} Dollars ($4,719,580.00). Such maximum amount shall be compensation for all of CONTRACTOR's expenses incurred in the performance of the Agreement, Amendment No. 1 and this Amendment No. 2."

3. All other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by and through their respective officers thereunto duly authorized on the date first written hereinabove.

CITY OF TURLOCK

By: _____
Roy W. Wasden, City Manager

APPROVED AS TO SUFFICIENCY:

BY: _____
Dan Madden, Director of Municipal Services

APPROVED AS TO FORM:

By: _____
Phaedra A. Norton, City Attorney

ATTEST:

By: _____
Kellie E. Weaver, City Clerk

_____

By: _____
Michael J. Britten, P.E.
Print Name: _____

Title: _____

Date: _____

carollo

Engineers...Working Wonders With Water®

March 30, 2012

Exhibit A

Mr. Dan Madden
Director of Municipal Services
City of Turlock
156 South Broadway, Suite 270
Turlock, CA 95380-5454

Subject: Proposal for Engineering Services – Comparison of Packed Tower and UV Disinfection at the Turlock Regional Water Quality Control Facility (WQCF)

Dear Mr. Madden:

Per your request, we have prepared the enclosed proposal. The purpose of this project is to compare three disinfection technologies that will comply with new standards for trihalomethane (THM) levels in the City's treated wastewater effluent. The outcome of this analysis will be to select a technology to satisfy the new standards. Per the City's current discharge permit, the standards need to be met by March 2015. This study will allow the City to plan the project implementation over the next few years.

We appreciate the opportunity to submit a proposal for this project.

Sincerely,

CAROLLO ENGINEERS, INC.

Michael J. Britten, P.E.
Senior Vice President

MJB:pg

Enclosures: Scope of Services
Labor and Budget Estimate
Carollo 2012 Fee Schedule

2700 Ygnacio Valley Road, Suite 300, Walnut Creek, California 94598
P. 925.932.1710 F. 925.930.0208
carollo.com

SCOPE OF SERVICES

TURLOCK REGIONAL WATER QUALITY CONTROL FACILITY THM REDUCTION ALTERNATIVES ANALYSIS – PACKED TOWER AERATION VERSUS IN-VESSEL AND IN-CHANNEL UV DISINFECTION

OBJECTIVE

The purpose of this project is to evaluate three technologies for disinfecting the City's wastewater effluent. This evaluation is needed to address the City's new and future wastewater discharge permit requirements that require reduction of THMs. The City currently uses chlorine to disinfect the treated effluent and to prevent algae growth on process equipment. THMs form when chlorine reacts with organic material in wastewater. These constituents are regulated if the receiving waters for the wastewater effluent are a municipal water supply. The reason for concern is that even low concentrations of THMs can be carcinogenic if they are ingested. For Turlock, the receiving water is the San Joaquin River, and it is a designated municipal water supply. The compliance date for the new THM limits is January 1, 2015.

The alternatives to be evaluated include packed tower air stripping, in-vessel ultraviolet light (UV) disinfection, and in-channel UV disinfection. Carollo recently conducted a small-scale pilot test to evaluate the packed tower aeration process. Test results indicate that the packed tower process may be a cost-effective method for reducing THM concentrations to the new limits. However, the 2015 discharge limits for THMs are based on including a 19.1:1 dilution factor from the river flow. As environmental concerns about the Delta heighten, there is a chance that the dilution credit could be removed in the future. If so, the THM limits would not be achievable with a packed tower aeration system.

Another approach for effluent disinfection is the UV light process. UV disinfection would meet new and potential future THM limits because it does not require chlorine and, therefore, does not produce THMs. This analysis will compare capital and life-cycle costs for a packed tower system and two UV disinfection technologies. The UV technologies to be evaluated include the in-vessel configuration and the in-channel configuration. In-vessel systems are a more recent application of the wastewater UV process. The UV lamps are mounted in a closed vessel. Closed-vessel systems offer advantages of less construction, a cleaner site, and no water level concerns or related issues (they are pressurized systems). Closed-vessel systems require more maintenance time (per lamp) than open-channel systems. Energy use of pressurized systems is similar to open-channel systems, as long as similar lamp technology is used for both applications (low pressure). Recent advances in in-vessel UV systems using energy-efficient and very high intensity lamps will reduce capital and operating costs compared to conventional in-vessel systems and even open-channel systems.

SCOPE OF WORK

The alternatives analysis will include the following:

- **Capital Cost Estimates**. Budget capital cost estimates will be prepared for a packed tower aeration system, an in-vessel UV disinfection system, and an in-channel UV disinfection system. The design flow for comparison will be the build out flow of 20 million gallons per day. The estimates will include consideration of secondary effects of implementing these alternatives. For example, if UV disinfection is implemented, chlorine will no longer be used at the WQCF, and some treatment processes will need to be covered to prevent algae growth from sunlight. Algae are currently controlled with maintenance chlorination.
- **Life-Cycle Cost Estimates**. Life-cycle cost estimates will be prepared for all three alternatives. The estimates will include operating and maintenance costs of the equipment, as well as cost savings where applicable (such as elimination of chlorine use).
- **Review Regulatory Scenarios**. The Regional Water Quality Control Board will be contacted jointly with City staff to discuss the potential for changes to the dilution credit. A comparison of current and future regulatory compliance for each technology will be completed. The analysis will include consideration of required treatment if the current dilution credit for WQCF effluent discharges to the San Joaquin River is discontinued by the Regional Board.

Task 1 – Prepare Capital and Life-Cycle Cost Estimates

Carollo will prepare capital and life-cycle cost estimates for implementing packed tower aeration, and in-vessel and in-channel UV disinfection. These estimates will be budget level, ASCE Class V estimates. Quotes from vendors will be used to estimate equipment costs. Potential new developments in in-vessel UV systems will also be assessed.

Task 2 – Review Regulatory Compliance

Carollo will review current WQCF discharge requirements and evaluate possible future regulatory requirements. Possible discharge requirements will be combined into a series of regulatory scenarios. Each scenario will be evaluated for packed tower aeration, in-vessel UV disinfection, and in-channel UV disinfection.

Task 3 – Prepare Technical Memorandum

Carollo will prepare a Technical Memorandum (TM) to summarize the findings and conclusions of the previous tasks.

Task 4 – Meetings

Carollo will attend three meetings for this project. The first meeting will be to review the project goals, identify impacts of discontinuing maintenance chlorination, obtain operating data, and review operational practices. The second meeting will be with Regional Board staff to discuss potential future discharge requirements. The third meeting will be to review the findings and conclusions, select a disinfection system technology, and provide comments for incorporation in the final draft of the TM.

City Tasks

The City will perform the following tasks:

1. Provide an update of operational data, such as effluent water quality data, flow rates, and chlorine use.

2. Attend a meeting with the Regional Board.

TIME OF PERFORMANCE

This analysis will begin April 2012 and will require three months to complete.

LABOR AND BUDGET ESTIMATE
CITY OF TURLOCK
TURLOCK REGIONAL WATER QUALITY CONTROL FACILITY THM REDUCTION ALTERNATIVES ANALYSIS
PACKED TOWER AERATION VERSUS IN-VESSEL AND IN-CHANNEL UV DISINFECTION

		Estimated Labor Cost									
Task\Description		SP	P	AP	CAD Technicians	WP/ Clerical	Total Hours	Labor Cost	Other Direct Costs	PECE on DL Hrs	Total Costs
	Rate	$249	$176	$144	$130	$96.00				$ 9.50	
1	Prepare Capital and Life Cycle Cost Estimates	4	40	60	0	0	104	$16,676	$0	$988	$17,664
2	Review Regulatory Compliance	4	8	0	0	0	12	$2,404	$0	$114	$2,518
3	Prepare Technical Memorandum	4	40	20	24	8	96	$14,804		$912	$15,716
4	Meetings	12	16	0	0	4	32	$6,188	$120	$304	$6,612
	PROJECT TOTAL HOURS	24	104	80	24	12	244				
	PROJECT TOTAL COSTS	$5,976	$18,304	$11,520	$3,120	$1,152		$40,072	$120	$2,318	$42,510
										TOTAL:	$42,510

Legend
SP - Senior Professional
P - Professional
AP - Assistant Professional
WP - Word Processing

CAROLLO ENGINEERS, INC.
FEE SCHEDULE

As of March 1, 2012
California

	Hourly Rate
Engineers/Scientists	
Assistant Professional	$144.00
Professional	176.00
Project Professional	209.00
Lead Project Professional	229.00
Senior Professional	249.00
Senior Process Specialist	335.00
Technicians	
Technicians	107.00
Senior Technicians	152.00
Support Staff	
Document Processing / Clerical	96.00
Project Equipment Communication Expense (PECE) Per DL Hour	**9.90**
Other Direct Expenses	
Travel and Subsistence	at cost
Mileage at IRS Reimbursement Rate Effective January 1, 2012:	$.555 per mile
Subconsultant	cost + 10%
Other Direct Cost	cost + 10%
Expert Witness	Rate x 2.0

This fee schedule is subject to annual revisions due to labor adjustments.

5M

Council Synopsis

April 24, 2012

From: Dan Madden, Municipal Services Director

Prepared by: Betty Gonzalez / Presented by: Dan Madden

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Approving the Maintenance Agreement with Mo-Cal Office Solutions of Modesto for the Fire Department's Ricoh MP 3010 copier, for a period of twelve (12) months, in an annual amount not to exceed $200, plus an overage rate of $0.015 per page

2. DISCUSSION OF ISSUE:

The agreement with Mo-Cal Office Solutions includes service calls, service labor, toner and all replacement parts necessary to keep the equipment working within the manufacturer's specifications. The annual cost of $200, includes 13,333 black/white copies, plus an overage rate of $0.015 per page.

The copier is a necessity to the daily operations of the Fire Department. The term of the agreement is for a period of twelve months, starting April 25, 2012 and ending April 24, 2013 with three one year extensions.

The standard rate charge for Mo-Cal is $125 per service call, plus additional cost for parts, labor and supplies without an annual maintenance agreement.

3. BASIS FOR RECOMMENDATION:

Staff recommends the approval of the Maintenance Agreement with Mo-Cal Office Solutions of Modesto, for a period of twelve months.

Strategic Plan Initiative:
Not specifically identified within the City Strategic Plan as this item pertains to the ongoing operation and overall maintenance of City facilities and equipment.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Currently budgeted at line number:

110-30-300.43065 Copier Maintenance/Lease

Fiscal impact to above line number: $200, plus overage rate of $0.015 per page

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

1. Council may reject the maintenance/service agreement.

2. Staff does not recommend this alternative. The City would have to pay a standard rate charge of $125 per hour for each service call, plus replacement parts and supplies.

mo-cal
OFFICE SOLUTIONS
1311 Woodland Ave Suite 2 - Modesto, Ca. 95351
Phone 209-529-8121 Fax 529-8162

Maintenance Agreement

142044-01
Agreement Number

Billing Information

CITY OF TURLOCK
Name
156 S. BROADWAY STE 112
Address
TURLOCK, CA 95380-5454
City, State Zip
BETTY GONZALES
Contact
209/668-5599 EXT. 4406 — 209/668-5695
Contact Phone — Fax Number
BGONZALEZ@TURLOCK.CA.US
E-Mail

Location Information

CITY OF TURLOCK
Name
FIRE DEPT- ADMIN OFFICE
Location
900 N. PALM
Address
TURLOCK, CA 95380
City, State Zip
VANESSA HUBELL
Contact
209/668-5542 EXT. 1500 — 209/668-5558
Contact Phone — Fax Number

Equipment / Rate Information

☐ See Attached Equipment List

Make/Model LANIER LD330 RICOH MP3010 Serial Number M6394901653

Starting Date 3/15/2012 Beginning Meter 68,542 B/W _____ Color

Base Rate $200.00 Includes 13,333 B/W pages and _____ color pages

Overage Rate $0.015 per B/W page, _____ per color page

Base Schedule ☒ Annual ☐ Quarterly ☐ Monthly Overage Schedule ☒ Annual ☐ Quarterly ☐ Monthly

Network Support Addendum _____ ☐ Approved ☐ Declined (Reference Item 13 on page 2)

Exclusions

This Agreement will cover the costs for adjustments, repairs and or replacement of parts and supplies unless excluded below. All paper and staples are excluded.

☐ Black Toner ☐ Color Toner ☐ Black Ink ☐ Color Ink ☐ Maintenance Kits/Items
☐ Developer ☐ Developer Unit ☐ Fuser Unit/Rollers ☐ Imaging Unit (PCU) ☐ Drum/Drum
See Agreement Provisions for additional exclusions.

☑ **Accept, please sign below** ☐ **Decline** _____ **(please initial and return to MoCal)**

_____ Customer Signature

Roy W. Wasden, City Manager
Print Name Title — Date

_____ MoCal Office Solutions

_____ Date

OK for Agenda

Agreement Provisions

1. Terms

This Agreement shall become effective upon signed receipt by MoCal Office Solutions. This Agreement is assigned to the equipment specified on page 1 and the customer. If the equipment is sold to another individual or company then this Agreement may be transferred if authorized by MoCal Office Solutions.

2. Purpose

This Agreement services provide for the adjustment, repairs and replacement of covered parts/supplies necessary to maintain proper operation within the manufactures' specifications. The equipment covered by this Agreement must be operated according to the manufactures guidelines. This Agreement will not cover any item(s) excluded on the first page or doors, covers, keyboards, operation panels, print controller boards, scanner boards, fax boards, network interface boards, installation of print drivers, installation of supplemental software or troubleshooting of printing, scanning or network issues.

Service will be provided between normal working hours, 8:00am to 5:00pm, Monday through Friday, excluding holidays.

The customers' use of unauthorized parts, components, modifications, supplies or personnel to effect repairs or changes will cause this Agreement to be null and void.

3. Liability

The customer shall bear all risk of loss to the equipment or loss arising out of its use. MoCal Office Solutions shall not be liable for any incidental or consequential damage from any cause whatsoever. MoCal Office Solutions will not be liable for any loss or damage as a result of delay or failure to furnish service or failure of the equipment to operate properly. Damage of losses resulting from accident, misuse, neglect, vandalism or theft, events such as fire, theft, water damage, lightening, electrical power failure or for any other cause external to the machine are not covered by this Agreement.

MoCal may assist with driver and software installation on your computers. These professional services are performed under your ultimate direction and are provided on a "Best Efforts" basis. You are responsible for evaluating our work and its results, and for determining the suitability of resulting products or recommendations to your business environment. MoCal Office Solutions makes no warranties, expressed or implied, concerning computer hardware, software, systems, or programs, or other products of any type, which may be produced or procured as a result of these services. MoCal Office Solutions is not responsible for any actual or consequential damages that may arise from these professional services. The Customer acknowledges that is the Customer's responsibility to maintain a current backup of their program and data files. MoCal Office Solutions cannot be responsible for any lost data or programs.

4. Shop Reconditioning

When the equipment has exceeded the maximum number of maintenance rebuilds MoCal Office Equipment will perform a shop reconditioning. This repair will replace worn items not part of the normal maintenance cycle. This repair is not covered by this Agreement and a written estimate will be provided before any work is performed. If the customer declines this work, then paper feed reliability and copy quality will not be guaranteed.

5. Supplies Initial by Mo-Cal _____ Initial by the Customer _____

Supplies provided under this Agreement will be provided upon request, up to manufactures expected yields. ~~There will be a $7.00 delivery fee for all supplies that are shipped. All emergency deliveries (same day / next day) may be provided for a fee of $15.00.~~

Supplies provided by MoCal Office Solutions are designed for and approved by MoCal Office Solutions. If other supplies are used and damage equipment components, then such repairs will not be covered by this Agreement and billed on a time and materials basis.

6. Relocation

This Agreement is assigned to the equipment at the location specified on page 1. This Agreement may be transferred to another location providing the equipment is located within a MoCal Office Solutions service area.

Equipment moves can be provided on a time and materials basis. Damage to equipment during a move by non-MoCal Office Solutions staff may be repaired on a time and material basis.

7. Renewals and Cancellations

This Agreement will automatically renew at the end of each year.

The maintenance rate will not be increased during the first twelve months of the Agreement start date ~~and will not be increased more than fifteen percent during any twelve month period thereafter~~ * Initial by Mo-Cal _____ Initial by the Customer _____

The Customer may not cancel this Agreement any time within thirty six months of the start date. After the initial 36 months, customer may cancel this Agreement with a 30 day cancellation notice. Such notice must include payment for all outstanding invoices, plus a $300.00 cancelation fee.

MoCal Office Solutions may cancel this Agreement at any time by issuing a 30 day cancellation notice.

8. Training

To insure proper operation MoCal Office Solutions will provide training on the use and care of the equipment. If personnel changes require additional training then MoCal Office Solutions will provide training, at no cost, up to twice a year. It is the customers responsibility to insure that their staff is properly trained. Service calls resulting from misuse of the machine may be billed on a time and material basis.

9. Fees

All Agreement fees are due and payable within 10 days of receipt. A late charge of 1 ½ % will be assessed on all unpaid balances. The Customer agrees to pay a $25.00 fee for each check return for insufficient funds.

California law shall govern this Agreement. In the event the Customer defaults in payment the Customer remains liable for this debt and any legal fees or other costs incurred in any action to collect this debt.

10. Amendments

No one is authorized to change, alter or amend the terms or conditions of this Agreement unless agreed to in writing by MoCal Office Solutions and the Customer.

11. Electric Service

Customer agrees to provide suitable electric service for the operation of this equipment. A surge suppressor is required on all equipment. Copier equipment greater than 50 copies per minute will require a dedicated, isolated, electrical circuit. In the event a problem occurs due to inadequate electric service then all service calls will be billed on a time and materials basis.

12. Environmental Conditions

The equipment must be in a clean and temperature controlled environment as specified in the owners/technical service manuals. This includes adequate spacing on the rear and each side of the equipment.

13. Network Services

The Network Support Addendum provides 10 hours of telephone or onsite support for printing and scanning issues for this equipment. This service will assist with installing print drivers, printing issues, configuring the equipment for scan to email, scan to folder and address book management. If the Network Support Addendum services are declined, then all services can be provided on a time and material basis.

A MoCal Office Solution does not repair or troubleshoot computers, software, network or network cabling issues. Please contact your companies' computer / network administrator/consultant.

14. Color Prints / Copies (color devices only)

The equipment's ability to generate an exact color match is not guaranteed. Service support to assist with color matching can be provided on a time and material basis. Machine damage from improper use of print media or media not approved by the manufacturer specifications are not included in this Agreement. Any subsequent repairs may be performed on a time and material basis. Please refer to you operators manual or contact your MoCal Office Solutions representative for approved media before use.

15. This Agreement does not include support of any associated documents storage/document management software or solutions that may be connected to the covered equipment.

Initial by Mo-Cal _____ Initial by the Customer _____

*Item #7 has been modified to include the following:

On each anniversary date, Mo-Cal Office Solutions will be allowed to increase prices. Increases may not exceed increases in the San Francisco-Oakland Consumer Price Index for all urban consumers or percentage increases in Mo-Cal Office Solutions*s published prices, whichever is lower.

ADDENDUM TO SERVICE AGREEMENT
between
CITY OF TURLOCK (hereinafter "CITY")
and
MO-CAL OFFICE SOLUTIONS (hereinafter "CONTRACTOR")
City Contract No. 12-001
Mo-Cal Agreement No. 142044-01

1. **INSURANCE:** CONTRACTOR shall not commence work under this Agreement until CONTRACTOR has obtained CITY's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall CONTRACTOR allow any subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. CONTRACTOR shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CONTRACTOR, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal may constitute a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 11 85 or its equivalent), to be approved by the City of Turlock.

(2) Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto).

(3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(b) Minimum Limits of Insurance: CONTRACTOR shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

(2) Automobile Liability: $1,000,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation: as statutorily required by the State of California. Employer's Liability: $1,000,000 per accident for bodily injury or disease.

(c) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY, its elective and appointive boards, officers, agents, employees, and volunteers; or (2) CONTRACTOR shall provide a financial guarantee satisfactory to CITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general liability and automobile policies are to contain, or be endorsed to contain, the following provisions:

(1) CITY, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of CONTRACTOR; and with respect to liability arising out of work or operations performed by or on behalf of CONTRACTOR, including materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three (3) years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to CONTRACTOR's insurance (CG 20 10 11 85 or its equivalent), or as a separate Owners Protective Liability policy providing both ongoing operations and completed operations.

(2) For any claims related to this project, CONTRACTOR's insurance coverage shall be primary insurance as respects CITY and any insurance or self-insurance maintained by CITY shall be excess of CONTRACTOR's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to CITY under any of the required insurance coverages, the insurer, broker/producer, or CONTRACTOR shall provide CITY with sixty (60) days' prior written notice of such action.

(4) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

(e) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

(f) Verification of Coverage: CONTRACTOR shall furnish CITY with original certificates and endorsements, including amendatory endorsements, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by CITY before work commences. CITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

(g) Waiver of Subrogation: With the exception of professional liability, CONTRACTOR hereby agrees to waive subrogation which any insurer of CONTRACTOR may acquire from CONTRACTOR by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of CITY for all work performed by CONTRACTOR, its agents, employees, independent contractors and subcontractors. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

ADDENDUM TO SERVICE AGREEMENT
between
CITY OF TURLOCK (hereinafter "CITY")
and
MO-CAL OFFICE SOLUTIONS (hereinafter "CONTRACTOR")
City Contract No. 12-001
Mo-Cal Agreement No. 142044-01

(h) Subcontractors: CONTRACTOR shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

2. INDEMNIFICATION: To the fullest extent permitted by law, CONTRACTOR agrees to indemnify, defend, and hold harmless CITY, its officers, agents, and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of, resulting from or in any manner related to any work performed or services provided under this Agreement, provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or injury to or destruction of tangible property including the loss of use resulting therefrom regardless of whether or not it is caused in part by a party indemnified hereunder. Notwithstanding the foregoing, nothing herein shall be construed to require CONTRACTOR to indemnify a party indemnified hereunder from any claim arising from the sole negligence or willful misconduct of the party to be indemnified.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by and through their respective officer's thereunto duly authorized.

CITY OF TURLOCK, a municipal corporation

By: _____
Roy W. Wasden, City Manager

Date: _____

APPROVED AS TO FORM:

By: _____
Phaedra A. Norton, City Attorney

ATTEST:

By: _____
Kellie Weaver, City Clerk

MO-CAL OFFICE SOLUTIONS

By: _____

Title: _____

Print name: _____

Date: _____

5N

Council Synopsis

April 24, 2012

From: Dan Madden, Municipal Services Director

Prepared by: Betty Gonzalez / Presenter: Dan Madden

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing the Purchasing Officer to dispose of surplus property by any means determined to be in the best interest of the City

2. DISCUSSION OF ISSUE:

Section §2-7-4(j) of the Turlock Municipal Code authorizes the Purchasing Officer to dispose of surplus property by any means determined to be in the best interest of the City. If said property has a value greater than $25,000, City Council authorization will be required prior to disposal.

Attached is a list of property purchased or acquired through normal city operations that has been considered surplus by the Department Directors. All properties which are identified as potentially surplus to the City's needs shall be circulated to other departments for potential interest. If no interest is expressed, then staff will recommend to the City Council that the property be declared as surplus. The property will then be offered for sale and once a sale is approved by City Council the properties are removed from the surplus list and identified as a sale in progress.

The "Surplus Property List" will identify how a piece of equipment is expected to be disposed of. This may change depending on the circumstances at the time of transaction with staff being mindful of the cost to liquidate and the net proceeds. A preference is given to other government agencies. Trade-ins are done when replacing the unit garners adequate proceeds for the old items.

In the matter of declaring equipment surplus and obsolete to City needs, and to release said equipment as follows:

a) Two hundred sixty-five (265) phones with handsets will be sold to InPath Services who offered $1000 for all the equipment listed on the Surplus Equipment List, plus free freight. Staff attempted to sell the old equipment through a variety of means, including; EBay, Craigslist and contacting the reseller 3Com equipment. The only interested party was InPath Services.

b) All computers related equipment will be declared as e-waste and not be sold at auction, due to old and outdated equipment/hardware.

c) Four (4) Canon IR1023IF copiers will be sold at public auction. If equipment is not sold at auction, then the equipment will be disposed as e-waste.

d) Two (2) Ricoh MP3010 copiers will be sold at public auction. If equipment is not sold at auction, then the equipment will be disposed as e-waste.

e) Seven (7) wireless phones shall be sold to Sprint on their buyback program and the proceeds will range from $8 and up to $27 per phone, depending on the make and model.

f) Canine training suits and other related equipment will be sold at public auction. If equipment is not sold at auction, it may be donated to a non-profit organization or another public agency.

g) Any equipment not accepted by auctioneer will be declared as scrap. Certain identified scrap equipment may be sold to any interested party at fair market value.

3. BASIS FOR RECOMMENDATION:

Authorize the Purchasing Officer to dispose of the surplus property.

Strategic Plan Initiative: B. POLICY INITIATIVE – FISCAL RESPONSIBILITY.

Goal(s): c. Ensure the most efficient use of resources and maximize value within department budgets and develop value-added partnerships with public and private agencies, industry, and educational institutions, such as California State University Stanislaus.

4. FISCAL IMPACT / BUDGET AMENDMENT:

City will receive proceeds from the sale of said property.
Proceeds from the sale will be accounted as revenue into the fund(s) in which the assets were purchased.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

Not applicable

7. ALTERNATIVES:

1) Approve the disposal, but by some other means.
2) Deny disposal until some future date.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF AUTHORIZING THE PURCHASING OFFICER TO DISPOSE OF SURPLUS PROPERTY BY ANY MEANS DETERMINED TO BE IN THE BEST INTEREST OF THE CITY	}	**RESOLUTION NO. 2012-**

WHEREAS, the City of Turlock has acquired, does now own, and has determined that it no longer has a need of certain equipment, a list of which is attached; and

WHEREAS, public convenience, necessity and common benefit will be served by disposing of said surplus property.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby declare the property to be surplus, and authorizes the City Manager, or his designee, to release said equipment as follows:

Two hundred sixty-five (265) phones with handsets will be sold to InPath Services who offered $1,000 for all equipment listed on the "Surplus Property List", plus free freight; and

All computers and other related equipment will be declared as e-waste and not to be sold at auction, due to old and outdated equipment/hardware; and

Four (4) Canon IR1023IF copiers will be sold at public auction. If equipment is not sold at auction, it will be disposed as e-waste; and

Two (2) Ricoh MP 3010 copiers will be sold at public auction. If equipment is not sold at auction, it will be disposed as e-waste; and

Seven (7) wireless phones shall be sold to Sprint on their buyback program and the proceeds will range from $8 and up to $27 per phone, depending on the make and model; and

Canine training suits and other related equipment will be sold at public auction. If equipment is not sold at auction, it may be donated to a non-profit organization or another public agency; and

Any equipment not accepted by the auctioneer will be declared as scrap. Certain identified scrap equipment may be sold to any interested party at fair market rate.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following votes:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California

SURPLUS PROPERTY LIST

TO: MUNICIPAL SERVICES PURCHASING DIVISION DATE: 3/22/12

FROM: IT SERVICE DEPARTMENT: ADMINISTRATIVE SERVICES DEPARTMENT

I declare that the below listed items are obsolete or surplus to our needs and are to submitted to the City Council on our behalf for consideration in their being released to a public auctioneer, for disposal at public auction or donate to a non-profit organization, or declare as scrap.

QUANTITY	DESCRIPTION (Include year, make and model (if known))	VEHICLE NUMBER CITY PROPERTY NUMBER (If applicable)	REASON FOR DECLARING OBSOLETE	DISPOSAL OF PROPERTY FOR PUBLIC AUCTION
265	PHONES WITH HANDSETS (1102)		Old Equipment	Interested Buyer
4	POLYCOMS (TELECONFERENCE PHONES)		Old Equipment	Interested Buyer
1	NBX V5000 TELEPHONY SYSTEM		Old Equipment	Interested Buyer
1	HP PHOTOSMART 1218 PRINTER	5742	Broken, Unusable	Onsite Recycling (Company comes to pick up and recycle)
3	DELL KEYBOARDS	4116, 3468, 4198	Old Equipment	Onsite Recycling
7	SETS OF COMPUTER SPEAKERS		Old Equipment	Onsite Recycling
1	DELL GX280- DESKTOP SERVICE TAG- FM9D761	7527	Old Equipment	Onsite Recycling
1	DELL GX280- DESKTOP SERVICE TAG- 6FCXS71	7599	Old Equipment	Onsite Recycling
1	DELL TUBE MONITOR	4201	Broken, Unusable	Onsite Recycling
3	DELL 17" LCD MONITORS	7932, 6728, 7429	Old Equipment	Onsite Recycling
1	DELL GX280- DESKTOP SERVICE TAG- 2FCXS71	7570	Old Equipment	Onsite Recycling

SURPLUS PROPERTY LIST

TO: MUNICIPAL SERVICES PURCHASING DIVISION

DATE: March 23, 2012

FROM: Betty Gonzalez

SERVICE DEPARTMENT: MUNICIPAL SERVICES PURCHASING

I declare that the below listed items are obsolete or surplus to our needs and are to submitted to the City Council on our behalf for consideration in their being released to a public auctioneer, for disposal at public auction or donate to a non-profit organization, or declare as scrap.

QUANTITY	DESCRIPTION (Include year, make and model (if known))	VEHICLE NUMBER CITY PROPERTY NUMBER (If applicable)	REASON FOR DECLARING OBSOLETE	DISPOSAL OF PROPERTY FOR PUBLIC AUCTION
1	RICOH MP3010 SERIAL NO. M0170560633	N/A	Repairs and replacement parts exceeds the value.	Sold at public auction.
1	RICOH MP3010 SERIAL NO. C30007873	N/A	Repairs and replacement parts exceeds the value.	Sold at public auction.
1	CANON IR 1023IF SERIAL NO. E9Y2W	N/A	Repairs cost exceeds the value.	Sold at public auction.
1	CANON IR 1023IF SERIAL NO. E967F	N/A	Repairs cost exceeds the value.	Sold at public auction.
1	CANON IR 1023IF SERIAL NO. ESI1T	N/A	Repairs cost exceeds the value.	Sold at public auction.
1	CANON IR 1023IF SERIAL NO. E9Y2X	N/A	Repairs cost exceeds the value.	Sold at public auction
2	NEXTEL BLACKBERRY CURVE 8350I WIRELESS PHONES	06419, 6407	Too costly to repair and exceed the value.	Will be sold to Sprint on their buyback program.
2	NEXTEL MOTOROLA i576 WIRELESS PHONE.	09325, 09371	No longer works and too costly to repair.	Will be sold to Sprint on their buyback program.
1	NEXTEL MOTOROLA i880 WIRELESS PHONE	06689	No longer works and too costly to repair.	Will be sold to Sprint on their buyback program
1	NEXTEL MOTOROLA I580 WIRELESS PHONE	09366	No longer works and too costly to repair.	Will be sold to Sprint on their buyback program
1	NEXTEL MOTOROLA I560 WIRELESS PHONE	08571	No longer works and too costly to repair.	Will be sold to Sprint on their buyback program
1	NEXTEL MOTOROLA I680 WIRELESS PHONE	09238	No longer works and too costly to repair.	Will be sold to Sprint on their buyback program.

SURPLUS PROPERTY LIST

TO: MUNICIPAL SERVICES PURCHASING DIVISION DATE: 3/27/2012

FROM: IT SERVICE DEPARTMENT: ADMINISTRATIVE SERVICES DEPARTMENT IT

I declare that the below listed items are obsolete or surplus to our needs and are to submitted to the City Council on our behalf for consideration in their being released to a public auctioneer, for disposal at public auction or donate to a non-profit organization, or declare as scrap.

QUANTITY	DESCRIPTION (Include year, make and model (if known))	VEHICLE NUMBER CITY PROPERTY NUMBER (If applicable)	REASON FOR DECLARING OBSOLETE	DISPOSAL OF PROPERTY FOR PUBLIC AUCTION
1	3Com NBX Call Processor Card	N/A	Old Equipment	Declare as e-waste
1	3Com EPS- 3c10222	N/A	Old Equipment	Declare as e-waste
1	Polycom IP Conference Phone	N/A	Old Equipment	Declare as e-waste
5	Seagate Cheetah 73.4 GB Hard Drive	N/A	Old Equipment	Declare as e-waste
1	UPS Battery	N/A	Old Equipment	Declare as e-waste
1	3Com CoreBuilder 3500 Switch	N/A	Old Equipment	Declare as e-waste
2	SFP Transceiver 1000Base-T	N/A	Old Equipment	Declare as e-waste
2	qLogic 2200a Fibre channel card	N/A	Old Equipment	Declare as e-waste
3	Cisco SMB Flash Card- Fibre Module	N/A	Old Equipment	Declare as e-waste
2	Cisco Catalyst 2900 Series XL Switch	6204	Old Equipment	Declare as e-waste
1	3com 3c16985b SuperStack3 Switch	N/A	Old Equipment	Declare as e-waste
1	3com SuperStack3 Switch 3870	N/A	Old Equipment	Declare as e-waste
1	3Com SuperStack II Switch 100Base-FX Module	N/A	Old Equipment	Declare as e-waste
1	3Com SuperStack II Switch 100Base-FX Dual Module	N/A	Old Equipment	Declare as e-waste
1	3Com SuperStack II Switch Matrix Module	N/A	Old Equipment	Declare as e-waste
1	3Com SuperStack II Switch- 1000Base-T Module	N/A	Old Equipment	Declare as e-waste

SURPLUS PROPERTY LIST

TO: MUNICIPAL SERVICES PURCHASING DIVISION DATE: 3/27/2012

FROM: IT SERVICE DEPARTMENT: ADMINISTRATIVE SERVICES DEPARTMENT IT

I declare that the below listed items are obsolete or surplus to our needs and are to submitted to the City Council on our behalf for consideration in their being released to a public auctioneer, for disposal at public auction or donate to a non-profit organization, or declare as scrap.

QUANTITY	DESCRIPTION (Include year, make and model (if known))	VEHICLE NUMBER CITY PROPERTY NUMBER (If applicable)	REASON FOR DECLARING OBSOLETE	DISPOSAL OF PROPERTY FOR PUBLIC AUCTION
1	Sony Microcassette Dictator	N/A	Old Equipment	Declare as e-waste
1	Digital Hold-n-Tell (hold music)	N/A	Old Equipment	Declare as e-waste
1	Polaroid Impulse SE Camera	3084	Old Equipment	Declare as e-waste
5	Cobber Fibre Channel GBICS	N/A	Old Equipment	Declare as e-waste
3	Optical Fibre GBICS	N/A	Old Equipment	Declare as e-waste
3	Handspring Visor	5734, 5631, 5657	Old Equipment	Declare as e-waste
1	Dell Axim Pocket PC	7498	Old Equipment	Declare as e-waste
1	Handspring Treo	7109	Old Equipment	Declare as e-waste
3	Dell Axim X51v	Stanislaus County 79750, 79748	Old Equipment	Declare as e-waste

SURPLUS PROPERTY LIST

TO: MUNICIPAL SERVICES PURCHASING DIVISION DATE: April 2, 2012

FROM: Captain Carl Nielsen SERVICE DEPARTMENT: POLICE

I declare that the below listed items are obsolete or surplus to our needs and are to submitted to the City Council on our behalf for consideration in their being released to a public auctioneer, for disposal at public auction or donate to a non-profit organization, or declare as scrap.

QUANTITY	DESCRIPTION (Include year, make and model (if known))	VEHICLE NUMBER CITY PROPERTY NUMBER (If applicable)	REASON FOR DECLARING OBSOLETE	DISPOSAL OF PROPERTY FOR PUBLIC AUCTION
1	"RAY ALLEN" CANINE TRAINING BITE SUIT JACKET (RED) – FAIR CONDITION	N/A	K9 Unit disbanded	Yes - $25 Value
1	"RAY ALLEN" CANINE TRAINING BITE SUIT JACKET (BLUE) – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $25 Value
1	"RAY ALLEN" CANINE TRAINING BITE SUIT PANTS (GRAY) – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $25 Value
1	"RAY ALLEN" CANINE TRAINING BITE SUIT PANTS (BLUE) – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $25 Value
1	"RAY ALLEN" CANINE TRAINING MUZZLE VEST – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $10 Value
2	"EBINGER" CANINE BITE SLEEVES – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $20 Value (each)
6	"RAY ALLEN" CANINE MUZZLES (5 BASKET, 1 RAM STYLE) – FAIR/POOR CONDITION	N/A	K9 Unit disbanded "	Yes - $5 Value (each)
4	"RAY ALLEN" CANINE TRAINING 'HIDDEN' BITE SLEEVES (2 JUTE, 2 FABRIC) – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $5 Value (each)
1	"RAY ALLEN" CANINE TRAINING 'HIDDEN' BITE PANTS – FAIR CONDITION	N/A	K9 Unit disbanded "	Yes - $10 Value
2	"TRI TRONICS" CANINE TRAINING ELECTRONIC TRAINING COLLAR – FAIR CONDITION	City Property Numbers 09221 and 09222	K9 Unit disbanded "	Yes - $25 Value (each)

50

Council Synopsis

April 24, 2012

From: Robert A. Jackson, Chief of Police

Prepared by: Steven Williams, Acting Support Operations Division Manager

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing the filling of one (1) vacant Police Records Technician position within the Turlock Police Department through an in-house recruitment of full-time, part-time and volunteer staff, and outside recruitment if needed

2. DISCUSSION OF ISSUE:

A vacant position exists in the Support Operations Division of the Turlock Police Department for a Police Records Technician.

This classification performs a variety of moderately complex clerical duties related to the records activities of the Police Department in providing records to the public and law enforcement agencies and properly processing records for filing and retrieval purpose.

3. BASIS FOR RECOMMENDATION:

A vacant position exists in the Support Operations Division of the Turlock Police Department for a Police Records Technician.

The Police Records Technician reports to the Public Safety Records Supervisor and is assigned to the Miscellaneous bargaining unit for labor relations purposes and is subject to overtime assignment. The complete job description is included as attachment "A".

Strategic Plan Initiative:

A) Policy Initiative- Effective Leadership

Goal 1. C. Hire, develop and retain the best most qualified employees

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact

Funding for this position is currently allocated in the FY11-12 budget.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Reject the request to staff this vacant, funded position.

Employment
Job Descriptions

POLICE RECORDS TECHNICIAN

DEFINITION

To perform a variety of moderately complex clerical duties related to the records activities of the Police Department in providing police records to the public and law enforcement agencies and properly processing records for filing and retrieval purpose. This classification is assigned to the Miscellaneous bargaining unit for labor relations purposes and is subject to overtime assignments.

ESSENTIAL FUNCTIONS - Duties may include, but are not limited to the following:

- Type, process, record, and file a variety of Police records, reports and materials; collect and compile relevant data.
- Prepare and process a variety of Police records forms, related to Police Department procedures.
- Assist departmental personnel and the public in person and by phone, performing record checks, issuing permits and collecting fees, and receiving reports and complaints from citizens.
- Prepare written reports for the City Attorney and District Attorney.
- Operate teletype machine to enter, modify, and retrieve data; perform records and warrants checks.
- Research, collect data, and prepare a variety of statistical and written reports as required.
- Train new clerical personnel.
- Office methods and procedures: telephone and receptionist techniques; proper composition, spelling, grammar and punctuation.
- Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Organization, procedures, and operating details of law enforcement agencies.
- Principles, codes, regulations, and laws governing records management.
- Principles of office management, supervision, training and evaluation.
- Criminal justice procedures.
- Modern office procedures, techniques, and equipment, including principles of record keeping and automated information systems.
- Basic personal computer operations and related word and data processing software.
- Research techniques and procedures.

Ability to:

- Learn and properly interpret related California Codes, public records acts, penal and vehicle sections.
- Effectively maintain accurate record keeping and process the work of a major police records and clerical support operation.
- Understand the organization and operation of the City, and of outside agencies, as necessary, to assume assigned responsibilities.
- Follow verbal and written instructions.
- Process applicants for City permits and licenses.
- Communicate clearly and concisely, orally and in writing.
- Establish and maintain effective working relationships with those contacted during the course of work.
- Train subordinate clerical personnel.
- Compile and maintain complex and extensive records, including financial data; prepare reports.
- Type letters, forms and reports, review documents for errors or omissions.
- Work various shifts as assigned.
- Work under pressure.
- Type at a speed of 50 words per minute net corrected.
- Maintain confidential criminal records pertaining to law enforcement activity.

EXPERIENCE AND EDUCATION

Experience:

Two years of experience performing general clerical work.

Education:

Possession of a High School diploma or GED Certificate.

LICENSE AND/OR CERTIFICATE

Possession of a valid California Driver's License in the category necessary to perform essential duties of the position may be required at the time of appointment. Maintenance of a valid California Driver's License is a condition of continued employment.

DESIRABLE QUALIFICATIONS

Clerical experience working in a law enforcement agency.

PHYSICAL REQUIREMENTS

Maintain the following physical abilities: see well enough to read instructions, read fine print and view computer screen; hear well enough to converse on the telephone and in person assisting customers; use of hands and fingers for use of computer keyboard, copy machine, filing, writing and answering telephones.

Reviewed and approved: _____ **Date:** _____

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF AUTHORIZING THE FILLING OF ONE (1) VACANT POLICE RECORDS TECHNICIAN POSITION WITHIN THE TURLOCK POLICE DEPARTMENT THROUGH AN IN-HOUSE RECRUITMENT OF FULL-TIME, PART-TIME AND VOLUNTEER STAFF, AND OUTSIDE RECRUITMENT IF NEEDED	}	**RESOLUTION NO. 2012-**

WHEREAS, the City Council of the City of Turlock passed and adopted Personnel Resolution 89-38 on February 28, 1989, as directed under the provisions of Section 2-4-504 of the Turlock Municipal Code to adopt rules and regulations for the administration of the personnel system; and

WHEREAS, there exists a vacancy within the Support Operations Division of the Turlock Police Department for the position of Police Records Technician; and

WHEREAS, The Police Records Technician reports to the Public Safety Records Supervisor and performs a variety of moderately complex clerical duties related to the records activities of the Police Department; and

WHEREAS, funding for this position is currently allocated in the 2011 – 2012 fiscal year budget.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby authorize the filling of one (1) vacant Police Records Technician position through an in-house recruitment of full-time, part-time and volunteer staff, and outside recruitment if needed.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk
City of Turlock, County of Stanislaus,
State of California

5P

Council Synopsis

April 24, 2012

From: Tim Lohman, Fire Chief

Prepared by: Brian White, Fire Division Chief

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing the Turlock Fire Department to establish a Working Agreement or Memorandum of Understanding with American Medical Response – West for the sole purpose of Continuing Education Records oversight under the direction of a Clinical Medical Director provided by American Medical Response – West

2. DISCUSSION OF ISSUE:

The Turlock Fire Department Firefighters are required to complete twenty-four (24) hours of EMS Continuing Education courses every two (2) years to maintain their Emergency Medical Technician (EMT) certification. The Clinical Medical Director position provides records oversight for this Continuing Education EMS Program. The current agreement expired and this is a continuation of using American Medical Response – West to fill that role.

3. BASIS FOR RECOMMENDATION:

In order to meet the current and future National Registry EMS Standards, the Firefighter's must complete twenty-four (24) hours Continuing Education EMS Training every two (2) years. Program oversight is crucial to program success and a mandate of Title 22 of the California Code of Regulations, Social Security Division 9, Prehospital Emergency Medical Services Chapter 11, EMS Continuing Education.

Strategic Plan Initiative:

A) Policy Initiative- Public Safety

Goal 1. A. iii. Always striving to enhance our effectiveness with staffing levels that match community needs and desires for emergency mitigation.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: None

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Identify alternative sources for EMT Continuing Education Program oversight using a different provider for the position of Clinical Medical Director Training programs.

Staff does not recommend this option due to the fact that there is a very good working relationship for this position already established with American Medical Response – West. This is a continuation of that established agreement and no prior concerns, conflicts or issues have necessitated a change to the agreement.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER AUTHORIZING THE TURLOCK FIRE DEPARTMENT TO ESTABLISH A WORKING AGREEMENT OR MEMORANDUM OF UNDERSTANDING WITH AMERICAN MEDICAL RESPONSE – WEST FOR THE SOLE PURPOSE OF CONTINUING EDUCATION RECORDS OVERSIGHT UNDER THE DIRECTION OF A CLINICAL MEDICAL DIRECTOR PROVIDED BY AMERICAN MEDICAL RESPONSE – WEST	}	**RESOLUTION NO. 2012-**

WHEREAS, Turlock Fire Department Firefighters are required to complete twenty-four (24) hours of EMS Continuing Education courses every two (2) years to maintain their Emergency Medical Technician (EMT) certification; and

WHEREAS, the current Continuing Education Clinical Medical Director oversight agreement has expired thus requiring a new Working Agreement or Memorandum of Understanding be established; and

WHEREAS, the established Clinical Medical Director provided by American Medical Response – West position has worked very well in the past and has provided records oversight for several years ensuring full compliance of the EMT Continuing Education Program per a mandate of Title 22 of the California Code of Regulations, Social Security Division 9, Prehospital Emergency Medical Services Chapter 11, EMS Continuing Education.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of does hereby authorize the Turlock Fire Department to establish a Working Agreement or Memorandum of Understanding with American Medical Response – West for the sole purpose of Continuing Education Records oversight under the direction of a Clinical Medical Director provided by American Medical Response – West.

BE IT FURTHER RESOLVED, that this Working Agreement or Memorandum of Understanding is for a twenty-four (24) month term from the date of signature by all parties.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:

ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California

AMERICAN MEDICAL RESPONSE

MEMORANDUM OF UNDERSTANDING

TO: Turlock Fire Department

FROM: Cindy Woolston, General Manager

SUBJECT: Joint Efforts for Clinical Oversight

DATE: February 7, 2012

In an effort to mainstream the collaboration between American Medical Response-West and Turlock Fire, there is a forefront need for policy clarification. It is with great anticipation that we move forward with the clinical oversight program. In doing so there are several points to which we must address and in return receive receipt of notification from your organization. Effective February 1, 2012, American Medical Response-West will enter into a working relationship with Turlock Fire Department, solely for the purposes of Continuing Education records oversight. During the collaboration American Medical Response-West will provide Turlock Fire with a Clinical Director. Turlock Fire will be responsible for all clinical activities including instruction within the City of Turlock, with guidance from American Medical Response-West.

This collaboration will be entered into with the understanding that Turlock Fire will be subject to Continuing Education (CE) audits by a representative of American Medical Response-West with or without prior notification. This clause meets the regulation in accordance with Title 22 policies. Please see the attached Exhibit A, Title 22 Social Security Division 9, Prehospital Emergency Medical Services Chapter 11, EMS Continuing Education. As outlined in Article 6, section 100395; any issuing agency must maintain Continuing Education documentation. Please refer to Exhibit A for detained instructions on what is required for auditing purposes.

This agreement shall be for a term of twenty-four (24) months from the date of signature by all parties. The agreement may be terminated by either party, with or without cause, upon thirty (30) days written notice to the other party. During the term of the business relationship if at any time should questions or concerns arise, the Manager of Clinical Education Services, Mike Corbin should be contacted immediately. By signing below your organization is acknowledging receipt of this memorandum of understanding as well as the attached exhibit A.

Brian C. Mitchell 2/17/2012
Turlock Fire Department Date
Medical Program Director
Division Chief of Training

Cindy Woolston 2/15/12
Cindy Woolston, General Manager Date
American Medical Response-West

Turlock City Manager Date

American Medical Response-West
4846 Stratos Way
Modesto, CA 95352

OK for Agenda

California Code of Regulations
Title 22. SOCIAL SECURITY
DIVISION 9. PREHOSPITAL EMERGENCY MEDICAL SERVICES
CHAPTER 11. EMS CONTINUING EDUCATION

Article 1 – Definitions

§ 100390. Emergency Medical Services (EMS) Continuing Education (CE) Provider
EMS Continuing Education Provider means an individual or organization approved by the requirements of this Chapter, to conduct continuing education courses, classes, activities or experiences and issue earned continuing education hours to EMS Personnel for the purposes of maintaining certification/licensure or re-establishing lapsed certification or licensure.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.1. EMS Service Provider
EMS Service Provider means an organization employing certified EMT-I, certified EMT-II or licensed paramedic personnel for the delivery of emergency medical care to the sick and injured at the scene of an emergency, during transport, or during interfacility transfer.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.2. EMS System Quality Improvement Program
"Emergency Medical Services System Quality Improvement Program" or "QIP" means methods of evaluation that are composed of structure, process, and outcome evaluations which focus on improvement efforts to identify root causes of problems, intervene to reduce or eliminate these causes, and take steps to correct the process pursuant to Chapter 12 of Division 9, Title 22, California Code of Regulations.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.3. Continuing Education
Continuing education (CE) is a course, class, activity, or experience designed to be educational in nature, with learning objectives and performance evaluations for the purpose of providing EMS personnel with reinforcement of basic EMS training as well as knowledge to enhance individual and system proficiency in the practice of pre-hospital emergency medical care.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.4. Continuing Education Hour (CEH).
(a) One continuing education hour (CEH) is any one of the following:
(1) Every fifty minutes of approved classroom or skills laboratory activity.

(2) Each hour of structured clinical or field experience when monitored by a preceptor assigned by an EMS training program, EMS service provider, hospital or alternate base station approved according to this Division
(3) Each hour of media based/serial production CE as approved by the CE provider approving authority.
(b) Continuing Education courses or activities shall not be approved for less than one hour of credit.
(c) For courses greater than one CEH, credit may be granted in no less than half hour increments.
(d) Ten CEHs will be awarded for each academic quarter unit or fifteen CEHs will be awarded for each academic semester unit for college courses in physical, social or behavioral sciences (e.g., anatomy, physiology, sociology, psychology).
(e) CE hours will not be awarded until the written and/or skills competency based evaluation, as required by Section 100391(c), has been passed.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.5. CE Provider Approving Authority
(a) Courses and/or CE providers approved by the Continuing Education Coordinating Board for Emergency Medical Services (CECBEMS) or approved by EMS offices of other states are approved for use in California and need no further approval.
(b) Courses in physical, social or behavioral sciences offered by accredited colleges and universities are approved for CE and need no further approval.
(c) The local EMS agency shall be the agency responsible for approving EMS Continuing Education Providers whose headquarters are located within the geographical jurisdiction of that local EMS agency if not approved according to subsections (a) or (b) of this section.
(d) The EMS Authority shall be the agency responsible for approving CE providers for statewide public safety agencies and CE providers whose headquarters are located out-of-state if not approved according to subsections (a) or (b) of this Section.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.6. National Standard Curriculum.
National Standard Curriculum means the curricula developed under the auspices of the United States Department of Transportation, National Highway Traffic Safety Administration for the specified level of training of EMS Personnel which includes the following incorporated herein by reference: Emergency Medical Technician-Basic: National Standard Curriculum, DOT HS 808 149, August 1994; Emergency Medical Technician-Intermediate: National Standard Curriculum, DOT HS 809 016, December 1999; and Emergency Medical Technician-Paramedic: National Standard Curriculum DOT HS 808 862, March 1999. These curricula are incorporated herein by reference and can be accessed at the U.S. Department of Transportation, National Highway Traffic Safety Administration website
www.nhtsa.dot.gov/people/injury/ems/products.htm.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and

1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100390.7. Pre-hospital Emergency Medical Care Personnel
For the purpose of this chapter, Pre-hospital Emergency Medical Care Personnel or EMS Personnel means EMT-I, EMT-II or EMT-Paramedic as defined in Health and Safety Code Sections 1797.80, 1797.82, and 1797.84, respectively.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

Article 2. Approved Continuing Education

§ 100391. Continuing Education Topics
(a) Continuing education for EMS personnel shall be in any of the topics contained in the respective National Standard Curricula for training EMS personnel, except as provided in Section 100391.1 (a) (8) of this Chapter.
(b) In lieu of completing the required CEH, EMT-I certification can be maintained by successfully completing an approved refresher course pursuant to Section 100080 of Chapter 2, Division 9, Title 22, California Code of Regulations.
(c) All approved CE shall contain a written and/or skills competency based evaluation related to course, class, or activity objectives.
(d) Approved CE courses shall be accepted statewide.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

§ 100391.1. Continuing Education Delivery Formats and Limitations
(a) Delivery formats for CE courses shall be by any of the following:
(1) Classroom – didactic and/or skills laboratory where direct interaction with instructor is possible.
(2) Organized field care audits of patient care records;
(3) Courses offered by accredited universities and colleges, including junior and community colleges;
(4) Structured clinical experience, with instructional objectives, to review or expand the clinical expertise of the individual.
(5) Media based and/or serial productions (e.g. films, videos, audiotape programs, magazine articles offered for CE credit, home study, computer simulations or interactive computer modules).
(6) Precepting EMS students or EMS personnel as a hospital clinical preceptor, as assigned by an EMS training program, an EMS service provider, a hospital or alternate base station approved according to this Division In order to issue CE for precepting EMS students or EMS personnel, an EMS service provider, hospital or alternate base station must be a CE provider approved according to this Chapter. CE for precepting can only be given for actual time spent precepting a student or EMS personnel and must be issued by the EMS training program, EMS service provider, hospital or alternate base station that has an agreement or contract with the hospital clinical preceptor or with the preceptor's employer.

(7) Precepting EMS students or EMS personnel as a field preceptor, as assigned by an EMS training program or an EMS service provider approved according to this Division. CE for precepting can only be given for actual time precepting a student and must be issued by the EMS training program or EMS service provider that has an agreement or contract with the field preceptor or with the preceptor's employer. In order to issue CE for precepting EMS students or EMS personnel, an EMS service provider must be a CE provider approved according to this Chapter.
(8) Advanced topics in subject matter outside the scope of practice of the certified or licensed EMS personnel but directly relevant to emergency medical care (e.g. surgical airway procedures).
(9) At least fifty percent of the required CE hours must be in a format that is instructor based, which means that instructor resources are readily available to the student to answer questions, provide feedback, provide clarification, and address concerns (e.g., on-line CE courses where an instructor is available to the student). This provision shall not include precepting or magazine articles for CE credit. The CE provider approving authority shall determine whether a CE course, class or activity is instructor based.
(10) During a certification or licensure cycle, an individual may receive credit, one time only, for service as a CE course, class, or activity instructor. Credit received shall be the same as the number of CE hours applied to the course, class, or activity.
(11) During a certification or licensure cycle, an individual may receive credit, one time only, for service as an instructor for one of the following, an approved EMT-I, EMT-II, or paramedic training program, except that the hours of service shall not exceed fifty percent of the total CE hours required in a single certification or licensure cycle.
(12) When guided by the EMS service provider's QIP, an EMS service provider that is an approved CE provider may issue CEH for skills competency demonstrations to address any deficiencies identified by the service provider's QIP. Skills competency demonstration shall be conducted in accordance with the respective National Standard Curriculum skills outline or in accordance with the policies and procedures of the local EMS agency medical director.
(b) An individual may receive credit for taking the same CE course, class, or activity no more than two times during a single certification or licensure cycle.
(c) Local EMS agencies may not require additional continuing education hours for accreditation.
(d) If it is determined through a QIP that EMS personnel working in a local EMS system need remediation or refresher in an area of the individual's knowledge and/or skills, a local EMS agency medical director or an EMS service provider may require the EMS personnel to take an approved CE course with learning objectives that addresses the remediation or refresher needed, as part of the individual's required hours of CE for maintaining certification or licensure.
(e) Because paramedic license renewal applications are due to the EMS Authority thirty days prior to the expiration date of a paramedic license, a continuing education course(s) taken in the last month of a paramedic's licensure cycle, may be applied to the paramedic's subsequent licensure cycle, if that CE course(s) was not applied to the licensure cycle during which the CE course(s) was taken.
NOTE: Authority cited: Sections 1797.107, 1797.172, 1797.174, 1797.175, 1797.185, and 1797.194 Health and Safety Code. Reference: Sections 1797.7, 1797.172, 1797.185, and 1797.214 Health and Safety Code.

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Council Synopsis

April 24, 2012

From: Roy W. Wasden, City Manager

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Accepting the 2010-11 Audited Financial Statements for the City of Turlock

2. DISCUSSION OF ISSUE:

The City's independent external auditors, Caporicci & Larson Certified Public Accountants, have completed the City's annual audit and issued the following reports for the fiscal year ended June 30, 2011:

- ✓ Basic Financial Statements for the City of Turlock,
- ✓ Component Unit Financial Statements for the Redevelopment Agency of the City of Turlock,
- ✓ Component Unit Financial Statements for the Turlock Public Financing Authority,
- ✓ Single Audit Report for the City of Turlock,
- ✓ Financial Statements for the City of Turlock Transportation Development Act (TDA); and
- ✓ Financial Statements fo the City of Turlock Abandoned Vehicle Abatement Program (AVA)

The above financial statements are prepared by the City's finance department in accordance with Generally Accepted Accounting Principles (GAAP). Our external auditors have the responsibility to audit these statements in accordance with Generally Accepted Auditing Standards with the goal of determining whether the financial statements are free of material misstatement. If this goal can be supported with the results of their audit, the external auditor will issue an unqualified or "clean" opinion. All the above listed financial statements contain an unqualified opinion.

Management's Discussion and Analysis (MD&A) (see page 1 in the City of Turlock's statements) provides the reader with an introduction, overview and analysis of the City's basic financial statements. It tells the "number's story" in words and helps explain the significance of the numbers in the financial statements which follow.

3. BASIS FOR RECOMMENDATION:

As noted above, the accompanying financial statements are prepared in accordance with GAAP, which is necessary to obtain an unqualified opinion from our auditors. This opinion provides overall assurance to the Turlock community as to the reliability of the City's financial statements. In addition, an annual audit is a requirement for many of the City's granting agencies as well as debt issuers and rating agencies related to the City's outstanding bonds.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Funds are budgeted annually in department 105 for the independent audit services required. There is no additional fiscal impact.

5. CITY MANAGER'S COMMENTS:

Recommend acceptance

6. ENVIRONMENTAL DETERMINATION:

Not applicable

7. ALTERNATIVES:

None – Staff is only asking for acceptance of these reports.

CITY OF TURLOCK

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

City of Turlock
For the year ended June 30, 2011
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C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Turlock, California (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. The full impact of this most recent development is not known at this time.

As described in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Governmental Accounting Standards Board (GASB) Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 11 and 64 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis is provided by the management of the City of Turlock (City) for the fiscal year 2010-11 financial statements (with comparative information for 2009-10). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes thereto.

FISCAL YEAR 2010-11 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The City's net assets (assets in excess of liabilities) at June 30, 2011, totaled $464 million. Governmental activities accounted for $282 million of these net assets, while $182 million are in the business-type activities.
- Total City revenues, including program and general revenues, were $82.2 million; while total expenses were $74.6 million.
- Governmental program revenues were $24 million compared to governmental program expenses of $50 million.
- Program revenues from business-type activities were $30 million, while expenses for business-type activities were $25 million.

Fund Highlights

- Net General Fund revenues exceeded expenditures by $691,000 as compared to the prior year when revenues exceeded expenditures by $6.9 million. For financial reporting purposes, the "General Fund" includes not only the City's General Fund, but also the Arts Commission, Special Public Safety, Tourism (2 funds) and Parking Citations funds.
- General Fund fund balance of $19.7 million at the June 30, 2011 compared to a projected $16.9 million when the 2010-11 budget was originally adopted.

Additional discussion regarding the financial results for fiscal year 2010-11 can be found in the "Financial Activities" section of this document.

OVERVIEW OF THESE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are broken into the following four parts:

1) Management's Discussion and Analysis (this part),
2) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
3) Required Supplemental Information, and
4) Supplemental Information.

THE BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

The Government-wide Financial Statements provide a longer-term, broader view of the City's activities as a whole. These Statements are more similar to private-sector financial statements than the fund financial statements. The Government-wide Financial Statements are comprised of the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets*.

The *Statement of Net Assets* provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by the private sector. The difference between the City's assets and liabilities is reported as "net assets". Over time, this Statement may serve as an indicator of the City's general health and whether its overall financial position is improving or deteriorating.

The Statement of Activities and Changes in Net Assets provides information about all the City's revenues and all its expenses. This Statement is also prepared using the full accrual basis of accounting, with an emphasis on measuring net revenues or expenses for each of the City's programs.

All of the City's activities are grouped into either Governmental or Business-type activities as explained below. All the amounts in the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets* are separated into Governmental or Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ***Governmental activities***—All of the City's basic services are considered to be governmental activities. These services include public safety (police and fire), parks and recreation, streets and highways, public improvements, community development and general administration. General City revenues such as taxes and program-specific revenues such as developer impact fees support and finance these services.

  The City's governmental activities include the activities of a separate legal entity, the City of Turlock Redevelopment Agency, because the City is financially accountable for the Agency.

- ***Business-type activities***—All the City's enterprise activities are reported here including water, sewer, airport, transit and building department operations. Unlike governmental services, these services are supported by charges paid by the users of these services.

As noted above, the Government-wide financial statements are prepared on the full accrual basis of accounting, which means they measure the flow of all economic resources of the City as a whole.

Fund Financial Statements

The Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called "major funds". Major funds account for the most significant financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary with subordinate schedules presenting the detail for each of these other funds. The concept of major funds, and the determination of which funds are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Since the City's most significant fiscal activities may change from year to year, the funds designated as "major funds" may also change from year to year.

Fund Financial Statements include governmental, enterprise, internal service and fiduciary funds as follows:

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

The City of Turlock has twenty-nine governmental funds of which five are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The City's five major funds are – the General, Stanislaus County Housing Consortium, Housing Set-Aside, Redevelopment and Facility Fee funds. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation. The basic governmental fund financial statements can be found starting on page 16 in this report.

Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis and include all their assets and liabilities, current and long-term. The City's Enterprise Funds account for the financial activity of the City's water, sewer, airport, transportation (fixed route and dial-a-ride) and building/safety services. The Internal Service funds account for the financial activity of the City's equipment pool, self-insurance, information systems, and engineering services activities. Because these activities primarily benefit the governmental rather than business-type functions, the resulting financial activities of the Internal Service funds have been included within the governmental activities in the governmental-wide financial statements. The Enterprise and Internal Service Fund Financial Statements can be found starting on page 21.

Fiduciary Fund Financial Statements are used to account for resources held for the benefit of parties outside the government. They are not included in the government-wide financial statements because their resources are not available to support City programs.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be founding starting on page 28.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Over time, net assets may serve as an indicator of a governmental entity's financial position. The following two tables focus on the net assets and changes in net assets of the City of Turlock's Governmental and Business-Type Activities as presented in the Government-wide *Statement of Net Assets* and *Statement of Activities and Changes in Net Assets.*

SCHEDULE OF NET ASSETS
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	For the FYE June 30		For the FYE June 30		For the FYE June 30	
	2011	2010	2011	2010	2011	2010
Cash and investments	$ 98,046	$ 94,423	$ 84,311	$ 80,334	$ 182,357	$ 174,757
Other assets	33,904	27,487	5,798	4,628	39,702	32,115
Capital assets, net	212,301	201,192	191,250	190,400	403,551	391,592
Total assets	344,251	323,102	281,359	275,362	625,610	598,464
Long-term liabilities	49,304	34,784	90,814	92,987	140,118	127,771
Other liabilities	12,703	9,154	9,104	5,503	21,807	14,657
Total liabilities	62,007	43,938	99,918	98,490	161,925	142,428
Net assets:						
Invested in capital assets, net of debt	189,275	178,409	114,565	112,720	303,840	291,129
Restricted	70,425	77,636			70,425	77,636
Unrestricted	22,544	23,119	66,876	64,152	89,420	87,271
Total net assets	$ 282,244	$ 279,164	$ 181,441	$ 176,872	$ 463,685	$ 456,036

As noted above, the City's primary investment is in its *capital assets, net of related debt.* Capital assets, which account for approximately 66% of the City's total net assets, include all infrastructure such as the street/roadway system; sewer, water and storm drain collection systems as well as retention basins; the wastewater treatment plant and water wells and pump stations; streetlights and traffic signals; and parks. Capital assets also include all vehicles, equipment and buildings used by City employees in the course of their daily activities. By their very nature and use, capital assets are not available for future spending and are therefore not available assets to fund future activities.

Approximately $70 million or 44% of the City's non-capital net assets are subject to external restrictions as to their use. The remaining $89 million is unrestricted and available to meet the City's on-going obligations to its citizens and creditors. Of this amount, $22 million related to governmental activities and $67 million to business-type activities.

The City's net assets increased by $7.6 million during the 2010-11 fiscal year. The following table provides additional detail for this decrease.

SUMMARY OF CHANGES IN NET ASSETS

(in thousands of dollars)

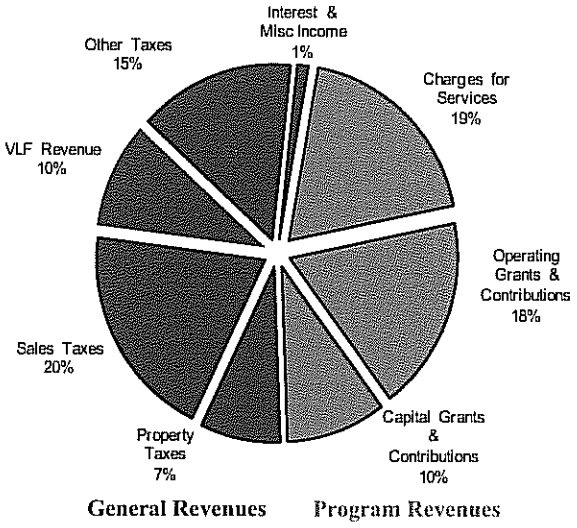
	Governmental Activities		Business-Type Activities		Total	
	For the FYE June 30		For the FYE June 30		For the FYE June 30	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for services	$ 9,745	$ 11,631	$ 30,364	$ 29,175	$ 40,109	$ 40,806
Operating grants and contributions	9,188	4,514			9,188	4,514
Capital grants and contributions	4,953	5,239			4,953	5,239
Total Program Revenues	23,886	21,384	30,364	29,175	54,250	50,559
General Revenues						
Property taxes	3,804	4,194			3,804	4,194
Sales taxes	10,221	9,082			10,221	9,082
Motor vehicle in lieu fees	5,000	5,076			5,000	5,076
Other taxes	7,787	8,624			7,787	8,624
Interest and investment earnings	337	666	663	838	1,000	1,504
Gain (loss) on disposal of capital assets	214	(232)	(74)		140	(232)
Total General Revenues	27,363	27,410	589	838	27,952	28,248
Total Overall Revenues	51,249	48,794	30,953	30,013	82,202	78,807
Expenses						
General government	3,278	3,655			3,278	3,655
Public safety	25,996	25,981			25,996	25,981
Public ways/facilities/transportation	8,824	9,200			8,824	9,200
Parks and recreation	3,538	3,556			3,538	3,556
Community development	6,474	11,546			6,474	11,546
Interest on long-term debt	1,850	1,472			1,850	1,472
Water			6,782	6,897	6,782	6,897
Sewer			15,424	16,765	15,424	16,765
Airport			78	79	78	79
Transportation			1,286	1,412	1,286	1,412
Building & Safety			1,023	943	1,023	943
Total Expenses	49,960	55,410	24,593	26,096	74,553	81,506
Increase (Decrease) in Net Assets before Transfers	1,289	(6,616)	6,360	3,917	7,649	(2,699)
Transfers	1,790	(924)	(1,790)	924	-	-
Change in Net Assets	3,079	(7,540)	4,570	4,841	7,649	(2,699)
Net Assets, beginning of year	279,165	286,705	176,871	172,030	456,036	458,735
Net Assets, end of year	$ 282,244	$ 279,165	$ 181,441	$ 176,871	$ 463,685	$ 456,036

As the above table shows, $54.3 million of the City's $82.2 million in total revenues comes from program revenue sources. GASB 34 defines program revenues as those derived directly from the program itself (user fees) or from parties outside the reporting government's taxpayers or citizenry. Program revenues reduce the need for the cost of the function to be financed by general government revenues. The largest portion of the City's program revenues is "Charges for Services" which include user fees from the City's water and sewer operations, building permit-related fees, developer impact fees and special assessments.

Expenses are presented on a functional basis and represent only current year expenses. As such, they do not include capital outlay expenditures. In accordance with GASB 34, capital outlay expenditures are included in "capital assets" on the City's *Statement of Net Assets*.

Citywide expenses, which totaled $74.6 million, consisted of $50 million for governmental activities and $24.6 million for business-type activities. Of the $50 million in governmental activity expenses, $26 million or 52% relate to the provision of public safety (police and fire) services. The next largest component was $8.8 million or 17.7% for public ways, facilities and transportation. This component accounts for activities involved in the maintenance and construction of City streets and roads as well as City buildings.

Governmental Activities

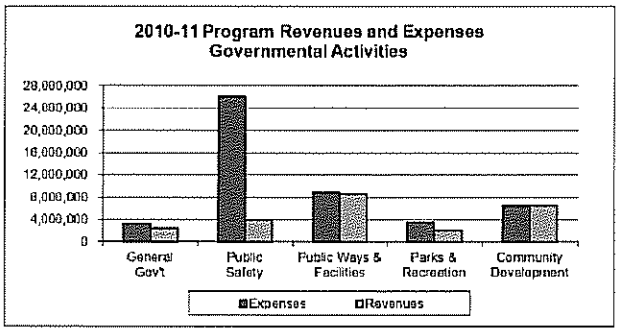


Governmental activity revenues totaling $51.2 million are comprised of various non-dedicated tax revenues as well as revenues received for specific purposes. Specific purpose or "program" revenues are categorized as follows:

- Charges for Services – Revenues for specialized City services which are typically not demanded by the general population – totaled $9.7 million representing a 16.2% decrease over the prior year. Included in this revenue category are the special assessment revenues charged by the City's Lighting and Landscape maintenance districts as well as charges for specialized services provided by departments throughout the City and fees for participation in City offered recreation programs.
- Operating Grants & Contributions – Revenues received from other governmental agencies which are primarily used for operational needs – totaled $9.1 million, doubling the amount received in 2009-10. Operating grants include revenues received from the (1) U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development supporting the City's affordable housing activities; (2) U.S. Department of Justice and CA Office of Traffic Safety supporting various police activities; (3) Gas Tax and Local Transportation Funds used for street/road maintenance; and (4) revenues received by the City's recreation division to support after school enrichment programs in lower income areas of town. Since these types of revenues are generally received on a reimbursement basis, annual amounts will vary from year-to-year depending on the activities in which the City is engaged.

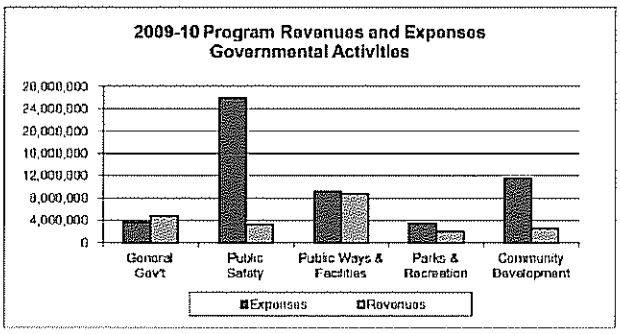
- Capital Grants & Contributions – These are typically development impact related revenues which are collected to finance the cost of new infrastructure – totaled $5.0 million representing a slight decrease over the prior year reflecting the stagnant construction environment currently existing in the Central Valley.

General revenues are all other revenues not classified as program revenues and are generally received for unrestricted uses. General revenues include property taxes, sales tax, motor vehicle in-lieu fees, franchise fees, business license fees, transient occupancy taxes and investment earnings. The City's governmental activity general revenues totaled $27.4 million for fiscal 2010-11, no overall change over the prior year. The detail within the revenue did have mixed results. Property tax revenue – both for the City and the Redevelopment Agency - was down approximately $1.4 million. Most of this decline occurred in the Redevelopment Agency which in the years prior to the current housing market decline experienced significant revenue increases as a significant portion of the new development occurred in RDA project areas. Sales tax revenue increased approximately $1.1 million. Staff continues to see improvement in sales tax revenues for the past few quarters and is hopeful these increases are indicative of an improving economic environment in the Turlock area. Investment earnings were also off from the prior year which is reflective the historic lows in rates of return for the investment vehicles in which the City invests. Governmental activity revenues are primarily used to finance governmental activities such as public safety, park maintenance, culture and recreation programs and general government administration.



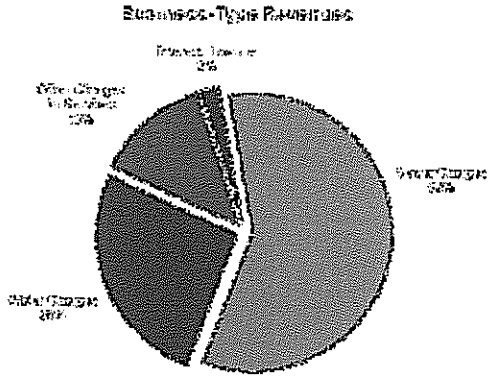
The tables to the left and below graphically depict the typical relationship between program revenues and expenses for Governmental Activities for the past two years. In total, 2010-11 expenses for Governmental Activities exceeded program revenues by $26 million whereas in 2009-10 expenses exceeded revenues by $34 million.

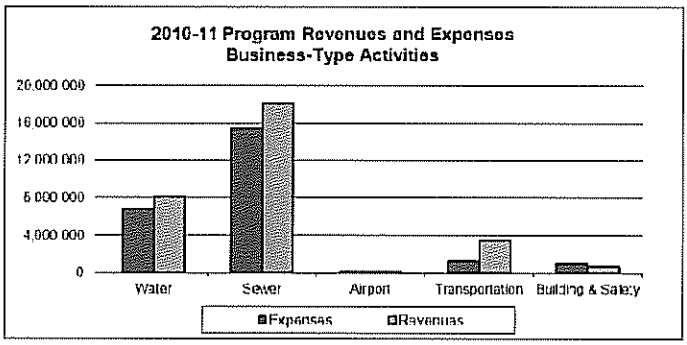
The City continues to work its way through the challenges the current economy presents. Even though the City's General Fund ended 2010-11 with a slight surplus, all City operating budgets for 2011-12 included employee concessions as employee benefits – mainly health care and pension costs – continue to increase. The results of operations in other operating funds varied during 2010-11 due to available revenue. More information regarding specific funds can be found in the fund section of the document.



Business-Type Activities

Revenues for business-type activities totaled $31 million and related expenses totaled $24.6 million of which $15.4 million or 63% related to the maintenance and operations of the City's wastewater treatment plant and the City's storm drain collection system. Potable water maintenance and operations accounted for $6.8 million or 27.6/% of business-type activities expenses. Other business-type activities include the operation of both fixed route and dial-a-ride transit systems which provide service in Turlock as well as connecting those in need with County-wide transportation services. The City's Building division assists all residents and developers in their pursuits of property development and improvements within the City limits. Finally, the City owns an airport outside the City limits. The airport property was deeded to the City from the federal government in 1947. The property, which is located in Merced County, is operated under a long-term facilities management agreement by the Turlock Regional Aviation Association. The City receives federal grants to assist in the rehabilitation of the airport property under a master airport improvement plan.





THE CITY'S FUND FINANCIAL STATEMENTS

Governmental Funds

As noted earlier, the focus of the City's governmental funds (General, Special Revenue and Capital Projects) is to provide information related to resource (mainly cash) near-term inflows, outflows and spendable balances. This focus does not include capital assets and long-term debt. For each fund, the "unreserved fund balance" may serve as a useful measure of the fund's net spendable resources for the upcoming year.

At June 30, 2011, the City's governmental funds reported combined fund balances of $89.3 million, a $6 million increase when compared with the prior year. This compares with a $2.5 million decrease in 2009-10. The General Fund's fund balance is $19.7 million at June 30, 2011. Governmental fund revenues were $51.3 million this year, of which General Fund revenues totaled $28 million or 55%. Governmental fund expenditures totaled $62.3 million and the General fund represented 46% of the total or $29 million.

The following provides additional information for selected governmental funds.

General Fund – As previously mentioned, for financial reporting purposes, the "General Fund" includes not only the City's General Fund, but also the Arts Commission, Special Public Safety, Tourism (2 funds) and Parking Citations funds. At June 30, 2011, the General Fund had a fund balance of $19.7 million of which $11.5 million was unassigned. As noted in footnote 7, fund balances in governmental funds can fall into one of five categories – nonspendable, restricted, committed, assigned or unassigned. Balances falling in any of the

unassigned categories are there by virtue of (1) legal restrictions, (2) City Council action to commit resources for specific activities, or (3) action taken by management which signals the City's intended use of resources.

General Fund expenditures exceeded revenues (before transfers) by $956,000 during fiscal year 2010-11 as compared to $2.8 million in excess expenditures for 2009-10. After net transfers, revenues exceeded expenditures by $691,000 for 2010-11. Overall expenditures decreased by $2.2 million in 2010-11 primarily due to a conscience effort to decrease personnel expenditures by not filling non-essential General Fund positions vacated by retirement or resignation.

Beginning with the 2008-09 fiscal year the City implemented the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). This Statement requires the City to report on post-employment benefits other than pensions in a fashion similar to how it reports pension activity. The City has negotiated a retiree health benefit contribution with each of its labor groups. Even though the City's negotiated labor agreements only require a contribution to the retiree health fund, GASB 45 requires the City to recognize revenue and expenditures for these plans as if the City was legally responsible for the benefits to be paid from these contributions. In addition, the funding the City has been setting aside for two of the four retiree health plans is not in an irrevocable trust, but in two separately identified funds within the City's general ledger. Prior to the implementation of GASB 45, these funds had been presented as Agency Funds on the City's financial statements. In accordance with GASB 45, for financial reporting purposes, the activity in Agency Funds has been transferred to back to the original funding sources. (i.e. the amounts the General Fund departments contributed to the Agency Funds have been returned to the General Fund). For accountability to the City's employee groups, the City continues to use the Agency funds in its general ledger. See footnote 10 to the financial statements for more information regarding the City's OPEB funds.

Housing Set-Aside Fund and Redevelopment Fund – These funds account for the tax increment revenue the City's Redevelopment Agency receives which is used to protect and improve the affordable housing stock in town (Housing Set-Aside Fund) and to combat blight and promote economic development in Turlock (Redevelopment Fund). The revenue received is allocated 20% to housing efforts and 80% to blight reduction and economic development.

Recent affordable housing activities include rental assistance to low-income seniors and assisting in the development of a new multi-family housing project. See the discussion regarding the loan receivable to EAH, Inc. in footnote 3 for more information regarding the housing project.

Blight reduction and economic development activities include funding graffiti abatement, code enforcement, and infrastructure improvements at the Turlock Regional Industrial Park. In February 2011 the Turlock Public Financing Authority issued $15.3 million in tax increment financing to assist with the funding for a new public safety facility in the City's downtown core. Construction began during fiscal year 2010-11. Tax increment revenue is pledged for the repayment of this debt.

Stanislaus County Housing Consortium – The Consortium is a collaboration of six cities in Stanislaus County and the County using Federal HOME monies to provide assistance for affordable housing within the County and the participating City jurisdictions. Projects funded under the Consortium include first time homebuyer loans; rehabilitation loans and grants to the owners of existing owner-occupied residences including health, safety and/or building code related improvements to their home; and funding for the construction of new multi-family residential units which will be occupied by eligible income qualifying individuals and/or families. Participants in the various Consortium programs are required to meet HUD income eligibility guidelines.

Facility Fees – The City charges a Capital Facilities Fee (CFF) to new development to fund citywide improvements for roadways, general government capital facilities, police service facilities and equipment, and fire service facilities and equipment. The program specifically identifies new capital improvement projects which are development driven and development's proportionate cost of the project. Major projects funded in

2010-11 included continued design work and beginning construction of the off-site and on-site improvements for a new public safety facility, building the Carnegie Arts facility and various roadway improvements.

Proprietary Funds
The City's proprietary funds provide the same information found in the government-wide financial statements for business-type activities only in a little more detail. The net assets for the City's proprietary funds (exclusive of Internal Service funds) increased $4.6 million during fiscal year 2010-11, which compares to a $4.8 million increase for fiscal year 2009-10. Overall operating revenues increased by 4% while overall operating expenditures declined by 6.6%. Operating revenues for the City's water operations declined by 10.3% while operating revenues for the City's wastewater operations increased by 2.3%. Expenses for the water and wastewater operations declined by 1.6% and 9.4% respectively. Personnel expenses for both operations declined due to the same employee concessions that were implemented within the operating funds in the City's governmental funds.

During 2010-11 the water operations converted all users to monthly billing based on consumption rather than flat rates. This accounts for some of the decline in revenue. At the City Council's direction, Staff is monitoring water usage and associated revenue for a period of 12 – 18 months to determine actual revenues based on consumption. Based on the results of this study, recommendation will be brought back to Council regarding the rate structure for consumption-based billing.

It should be noted that for both the water and wastewater systems, new development pays – via development impact fees - for the construction of infrastructure in the newly developing areas of town. The monthly user fees pay for the on-going delivery of water and sewer services as well as for the cost of replacing infrastructure either due to age or increasing regulatory requirements.

CAPITAL ASSETS

At June 30, 2011, the City had $403.6 million, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities. This investment includes land and improvements, buildings, machinery, equipment, vehicles, infrastructure and construction in progress. Infrastructure assets include items which are not moveable and are normally of use only to the City such as streets/roads, bridges, sidewalks, street lighting and traffic signals, parks, drainage systems, sewer collection and treatment systems and water distribution systems. Net additions to the City's capital asset investment (including construction in progress) during fiscal year 2010-11 were over $23.3 million. The majority of these additions related to infrastructure – streets/roads, water, sewer and storm drain pipes, and park - improvements. Additional information regarding the City's capital assets can be found in Note 5 on page 45 of this report.

DEBT ADMINISTRATION

At June 30, 2011, the City had $136.8 million in debt outstanding as compared to $124.4 million for the prior year. The City's total debt service requirements for the 2011-12 are approximately $10.7 million with the bulk of the requirements coming from semi-annual payments for the 1999 and 2003A Sewer Revenue ($1.5 million and $3.2 million, respectively), the 2008 Water Bonds ($2 million) and the 2006 and 2011 Tax Allocation Revenue Bonds ($1.5 million and $1.4 million, respectively).

In February 2011, the Turlock Public Financing Authority issued $15.3 million in Tax Allocation Revenue Bonds to provide partial financing for the construction of a new public safety facility. The City has no general revenue bonds outstanding. Of the total $10.7 million in debt service requirements for 2011-12, approximately 35.2% or $3.8 million is related to governmental activities and none is currently repaid with General Fund dollars.

Additional information regarding each of the City's debt issues as well as debt service requirements is discussed in greater detail in Note 6 to the financial statements starting on page 47.

ECONOMIC FACTORS and NEXT YEAR'S BUDGET AND RATES

Developing the 2011-12 General Fund budget presented the City Council and Staff with many of the same challenges that the City has been dealing with for the past few years. Since General Fund revenue peaked at $30.4 million in fiscal year 2006-07, the City has experienced annual declines in operating revenues with fiscal year 2010-11 representing the fourth year of revenue declines. Budgeted 2011-12 revenues are at a level similar to final revenue for 2010-11. The City is starting to see increases in sales tax revenue, but it is still too early to say with certainty that the corner has been turned. Property tax revenues continue to be a challenge for 2011-12 and are projected to slightly decline. Other revenue sources are projected to hold steady with the prior year results.

The 2011-12 budgeted expenditures again include employee concessions. For this fiscal year, employees are paying 9% of the California Public Employees Retirement System (PERS) costs. In addition employee groups agreed to other concessions which when combined with overall status quo budgeting results in a budget which projects using $1.9 million of General Fund reserves during 2011-12. The budget prior to concessions projected a $3.2 million deficit. The City Council had previously laid out a 3-5 year plan to get General Fund expenditures in line with available revenues while using reserves to bridge the gap. The 2011-12 budget falls within that plan. More information regarding the City's budget can be obtained by going to the Finance division section under Administrative Services on the City website at www.ci.turlock.ca.us.

REQUESTS FOR INFORMATION

This Basic Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City's Finance Department, at 156 South Broadway, Suite 110, Turlock, CA 95380.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets* (which were new under Government Accounting Standards Board (GASB) Statement No. 34), summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses; which means they include all the City's assets and liabilities, as well as all its revenues and expenses. This is known as the full accrual basis of accounting under which all of the City's transactions are taken into account, regardless of whether or when cash changes hands.

The *Statement of Net Assets* reports the difference between the City's total assets and the City's total liabilities. Capital assets are included as part of total assets and long-term debt is included as part of total liabilities. The *Statement of Net Assets* presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The financial information presented on the *Statement of Net Assets* is separated between the City's Governmental Activities in one column and the City's Business-Type Activities in another column. These two columns are combined into a "Total" column which presents the City's entire financial position.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue and Capital Projects funds. Since the City's Internal Service Funds provide service to the activities of these funds, the Internal Service fund activities are consolidated with Governmental Activities. As part of the consolidation process, inter-fund transactions and balances are eliminated. The City's Business-Type Activities include all its Enterprise Fund activities.

The *Statement of Activities and Changes in Net Assets* reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund Financial Statements, which reflect only current assets, current liabilities and available revenues and measurable expenditures.

The format of the *Statement of Activities and Changes in Net Assets* differs considerably from those used in the past. It presents the City's expenses first, listed by function or program for governmental activities, followed by expenses by function/program for its business-type activities. Program revenues – that is revenues which are generated directly by these programs – are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the *Statement of Net Assets*.

Both these Statements include the financial activities of the City, the Turlock Redevelopment Agency and the Turlock Public Financing Authority. The Agency and Authority, which are separate legal entities, are accounted for as blended component units of the City because they are controlled by the City Council and the City is financially accountable for the activities of each entity.

City of Turlock
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	$ 76,337,735	$ 68,279,115	$ 144,616,850
Cash and investments with fiscal agent	21,708,203	16,031,534	37,739,737
Accounts receivable	10,424,848	5,040,604	15,465,452
Interest receivable	112,881	190,337	303,218
Internal balances	101,454	(101,454)	-
Due from developers	20,041	157,663	177,704
Total current assets	108,705,162	89,597,799	198,302,961
Noncurrent assets:			
Loans receivable	22,542,088		22,542,088
Deferred charges	702,203	511,767	1,213,970
Capital assets:			
Non-depreciable	39,285,371	13,019,344	52,304,715
Depreciable, net	173,016,042	178,230,316	351,246,358
Total capital assets	212,301,413	191,249,660	403,551,073
Total noncurrent assets	235,545,704	191,761,427	427,307,131
Total Assets	344,250,866	281,359,226	625,610,092
LIABILITIES			
Current liabilities:			
Accounts payable	8,674,756	3,515,909	12,190,665
Payroll payable	852,351	200,359	1,052,710
Interest payable	884,477	1,134,989	2,019,466
Deferred revenue	158,994	1,310,290	1,469,284
Deposits payable	402,333	344,265	746,598
Compensated absences, due within one year	491,277	151,636	642,913
Long-term debt, due within one year	1,238,733	2,446,036	3,684,769
Total current liabilities	12,702,921	9,103,484	21,806,405
Noncurrent liabilities:			
Claims liability	2,764,290		2,764,290
Compensated absences, due in more than one year	1,965,111	606,544	2,571,655
Net OPEB obligation	1,063,341	623,095	1,686,436
Long-term debt, due in more than one year	43,511,799	89,584,876	133,096,675
Total noncurrent liabilities	49,304,541	90,814,515	140,119,056
Total Liabilities	62,007,462	99,917,999	161,925,461
NET ASSETS			
Invested in capital assets, net of related debt	189,275,472	114,564,728	303,840,200
Restricted for:			
Capital projects	41,371,047		41,371,047
Special projects and programs	29,053,335		29,053,335
Total restricted	70,424,382	-	70,424,382
Unrestricted	22,543,550	66,876,499	89,420,049
Total Net Assets	$ 282,243,404	$ 181,441,227	$ 463,684,631

See accompanying Notes to Basic Financial Statements.

City of Turlock
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 3,277,815	$ 2,282,814	$ 89,948	$ 119,474
Public safety	25,996,173	2,590,734	1,212,094	141,860
Public ways and facilities/transportation	8,824,094	2,775,840	1,291,223	4,530,205
Parks and recreation	3,538,121	1,376,502	581,298	124,470
Community development	6,473,780	719,442	6,013,283	36,416
Interest on long-term debt	1,849,984			
Total governmental activities	49,959,967	9,745,332	9,187,846	4,952,425
Business-type activities:				
Water	6,781,925	8,126,389		
Sewer	15,424,008	18,157,866		
Airport	78,766	20,000		
Transportation	1,285,800	3,416,169		
Building & Safety	1,022,855	643,535		
Total business-type activities	24,593,354	30,363,959	-	-
Total primary government	$ 74,553,321	$ 40,109,291	$ 9,187,846	$ 4,952,425

General revenues and transfers:

Taxes:

Property

Sales

Motor vehicles tax

Other

Total

Interest and investment earnings

Gain (loss) on disposal of capital assets

Transfers

Total general revenues and transfers

Changes in net assets

Net Assets:

Beginning of year

End of year

See accompanying Notes to Basic Financial Statements.

	Net (Expense) Revenue and Changes in Net Assets		
Total	Governmental Activities	Business-type Activities	Total
$ 2,492,236	$ (785,579)	$	$ (785,579)
3,944,688	(22,051,485)		(22,051,485)
8,597,268	(226,826)		(226,826)
2,082,270	(1,455,851)		(1,455,851)
6,769,141	295,361		295,361
-	(1,849,984)		(1,849,984)
23,885,603	(26,074,364)	-	(26,074,364)
8,126,389		1,344,464	1,344,464
18,157,866		2,733,858	2,733,858
20,000		(58,766)	(58,766)
3,416,169		2,130,369	2,130,369
643,535		(379,320)	(379,320)
30,363,959	-	5,770,605	5,770,605
$ 54,249,562	(26,074,364)	5,770,605	(20,303,759)
	3,804,292		3,804,292
	10,220,484		10,220,484
	5,000,382		5,000,382
	7,787,167		7,787,167
	26,812,325	-	26,812,325
	336,975	662,901	999,876
	214,096	(74,241)	139,855
	1,790,451	(1,790,451)	-
	29,153,847	(1,201,791)	27,952,056
	3,079,483	4,568,814	7,648,297
	279,163,921	176,872,413	456,036,334
	$ 282,243,404	$ 181,441,227	$ 463,684,631

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FUND FINANCIAL STATEMENTS

GASB 34 revised the format of the Fund Financial Statements so that only individual *major funds* are presented, while *non-major funds* are combined and presented in a single column. Major funds are generally defined as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

GOVERNMENTAL FUNDS

The funds described below were determined to be Major Governmental Funds by the City for fiscal year 2010-11. Individual non-major funds may be found in the Supplemental section. This section also contains a reconciliation between the Fund Balance and the Net Assets for Governmental Funds as well as a reconciliation between the Changes in Fund Balance and Changes in Net Assets for Governmental Funds.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds. Expenditure activities within the General Fund include public safety (police and fire), park maintenance, general City administration (includes City Clerk, payroll/personnel, accounts receivable, accounts payable, accounting), planning and the City attorney. For financial reporting purposes, the General Fund for the City of Turlock also includes the Arts Commission, Special Public Safety, Tourism (2 funds) and Parking Citations funds.

STANISLAUS COUNTY HOUSING CONSORTIUM

When combined with the CDBG, State HOME programs and Housing Stimilus Funds (see non-major funds), accounts for the various federal funding sources the City receives on an annual basis to assist in the preservation and production of affordable housing within the City. The Consortium specifically is a collaboration of six cities in Stanislaus County and the County who together use Federal HOME monies to provide assistance for affordable housing within the County and the participating City jurisdictions

HOUSING SET-ASIDE

This Redevelopment Agency fund accounts for 20% of the tax increment generated within the Agency boundaries which is required under California law to be set aside for low- and moderate-income housing programs. The remaining 80% of tax increment is accounted for in a Capital Projects fund titled "Redevelopment". Revenue and expenditure detail for this fund can be found in the Supplemental Information section.

REDEVELOPMENT

This Redevelopment Agency fund accounts for 80% of the tax increment generated within the Agency boundaries (see Housing Set-Aside in major funds for the remaining 20%). This fund accounts for the repayment of Agency debt, the tax sharing obligations with various taxing agencies within the Agency boundaries, and the expenditure of funds to eliminate blight and encourage economic development consistent with the Agency's implementation plan.

FACILITY FEES

The Facility Fees fund accounts for the revenue and related expenditures as outlined in the City's Capital Facilities Fee Improvement program. These fees, which are charged to new development, are designed to finance the roadway, police, fire and general government infrastructure, facilities and equipment needs throughout town which are the result of development within town.

City of Turlock
Balance Sheet
Governmental Funds
June 30, 2011

	Major Governmental Funds						
	General	Stan County Housing Consortium	Housing Set-Aside	Redevelopment	Facility Fees	Nonmajor Governmental Funds	Total
ASSETS							
Cash and investments	$ 15,161,923	$ 10,434	$ 5,906,368	$ 1,944,991	$ 17,130,219	$ 25,931,867	$ 66,085,802
Cash and investments with fiscal agent				21,708,203			21,708,203
Accounts receivable	4,738,360	$ 1,759,057	70	222,024	33,907	2,308,810	9,062,228
Interest receivable	33,429		6,341	29,966	11,366	21,955	103,057
Due from other funds	3,089,325						3,089,325
Due from developers	20,041						20,041
Loans receivable	18,400	5,320,207	7,237,718			9,965,763	22,542,088
Other Assets	2,630						2,630
Total assets	$ 23,064,108	$ 7,089,698	$ 13,150,497	$ 23,905,184	$ 17,175,492	$ 38,228,395	$ 122,613,374
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 2,140,021	$ 137,494	$ 101,909	$ 1,065,469	$ 2,542,518	$ 484,596	$ 6,472,007
Payroll payable	700,307	2,601		4,601		75,622	783,131
Due to other funds		1,611,712				1,376,159	2,987,871
Deferred revenue	144,994	5,320,207	7,237,718			9,979,763	22,682,682
Deposits payable	397,160						397,160
Total liabilities	3,382,482	7,072,014	7,339,627	1,070,070	2,542,518	11,916,140	33,322,851
Fund Balances:							
Non-Spendable	41,071			3,637,205			3,678,276
Restricted		7,250	5,810,870	19,164,225	14,632,974	11,643,085	51,258,404
Committed	5,309,517					14,438,532	19,748,049
Assigned	2,816,306	10,434		33,684		364,193	3,224,617
Unassigned	11,514,732					(133,555)	11,381,177
Total fund balance	19,681,626	17,684	5,810,870	22,835,114	14,632,974	26,312,255	89,290,523
Total liabilities and fund balance	$ 23,064,108	$ 7,089,698	$ 13,150,497	$ 23,905,184	$ 17,175,492	$ 38,228,395	$ 122,613,374

See accompanying Notes to Basic Financial Statements.

City of Turlock
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds		$ 89,290,523
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in Governmental Funds Balance Sheet.		
Non-depreciable	$ 39,285,371	
Depreciable	233,120,462	
Less accumulated depreciation	(62,375,249)	210,030,584
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.		
Compensated absences	$ (2,168,990)	
Net OPEB obligation	(868,942)	
Capital lease obligations	(553,972)	
Loans payable	(998,705)	
Bonds payable	(42,616,388)	
Unamortized cost of issuance included in deferred charges	699,573	(46,507,424)
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.		(875,436)
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the Governmental Funds Balance Sheet		22,523,688
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds that are reported with governmental activities.		7,781,469
Net Assets of Governmental Activities		$ 282,243,404

See accompanying Notes to Basic Financial Statements.

City of Turlock
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2011

	Major Governmental Funds						
	General	Stan County Housing Consortum	Housing Set-Aside	Redevelopment	Facility Fees	Nonmajor Governmental Funds	Total
REVENUES:							
Taxes and assessments	$ 15,717,842		$ 1,301,880	$ 3,858,784		$ 3,069,291	$ 23,947,797
Licenses and permits	1,201,617					96,087	1,297,704
Fines, forfeitures, and penalties	591,735						591,735
Use of money and property	132,962	$ 79	23,430	139,236	51,631	104,506	451,844
Intergovernmental	5,378,354	2,375,303				8,688,627	16,442,284
Charges for current services	3,350,145				543,494	1,593,520	5,487,159
Other	1,636,443	6,355	750	23,252	60,856	1,379,256	3,106,912
Total revenues	28,009,098	2,381,737	1,326,060	4,021,272	655,981	14,931,287	51,325,435
EXPENDITURES:							
Current:							
General government	2,569,534				232,470	157,889	2,959,893
Public safety	23,105,347				48	796,579	23,901,974
Public ways and facilities/ transportation	381,442				94	4,187,582	4,569,118
Parks and recreation	1,934,333					970,288	2,904,621
Community development	812,726	2,376,750	984,170	1,622,192		2,798,603	8,594,441
Capital outlay	61,611		327,185		9,347,363	7,163,032	16,899,191
Debt service:							
Principal	90,235			525,000	234,335	104,573	954,143
Interest and fiscal charges	10,119			1,340,064	19,076	28,251	1,397,510
Issuance costs for Tax Allocation Bonds				137,979			137,979
Total expenditures	28,965,347	2,376,750	1,311,355	3,625,235	9,833,386	16,206,797	62,318,870
REVENUES OVER (UNDER) EXPENDITURES	(956,249)	4,987	14,705	396,037	(9,177,405)	(1,275,510)	(10,993,435)
OTHER FINANCING SOURCES (USES):							
Transfers in	1,936,259				7,557,219	2,650,728	12,144,206
Transfers out	(289,327)	(9,146)	(193,772)	(8,532,894)	(70,000)	(1,735,851)	(10,830,990)
Proceeds from long-term debt				15,300,000		702,136	16,002,136
Discount on Tax Allocation Bonds				(270,113)			(270,113)
Total other financing sources (uses)	1,646,932	(9,146)	(193,772)	6,496,993	7,487,219	1,617,013	17,045,239
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	690,683	(4,159)	(179,067)	6,893,030	(1,690,186)	341,503	6,051,804
FUND BALANCES:							
Beginning of year	18,990,943	21,843	5,989,937	15,942,084	16,323,160	25,970,752	83,238,719
End of year	$ 19,681,626	$ 17,684	$ 5,810,870	$ 22,835,114	$ 14,632,974	$ 26,312,255	$ 89,290,523

See accompanying Notes to Basic Financial Statements.

City of Turlock

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures Changes in Fund Balance to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds		$ 6,051,804
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		16,899,131
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.		(5,382,376)
Net effect of the of the disposal of various capital assets resulting in a decrease in net assets.		(119,526)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.		
Loan Proceeds (net of discounts and cost of issuance)	(15,594,044)	
Principal payments on long-term debt	954,143	(14,639,901)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in governmental funds. In addition, governmental funds report the effect of debt issuance costs when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.		(423,580)
Changes in the accrual of compensated absences are reported in the Government-Wide Statement of Net Activities and Changes in Net Assets, but they do not require the use of (or provide) current financial resources. Therefore, changes in compensated absences are not reported as expenditures (or revenues) in governmental funds.		(1,139)
Governmental funds report deferred revenue related to long-term loans made. These deferred credits are not reported on the Statement of Net Assets.		2,150,820
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities. These expenditures are reported as Loans Receivable and Deferred Revenue on the fund financial statements.		(1,455,750)
Change in Net Assets of Governmental Activities		$ 3,079,483

See accompanying Notes to Basic Financial Statements.

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PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. As noted with governmental funds, major fund reporting is also used for Proprietary Funds. The following briefly describes the City's major proprietary funds.

WATER

The Water Fund accounts for the revenues collected and expenses incurred in providing potable water to residents throughout the City. All activities necessary to provide this service, including administration, operations/maintenance, capital improvements, billing/collections and any financing costs are accounted for in this fund.

SEWER

The Sewer Fund accounts for the revenues collected and expenses incurred in conjunction with the operation and maintenance of the City's sewer and storm drainage systems throughout the City. All activities necessary to provide this service, including administration, operations/maintenance, capital improvements, billing/collections and any financing costs are accounted for in this fund.

City of Turlock
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	$ 28,588,310	$ 39,035,158	$ 655,647	$ 68,279,115	$ 10,251,933
Cash and investments with fiscal agent	11,253,282	4,778,252		16,031,534	
Accounts receivable	1,228,131	1,810,126	2,002,347	5,040,604	1,362,620
Interest receivable	70,264	119,067	1,006	190,337	9,824
Due from developers		157,663		157,663	
Total current assets	41,139,987	45,900,266	2,659,000	89,699,253	11,624,377
Capital assets					
Non-depreciable	5,910,149	4,767,876	2,341,319	13,019,344	
Depreciable, net of depreciation	41,873,936	130,089,143	6,267,237	178,230,316	2,270,829
Total capital assets	47,784,085	134,857,019	8,608,556	191,249,660	2,270,829
Other assets	159,105	352,662		511,767	
Total assets	89,083,177	181,109,947	11,267,556	281,460,680	13,895,206
LIABILITIES					
Current liabilities:					
Accounts payable	2,837,040	582,667	96,202	3,515,909	2,202,749
Payroll payable	47,214	130,738	22,407	200,359	69,220
Interest payable	233,358	901,631		1,134,989	9,041
Due to other funds			101,454	101,454	-
Compensated absences - due within one year	31,352	104,837	15,447	151,636	57,479
Capital lease obligations - due within one year	43,018	43,018		86,036	86,036
Bonds payable - due within one year	625,000	1,735,000		2,360,000	
Deferred revenue			1,310,290	1,310,290	-
Deposits payable	344,265	-		344,265	5,173
Total current liabilities	4,161,247	3,497,891	1,545,800	9,204,938	2,429,698
Long-term liabilities:					
Claims liability - due in more than one year					2,764,290
Compensated absences - due in more than one year	125,406	419,349	61,789	606,544	229,919
Net OPEB obligation	20,013	486,933	116,149	623,095	194,399
Capital lease obligation-due in more than one year	247,715	247,715		495,430	495,431
Loans and Bonds payable, net of discounts - due in more than one year	29,822,665	59,266,781		89,089,446	
Total long-term liabilities	30,215,799	60,420,778	177,938	90,814,515	3,684,039
Total liabilities	34,377,046	63,918,669	1,723,738	100,019,453	6,113,737
NET ASSETS					
Invested in capital assets, net of related debt	28,171,634	77,784,538	8,608,556	114,564,728	1,689,362
Unrestricted	26,534,497	39,406,740	935,262	66,876,499	6,092,107
Total net assets	$ 54,706,131	$ 117,191,278	$ 9,543,818	$ 181,441,227	$ 7,781,469

See accompanying Notes to Basic Financial Statements.

City of Turlock
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2011

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES:					
Charges for services	$ 8,092,490	$ 18,021,001	$ 778,223	$ 26,891,714	$ 10,107,850
Intergovernmental			3,291,770	3,291,770	-
Connection fees	11,049	890		11,939	
Other income	22,850	135,975	9,711	168,536	2,282,325
Total operating revenues	8,126,389	18,157,866	4,079,704	30,363,959	12,390,175
OPERATING EXPENSES:					
Salaries and benefits	1,991,920	4,424,034	959,697	7,375,651	13,206,175
Contractual	318,692	1,058,756	789,641	2,167,089	483,868
Supplies and maintenance	182,593	1,136,520	39,596	1,358,709	39,301
Utilities	980,340	1,443,948	15,948	2,440,236	80,609
Fleet expense	58,075	208,960	257,706	524,741	55,776
Depreciation and amortization	1,774,411	3,960,537	301,632	6,036,580	415,436
Other expenses	37,823	67,351	23,201	128,375	56,191
Total operating expenses	5,343,854	12,300,106	2,387,421	20,031,381	14,337,356
OPERATING INCOME (LOSS)	2,782,535	5,857,760	1,692,283	10,332,578	(1,947,181)
NONOPERATING REVENUES (EXPENSES):					
Interest income	274,624	378,005	10,272	662,901	40,190
Gain (loss) on disposal of capital assets			(74,241)	(74,241)	2,900
Interest expense	(1,438,071)	(3,123,902)		(4,561,973)	(28,894)
Total non-operating revenues (expenses)	(1,163,447)	(2,745,897)	(63,969)	(3,973,313)	14,196
INCOME (LOSS) BEFORE OPERATING TRANSFER	1,619,088	3,111,863	1,628,314	6,359,265	(1,932,985)
Transfers in	83,301	34,897	76,897	195,095	494,309
Transfers out	(1,100,533)	(873,057)	(11,956)	(1,985,546)	(17,074)
Total transfers	(1,017,232)	(838,160)	64,941	(1,790,451)	477,235
Net income (loss)	601,856	2,273,703	1,693,255	4,568,814	(1,455,750)
NET ASSETS:					
Beginning of year	54,104,275	114,917,575	7,850,563	176,872,413	9,237,219
End of year	$ 54,706,131	$ 117,191,278	$ 9,543,818	$ 181,441,227	$ 7,781,469

See accompanying Notes to Basic Financial Statements.

City of Turlock
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2011

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 8,108,345	$ 18,060,837	$ 3,085,194	$ 29,254,376	$ 9,268,309
Cash paid to suppliers	1,132,986	(3,409,015)	(1,099,514)	(3,375,543)	670,905
Cash paid to employees	(1,982,434)	(4,214,821)	(816,912)	(7,014,167)	(13,195,035)
Other	(14,973)	68,624		53,651	2,226,134
Net cash provided (used) by operating activities	7,243,924	10,505,625	1,168,768	18,918,317	(1,029,687)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	83,301	34,897	76,897	195,095	494,309
Transfers out	(1,100,533)	(873,057)	(11,956)	(1,985,546)	(17,074)
Net cash provided (used) by noncapital financing activities	(1,017,232)	(838,160)	64,941	(1,790,451)	477,235
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(3,277,840)	(685,356)	(2,958,386)	(6,921,582)	(127,511)
Proceeds from disposal of capital assets			9,025	9,025	2,900
Other assets				-	
Principal payments on long-term debt	(641,070)	(1,691,068)		(2,332,138)	(82,138)
Interest paid	(1,442,623)	(3,134,788)		(4,577,411)	(30,171)
Net cash provided (used) by capital and related financing activities	(5,361,533)	(5,511,212)	(2,949,361)	(13,822,106)	(236,920)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	272,461	386,898	11,992	671,351	55,128
Net cash provided (used) by investing activities	272,461	386,898	11,992	671,351	55,128
Net increase (decrease) in cash and cash equivalents	1,137,620	4,543,151	(1,703,660)	3,977,111	(734,244)
CASH AND CASH EQUIVALENTS:					
Beginning of year	38,703,972	39,270,259	2,359,307	80,333,538	10,986,177
End of year	$ 39,841,592	$ 43,813,410	$ 655,647	$ 84,310,649	$ 10,251,933

See accompanying Notes to Basic Financial Statements.

City of Turlock
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2011

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 2,782,535	$ 5,857,760	$ 1,692,283	$ 10,332,578	$ (1,947,181)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,774,411	3,960,537	301,632	6,036,580	415,436
Changes in operating assets and liabilities:					
Accounts receivable	(10,009)	53,946	(1,346,289)	(1,302,352)	(839,541)
Accounts payable	2,672,686	439,169	26,578	3,138,433	1,330,459
Payroll payable	3,208	7,156	3,301	13,665	(25,194)
Due to other funds			101,454	101,454	
Compensated absences	101	40,228	3,634	43,963	24,240
Claims Liability					
Net OPEB obligation	6,177	161,829	34,396	202,402	12,094
Deferred revenue			351,779	351,779	
Deposits payable	14,815	(15,000)		(185)	
	$ 7,243,924	$ 10,505,625	$ 1,168,768	$ 18,918,317	$ (1,029,687)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET:					
Cash and investments	$ 28,588,310	$ 39,035,158	$ 655,647	$ 68,279,115	$ 10,251,933
Cash and investments with fiscal agent	11,253,282	4,778,252		16,031,534	-
Total cash and cash equivalents	$ 39,841,592	$ 43,813,410	$ 655,647	$ 84,310,649	$ 10,251,933
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital assets transferred from general fixed assets					
Capital asset cost		$ 23,007			
Accumulated depreciation		(23,007)			
Total noncash capital and related financing activities	$ -	$ -	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the Government-wide Financial Statements, but are presented in a separate Fiduciary Fund Financial Statement. For the City of Turlock, the following agent activities are accounted for within the Agency Funds:

- ✓ Turlock Community Facilities District (CFD) #1 – Mello Roos Assessment District
- ✓ Turlock Downtown Property and Business Improvement District (PBID) #2

Additional information related to the above Agency Funds can be found in the "Supplemental Information" section of this report.

City of Turlock
Statement of Net Assets
Fiduciary Funds
June 30, 2011

	Agency Funds
ASSETS	
Cash and investments	$ 723,107
Cash and investments with fiscal agent	418,487
Accounts and interest receivable	46,335
Total assets	$ 1,187,929
LIABILITIES	
Accounts payable	$ 24,542
Due to others	1,163,387
Total liabilities	$ 1,187,929

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Turlock, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated in 1908. The City operates under a Council-Manager form of government and provides the following services: police and fire, streets and highways, sanitation, water, sewer, parks & recreation, public improvements, planning and zoning, and general administrative services.

The financial reporting entity as defined by the GASB consists of the primary government – the City, organizations for which the primary government is financially accountable, and any other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City Council acts as the governing body and is financially accountable for the following organizations:

- Redevelopment Agency of the City of Turlock
- Turlock Public Financing Authority

The Redevelopment Agency of the City of Turlock (Agency) was established by the City in October 1977, pursuant to the State of California Health and Safety Code, Section 33000, entitled Community Redevelopment Law. The purpose is to encourage new investment and reinvestment within legally designated redevelopment areas in partnership with property owners.

The Turlock Public Financing Authority (Authority) was established on December 15, 1998, pursuant to Article 1, Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. The City of Turlock authorized the formation of a Joint Powers Authority with the Agency. The Authority provides pooled debt financing for the City and the Agency.

These organizations are considered component units of the City and are included within the financial statements of the City using the blended method. The component units, as well as the City, maintain a June 30 fiscal year. Financial statements for the City, as well as its component units, can be obtained from the City's Finance Department.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These Statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The government-wide financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (transient occupancy taxes, franchise taxes, etc.) and earnings on investments. Due to State legislative changes in the methodology for remitting sales tax and motor vehicle in-lieu fees to local agencies, beginning with fiscal year 2004-05 the accrual period for these revenue sources is 7-12 months. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for using the accrual basis of accounting.

C. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3),* certain disclosure requirements of Deposits and Investment Risks were made in the following areas:

- ✓ Interest Rate Risk
- ✓ Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For purposes of the Statement of Cash Flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting funds with fiscal agents) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Receivables

All receivables are shown net of an allowance for doubtful accounts. Service charge revenues (water, sewer and refuse collection) are recorded as billed to customers on a cyclical basis. All utility customers are billed monthly, in arrears. The amounts billed in July for June services are accrued as accounts receivable as of June 30.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Interfund Balances/Internal Balances

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

G. Capital Assets

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. City policy has set the capitalization thresholds for reporting capital assets at the following:

General capital assets	$ 5,000
Infrastructure capital assets	$ 5,000

Depreciation has been provided on a straight-line basis over the following useful lives:

	Years
Land improvements and infrastructure	25-60
Buildings	30-50
Furniture and equipment	5-15
Vehicles	5-10

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current basic financial statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, parklands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during the construction of capital assets, if any, is capitalized for the business-type activities in the proprietary funds as part of the asset cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Original costs were developed based on historical acquisition/construction records. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date, was computed on a straight line, unrecovered cost method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

H. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as earned (vested) and the related expenses and liabilities are reported in the government-wide financial statements.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the year paid as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial funds. In proprietary funds, compensated absences are expensed to the various funds as earned (vested) and each proprietary fund's share of the unpaid liability is recorded as a liability of the fund.

The City accrues vacation and sick time payable based on negotiated Memoranda of Understanding (MOU) with the City's various bargaining units. The MOU's indicate the methodology for accruing time and the maximum accrual limits.

I. Deferred Revenue

In the Government-Wide Financial Statements, deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as deferred revenues in the Government-Wide Financial Statements are prepaid charges for services.

In the Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, long-term assessments, and loans receivable.

J. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as other assets and amortized on a straight-line basis over the life of the related bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Liabilities, Continued

Fund Financial Statements

The Governmental Fund Financial Statements do not include long-term debt, as this liability is not payable in the current period. In addition, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, as a revenue or expenditure of the current period rather than amortizing them over the life of the bonds. The face amount of debt issued and any premiums received are reported as other financing sources, while discounts and issuance costs are reported as other financing uses.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements

K. Property Tax Revenue

All property taxes are collected and allocated by the County of Stanislaus to the various taxing entities. Secured property taxes are determined annually as of January 1, and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

In November 1993, the City adopted the "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the City based on assessments, not on collections, according to the following schedule: 55% in December, 40% in April, and 5% at the end of the fiscal year. Under this plan a need for an allowance for uncollectible taxes is eliminated.

Property tax is recognized when it is available and measurable. The City considers property tax as available if it is received within 60 days after the fiscal year end. Unsecured property taxes are due on July 1, and become delinquent if not paid by August 31.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Implementation of New GASB Pronouncements

In 2010-11, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

> *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* – This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.
>
> *GASB Statement No. 59, Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled and are reported as cash and investments with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated quarterly to the various funds based on average quarterly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

The City's Investment Policy is adopted by the City Council in accordance with California Government Code (Code) Section 53601 and has as its objectives the following (in order of priority):

- ✓ **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Turlock shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- ✓ **Liquidity:** The City of Turlock's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- ✓ **Return on Investment:** The City of Turlock's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

A. Authorized Investments

Under provisions of the City's Investment Policy, the City may invest in the following types of investments:

- ✓ U.S. Treasury notes, bonds, and/or bills;
- ✓ U.S. Government Federal Agency Securities;
- ✓ Certificate of Deposits;
- ✓ Bankers Acceptances, investment in any one commercial bank is limited to no more than 30% of the total investment in BA's and the maximum maturity for any security at acquisition is 180 days;
- ✓ Commercial Paper, investment in any single issuer is limited to no more than 10% of total investment in Commercial Paper and the maximum maturity for any security at acquisition is 270 days;
- ✓ State of California Local Agency Investment Fund (LAIF);
- ✓ Money Market and Mutual Funds; and
- ✓ Corporate Notes, AAA rated.

Unless otherwise noted, the above investments are authorized within the limitations delineated in Code Sections 53600 et seq. A five-year maximum maturity (at acquisition) for each investment is allowed unless a longer term approved in advance by the City Council.

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits

At June 30, 2011 the carrying amount of the City's time and demand deposits was $48,164,190. The difference between the bank balance of $50,160,563 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, $100,000 was covered by federal depository insurance with the balance being collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the Code. FDIC coverage is unlimited for noninterest bearing accounts through December 2012. The Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's total deposits, or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

The following is a summary of the pooled cash and investments and investment with fiscal agent at June 30, 2011:

	Government-Wide Statement of Net Assets				
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Assets	Grand Total
Cash and investments	$ 76,337,735	$ 68,279,115	$ 144,616,850	$ 723,107	$ 145,339,957
Cash and investments with fiscal agent	21,708,203	16,031,534	37,739,737	418,487	38,158,224
Total cash and investments	$ 98,045,938	$ 84,310,649	$ 182,356,587	$ 1,141,594	$ 183,498,181

Cash and investments held with fiscal agent are restricted for payment of principal and interest for the City's various bond issues (see footnote # 6) or for construction costs financed by the proceeds of the City's bond issuances.

C. Risk Disclosures

As of June 30, 2011, the City's cash and investments matured as follows:

			Maturities (in years)			
	Fair Value	Due on Demand	1 year or less	1-2 years	2-3 years	3-4 years
Cash on hand and demand deposits	$ 48,164,190	$ 48,164,190				
Brokerage Account	1,013,505	1,013,505				
Total Cash	49,177,695	49,177,695				
Investments						
U.S. Federal Agency Securities	$ 11,994,213		$ 1,992,233	$ 1,991,978	$ 6,003,734	$ 2,006,268
Certificates of Deposit	22,959,592		14,685,265	8,274,327		
LAIF	60,065,678		60,065,678			
Corporate Notes	1,015,771		1,015,771			
Money Market Account	127,008		127,008			
Total Investments	$ 96,162,262	$ -	$ 77,885,955	$ 10,266,305	$ 6,003,734	$ 2,006,268
Total cash and investments	$ 145,339,957	$ 49,177,695	$ 77,885,955	$ 10,266,305	$ 6,003,734	$ 2,006,268
Investment maturities as a percent of total fair value			80.99%	10.68%	6.24%	2.09%

2. CASH AND INVESTMENTS, Continued

C. Risk Disclosures, Continued

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. Maturities as a percentage of the total fair value of the investment portfolio are noted in the table above. The average life of the portfolio is 173 days.

Credit Risk – It is the City's policy that federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

At June 30, 2011 the City's credit risks, expressed on a percentage basis were as follows:

	S&P Credit Rating	% of Investments
US Federal Agency Securities	AAA	12.47%
CA Local Agency Investment Fund	not rated	62.46%
Certificates of deposit	not rated	23.88%
Corporate Notes	AA+	1.06%
Money Market account	not rated	0.13%
Total		100.00%

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. U.S. Federal Agency Securities are held by a third-party custodian (Wells Fargo Bank). Wells Fargo Bank is a registered member of the Federal Reserve Bank. The securities held by Wells Fargo are in street name and a customer number is assigned to the City identifying ownership. The investments in certificates of deposit and LAIF are held by the issuing agency in the City's name.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The change in value of the City's investments from June 30, 2010 to June 30, 2011 amounted to an unrealized loss of $186,800.

D. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

2. CASH AND INVESTMENTS, Continued

D. External Investment Pool, Continued

The City's investment with LAIF at June 30, 2011 includes a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-Backed Securities entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest payments from a pool of mortgages (e.g., CMOs) or small business loans or credit card receivables (such as ABCP).

As of June 30, 2011, the City had $60,065,678 invested in LAIF, which had invested 3.19% of the pool's funds in structured notes and asset-backed securities. LAIF's fair value factor of 1.001576470 was used to calculate the fair value of investments in LAIF as of June 30, 2011.

3. RECEIVABLES AND DEFERRED REVENUE

A. Government Wide Financial Statements

At June 30, 2011, the City had the following amounts due from developers and loans receivable. These amounts are further described below the table.

	Governmental Activities	Business-Type Activities	Total
Due from developers	$ 20,041	$ 157,663	$ 177,704
Loans receivable	22,542,088		22,542,088
Total	$ 22,562,129	$ 157,663	$ 22,719,792

Due from Developers

These amounts represent funds expended by the City in the preparation of the master plan and related planning documents required for the development of the City's Northwest Specific Triangle Plan Area and its Northeast Master Plan Area. The amounts expended by the City are being recovered as these Plan Areas develop via a specific development impact fee. The Northwest Triangle receivable of $157,663 is recorded in the Sewer fund and the Northeast Master Plan receivable of $20,041 is recorded in the General Fund.

3. RECEIVABLES AND DEFERRED REVENUE, Continued

A. Government Wide Financial Statements, Continued

Loans Receivable

Loans receivable at June 30, 2011 consist of the following:

Type of Loan/Borrower	Amount
Central Valley Coalition for Affordable Housing	$ 7,885,503
First Time Homebuyer Loans	8,797,103
Owner-Occupied Rehabilitation Loans	3,403,330
Cherry Tree Village Loans	1,522,785
EAH, Inc.	904,112
Rental Rehabilitation Loans	10,855
Executive MBA Program Loans	18,400
Total Loans	$ 22,542,088

Central Valley Coalition for Affordable Housing

The Central Valley Coalition for Affordable Housing (CVCAH) is a Community Housing Development Organization (CHDO) participating in various projects in Turlock. A CHDO is a private, nonprofit, community-based service organization that has the capacity to develop affordable housing for the community it serves. The City of Turlock, under the HOME Investment Partnership (HOME) Program, is required to reserve HOME funds for investment in housing to be developed, sponsored, or owned by CHDOs. The City must identify and certify qualifying nonprofit organizations as CHDOs through HUD regulations.

CVCAH is currently participating in three types of projects within the City of Turlock. The first is Crane Terrace, a 44-unit, three-story, low-income senior living apartment complex. Using 20% Set-Aside monies, the Redevelopment Agency loaned $4 million to this $10.5 million project under a Development and Disposition Agreement (DDA) dated April 26, 2005. The DDA calls for repayment of the 55-year note to begin in year 31 from residual rental receipts. The note carries 3% simple interest. The total outstanding principal and interest at June 30, 2011 was $4,920,698.

The second type of project is the acquisition and rehabilitation of single-family residential units which will be rented out to HUD qualifying low/moderate income families. CVCAH currently has three of these properties for which the City holds promissory notes totaling $1,017,529. The notes each carry a 5% annual interest rate and are due and payable, along with all accrued, unpaid interest at maturity, unless the underlying property is sold; at which time the note and all accrued, unpaid interest is due and payable. Total outstanding principal and interest at June 30, 2011 on these three properties was $1,249,758.

The third type of project is the acquisition of multi-family properties which will be rented to HUD qualifying, low-income families. CVCAH currently owns three multi-family properties for which the City holds promissory notes totaling $1,394,604. The notes each carry annual interest rates from 3% - 5% and are due and payable, along with all accrued, unpaid interest at maturity, unless the underlying property is sold; at which time the note and all accrued, unpaid interest is due and payable. Total outstanding principal and interest at June 30, 2011 on these three properties was $1,715,047.

3. RECEIVABLES AND DEFERRED REVENUE, Continued

A. Government Wide Financial Statements, Continued

Loans Receivable, Continued

First Time Homebuyer Loans
The First Time Homebuyer Loan program, funded using Federal and/or State of California HOME funds, CDBG funds, and Redevelopment Agency low-/moderate-income housing funds, provides eligible prospective homebuyers within the City of Turlock with up to $80,000 in funding assistance through a silent second deed of trust on their home. The loans are interest free for the first five years and accrue interest at 3% - 5% simple interest annually thereafter. The loans are due and payable should the homeowner refinance or sell the property. Proceeds from repaid loans are used to extend new loans. As of June 30, 2011 the City had 158 loans outstanding.

Owner-Occupied Rehabilitation Loans
The Owner-Occupied Rehabilitation Loan program, funded with either Federal Community Development Block Grant (CDBG) or State of California HOME funds, provides eligible homeowners with funding for health, safety and/or building code related improvements to their home. Eligibility is established based on the age and income requirements for U.S. Department of Housing and Urban Development (HUD) funded programs. The loans are for a maximum of 20 years and can be either fully amortizing or deferred – depending on the age and income level of the applicant. The fully amortizing loans carry a 5% simple interest rate for the entire term, while the deferred loans accrue simple interest at 5% for the first 10 years and then no interest for the remaining 10 years. All loans are secured by a recorded silent second deed of trust on the property. The loans are due and payable should the homeowner refinance or sell the property. As of June 30, 2011 the City had 53 loans outstanding.

Cherry Tree Village Loans
The City and the City's Redevelopment Agency assisted in the development of Cherry Tree Village, a low-income senior housing project. Pursuant to a Loan Agreement dated September 23, 1998, the City using $400,000 in CDBG funds and the Redevelopment Agency using $600,000 in low/moderate-income housing funds loaned the project $1,000,000. Loan proceeds were disbursed in increments as the project was completed in accordance with the terms of the Agreement. The loan proceeds have been fully disbursed. Interest accrues on the loan at an annual rate of 5% and is calculated based on the disbursement date of loan installments. The loan is to be repaid from residual rental income generated by the project. Any unpaid principal and accrued interest is due and payable at the end of forty years.

EAH, Inc.
EAH, Inc. is a nonprofit corporation which develops and manages affordable housing projects in the western United States. The Redevelopment Agency entered into two Disposition and Development Agreements (DDA) with EAH to assist in the development and help secure financing for multi-family housing project on 6.7 acres of property in the area of Linwood Avenue and Hwy 99. The site is currently owned by the City of Turlock and will be conveyed to the developer (EAH) pursuant to the terms of the DDA. The proposed project is a two-phased, 144 unit, three-story, apartment complex for low- and very low-income families with amenities that would complement the project and surrounding neighborhood.

3. RECEIVABLES AND DEFERRED REVENUE, Continued

A. Government Wide Financial Statements, Continued

Loans Receivable, Continued

EAH, Inc. (continued)
The DDA for Phase 1 and construction of the first 80 units contains funding of up to $5 million of RDA low- and moderate-income funds divided into two separate funding horizons. The first is a pre-construction loan of up to $1 million to reimburse the developer for certain pre-construction, design and engineering costs. The second is a development cost loan of up to $4 million to be used for construction and development of the project, excluding development fees, management fees or other similar fees. The DDA contains conditions which must be achieved in order for the developer to be eligible to receive funding under either loan as well as conditions related to the development of the project, additional funding sources which must be obtained, and conditions for the transfer of ownership of the property.

Each loan will be memorialized with a Promissory Note and will become a recorded deed of trust against the property. The $1 million pre-construction loan is interest free for the earlier of: (1) two years from the date of execution, or (2) when the construction loan closes. Both the pre-construction and development cost loans will be rolled into a permanent loan at the completion of construction. The combined loans will carry a 3% annual interest rate and be repaid using residual receipts over a 55 year period. As of June 30, 2011 the Agency had expended $904,112 of the pre-construction funds.

Rental Rehabilitation Loans
The Rental Rehabilitation Loan program, funded with CDBG funds, is similar to the owner-occupied program except it is for rental properties. To be eligible, the property must be occupied by a qualified low/moderate income tenant based on HUD requirements. These fully amortizing loans are for a maximum of 20 years and carry a 6.5% simple interest rate. The loans are due and payable should the homeowner refinance or sell the property or have a non-qualifying tenant. As of June 30, 2011 the City had two loans outstanding.

Executive MBA Program Loans
During 2008-09, California State University, Stanislaus in collaboration with the City operated a 15-month Executive MBA program. In exchange for the use of city hall on Saturday for this program, CSUS offered a scholarship to a city employee enrolled in the program who would be responsible for the facility during the term of the program. In order to facilitate this program and encourage qualified city employees to pursue their Master's degree, the City authorized non-interest bearing loans to qualified city employees. The loans are being repaid through payroll deductions. Three city employees qualified for the program and were approved to share the scholarship in return for sharing the facility use responsibilities. The loans were originally for $17,667 each and at June 30, 2011, the unpaid balance for all three loans was $18,400.

3. RECEIVABLES AND DEFERRED REVENUE, Continued

A. Government Wide Financial Statements, Continued

Unearned (Deferred) Revenue

Deferred revenue is recorded when the City receives funds in advance of performing the work required to be entitled to retain the funds. Deferred revenue at June 30, 2011 consisted of the following:

Governmental Activities		Business-Type Activities	
General Fund	Sports Facilities	Transportation	Total
$ 144,994	$ 14,000	$ 1,310,290	$ 1,469,284

B. Fund Financial Statements

Deferred Revenue

Deferred revenue is recorded for loans receivable when the timing of the repayment of these loans is uncertain and therefore not currently available, or when the City receives funds in advance of performing the work required to be entitled to retain the funds. Deferred revenue at June 30, 2011 consisted of the following:

	Governmental Activities				Business-Type Activities	
	General Fund	Stan County Housing Consortium	Housing Set-Aside	Non-Major Funds	Non-Major Funds	Total
Loans Receivable						
First Time Home Buyer		$ 2,962,060	$ 534,287	$ 5,300,756		$ 8,797,103
Owner-Occupied Rehabilitation				3,403,330		3,403,330
Rental Rehabilitation				10,855		10,855
Cherry Tree Village			878,621	644,164		1,522,785
Central Valley Coalition for Affordable Housing		2,358,147	4,920,698	606,658		7,885,503
EAH, Inc.			904,112			904,112
Other	$ 144,994			14,000	$ 1,310,290	1,469,284
Total	$ 144,994	$ 5,320,207	$ 7,237,718	$ 9,979,763	$ 1,310,290	$ 23,992,972

4. INTERFUND TRANSACTIONS

Fund Financial Statements

Due To, Due From

At June 30, 2011 the City's General Fund provided short-term funding to those funds with negative cash positions at year end. In all cases, the negative cash position will be covered by future receipts from the effected funds revenue sources.

Due From	Due To: Governmental Activities: General Fund
Governmental Activities:	
Stan County Housing Consortium	$ 1,611,712
Nonmajor Funds	1,376,159
Business-Type Activities:	
Nonmajor Funds	101,454
Total	$ 3,089,325

4. INTERFUND TRANSACTIONS, Continued

Fund Financial Statements, Continued

Transfers

At June 30, 2011 the City had the following transfers:

	Transfers Out						
	Governmental Activities						
	General	Stan County Housing Consortium	Housing Set-Aside	RDA	Facility Fees	Nonmajor Funds	Total
Transfers In							
Governmental Activities:							
General		$ 8,669	$ 86,755	$ 258,395	$ 20,000	$ 566,407	$ 940,226
Facility Fees				6,909,999		647,220	7,557,219
Nonmajor	$ 289,327	477	107,017	1,364,500		47,820	1,809,141
Business-type Activities:							
Water						83,301	83,301
Sewer						34,897	34,897
Nonmajor						76,897	76,897
Internal Service Funds					50,000	279,309	329,309
Total	$ 289,327	$ 9,146	$ 193,772	$ 8,532,894	$ 70,000	$ 1,735,851	$ 10,830,990

	Transfers Out					
		Business-type Activities				
	Governmental Activities	Water	Sewer	Nonmajor Funds	Internal Service Funds	Grand Total
Transfers In						
Governmental Activities:						
General	$ 940,226	$ 312,565	$ 683,468			$ 1,936,259
Facility Fees	7,557,219					7,557,219
Nonmajor	1,809,141	762,968	49,589	$ 11,956	$ 17,074	2,650,728
Business-type Activities:						
Water	83,301					83,301
Sewer	34,897					34,897
Nonmajor	76,897					76,897
Internal Service Funds	329,309	25,000	140,000			494,309
Total	$ 10,830,990	$ 1,100,533	$ 873,057	$ 11,956	$ 17,074	$ 12,833,610

The City uses Interfund Transfers for two main purposes. First to apportion costs initially accounted for in one fund to other funds that benefit from the goods and/or services acquired. Secondly to account for shared funding of capital improvement projects. The City accounts for capital improvement projects in one fund and the funds that are providing funding assistance transfer monies representing their contribution to the project fund.

5. CAPITAL ASSETS

A. *Government-Wide Financial Statements*

At June 30, 2011 the City's capital assets for governmental activities consisted of the following:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental Activity Capital Assets:					
Non-depreciable Assets:					
Land	$ 14,729,811	$ 327,184		$ 225,311	$ 15,282,306
Construction in progress	13,612,522	16,381,691		(5,991,148)	24,003,065
Total nondepreciable assets	28,342,333	16,708,875	-	(5,765,837)	39,285,371
Depreciable Assets:					
Land improvements	30,763,328	-		1,634,615	32,397,943
Buildings	21,963,488	-	(220,880)	42,570	21,785,178
Furniture and equipment	8,648,291	177,119	(90,053)	125,357	8,860,714
Vehicles	8,705,057	140,708	(66,619)	20,288	8,799,434
Infrastructure	164,071,898	-		3,920,002	167,991,900
Total depreciable assets	234,152,062	317,827	(377,552)	5,742,832	239,835,169
Less accumulated depreciation:					
Land improvements	(6,606,715)	(827,013)			(7,433,728)
Buildings	(6,530,783)	(722,373)	102,938		(7,150,218)
Furniture and equipment	(6,810,685)	(394,522)	30,650	59,402	(7,115,155)
Vehicles	(6,026,315)	(776,175)	64,974	23,006	(6,714,510)
Infrastructure	(35,327,788)	(3,077,728)			(38,405,516)
Total accumulated depreciation	(61,302,286)	(5,797,811)	198,562	82,408	(66,819,127)
Net depreciable assets	172,849,776	(5,479,984)	(178,990)	5,825,240	173,016,042
Total governmental activity capital assets	$ 201,192,109	$ 11,228,891	$ (178,990)	$ 59,403	$ 212,301,413

Governmental activities depreciation expense for capital assets for the year ended June 30, 2011 was as follows:

General government	$ 214,513
Public safety	1,117,833
Public ways and facilities/transportation	3,824,068
Parks and recreation	584,256
Community development	57,141
Total depreciation expense	$ 5,797,811

5. CAPITAL ASSETS, Continued

A. *Government-Wide Financial Statements, Continued*

At June 30, 2011 the City's capital assets for business-type activities consisted of the following:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Business-Type Activity Capital Assets:					
Non-depreciable Assets:					
Land	$ 875,087				$ 875,087
Construction in progress	18,101,514	$ 6,898,651	$ (2,788)	$ (12,853,120)	12,144,257
Total nondepreciable assets	18,976,601	6,898,651	(2,788)	(12,853,120)	13,019,344
Depreciable Assets:					
Land improvements	6,826,211				6,826,211
Buildings	5,507,916				5,507,916
Furniture and equipment	14,543,135	25,719	(18,092)	6,135,693	20,686,455
Vehicles	2,255,605	-	(216,380)	953,621	2,992,846
Infrastructure	259,643,317	-		5,786,812	265,430,129
Total depreciable assets	288,776,184	25,719	(234,472)	12,876,126	301,443,557
Less accumulated depreciation:					
Land improvements	(1,345,577)	(218,542)			(1,564,119)
Buildings	(1,837,552)	(170,639)			(2,008,191)
Furniture and equipment	(12,236,500)	(866,517)	18,092		(13,084,925)
Vehicles	(758,836)	(135,578)	133,113	(23,006)	(784,307)
Infrastructure	(101,174,471)	(4,597,228)			(105,771,699)
Total accumulated depreciation	(117,352,936)	(5,988,504)	151,205	(23,006)	(123,213,241)
Net depreciable assets	171,423,248	(5,962,785)	(83,267)	12,853,120	178,230,316
Total business-type capital assets	$ 190,399,849	$ 935,866	$ (86,055)	$ -	$ 191,249,660

Business-type activities depreciation expense for capital assets for the year ended June 30, 2011 was as follows:

Water	$ 1,763,736
Sewer	3,923,136
Airport	78,766
Transportation	222,866
Total depreciation expense	$ 5,988,504

5. CAPITAL ASSETS, Continued

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present general government capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Fund capital assets are combined with governmental activities on the Government-Wide Financial Statements.

6. LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which are expected to have useful lives greater than or equal to the term of the related debt. Debt issuance costs and debt discounts are recognized in the current period in governmental fund types. In proprietary fund types, these costs area deferred and amortized on a straight-line basis over the term of the bonds.

A. Government-Wide Financial Statements

Governmental Activities

The City's outstanding governmental activities debt issues and transactions are summarized. More detail regarding each issue follows thereafter.

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year	Due in More than One year
Governmental Activity Debt:						
1999 Revenue Bonds	$ 3,395,000		$ (150,000)	$ 3,245,000	$ 160,000	$ 3,085,000
2006 Tax Allocation Revenue Bonds	24,430,000		(375,000)	24,055,000	390,000	23,665,000
Add: Unamortized Bond Premium	293,850		(11,230)	282,620		282,620
2011 Tax Allocation Revenue Bonds		15,300,000		15,300,000	290,000	15,010,000
Less: Unamortized Bond Discount		(270,113)	3,881	(266,232)		(266,232)
California Energy Commission	138,006		(28,606)	109,400	29,737	79,663
Economic Development Bank	187,169	702,136		889,305	-	889,305
Capital Leases:						
1996 City Hall Acquisition	357,078		(234,335)	122,743	122,743	-
2000 Regional Sports Complex	427,435		(75,967)	351,468	80,454	271,014
Various Others	169,996		(90,235)	79,761	79,761	-
Subtotal	29,398,534	15,732,023	(961,492)	44,169,065	1,152,695	43,016,370
Internal Service Long-Term Debt:						
2002 City Hall Addition	663,605		(82,138)	581,467	86,036	495,431
Compensated Absences	2,443,413	$ 12,975		2,456,388	491,277	1,965,111
Total governmental activity debt	$ 32,505,552	$ 15,744,998	$ (1,043,630)	$ 47,206,920	$ 1,730,008	$ 45,476,912

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Governmental Activities, Continued

1999 Revenue Bonds

Turlock Public Financing Authority Revenue Bonds, Series 1999

In March 1999 the Turlock Public Finance Authority (Authority) authorized the issuance of $4,970,000 in revenue bonds the proceeds of which were loaned to the City of Turlock Redevelopment Agency (Agency) to be used to finance the rehabilitation of the City's downtown. Agency tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 3.5% - 5.55%, have semi-annual principal and interest payments on the first of March and September through September 2024.

2006 Tax Revenue Allocation Bonds

Turlock Public Financing Authority Tax Allocation Revenue Bonds, Series 2006

In August 2006 the Turlock Public Finance Authority (Authority) authorized the issuance of $25,440,000 in Tax Allocation Revenue Bonds the proceeds of which were loaned to the City of Turlock Redevelopment Agency (Agency) to be used to finance various infrastructure projects to be constructed within the Agency's project area boundaries. Agency tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 4.0% - 5.0%, have semi-annual principal and interest payments on the first of March and September through September 2036.

2011 Tax Revenue Allocation Bonds

Turlock Public Financing Authority Tax Allocation Revenue Bonds, Series 2011

In February 2011, the Turlock Public Financing Authority (Authority) authorized the issuance of $15,300,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to provide financing assistance for the construction of a new public safety facility in the City's downtown area. As with the bond issuances noted above, the Agency's tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 2.5% - 7.55%, have semi-annual principal and interest payments on the first of March and September through September 2039. The outstanding principal for this loan as of June 30, 2011 is $15,300,000.

Pledged Revenues for 1999 Revenue Bond; and 2006 and 2011 Tax Revenue Allocation Bonds

Pursuant to a Loan Agreement between the Agency, the Authority and the Bond Trustee, the Agency has pledged its tax increment revenue (reduced by the amount allocable to the Housing Set-Aside fund, unsubordinated pass through payments, and amounts payable to other taxing agencies under Redevelopment Law) for repayment of the Bonds. Pledged revenues are further limited to the current fiscal year's debt service requirements. Debt service for 2010-11 was 26% of total tax increment revenues. Total tax increment revenues (prior to Housing Set-Aside and pass through payments) for 2010-11 were $7,292,940; while principal and interest payments on the bonds totaled $1,865,064.

California Energy Commission

The City entered into a loan agreement with the California Energy Commission to provide funding for the replacement of the incandescent lights in the City's traffic signals with light emitting diode (LED) lights. The replacement lights are more energy efficient and longer lasting. The loan, totaling $265,454, carries a 3.95% annual interest rate and requires semi-annual payments beginning in December 2005 through December 2014.

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Governmental Activities, Continued

Economic Development Bank Loan

In an effort to spur economic development through infrastructure assistance, the Stanislaus County Economic Development Bank provides County cities funding assistance for qualifying projects. The City entered into a loan agreement with the County for the construction of a new traffic signal at W Main Street and Fransil Lane. The agreement is for $889,305 and as of June 30, 2011 the City had drawn down the entire amount. In accordance with loan agreement, repayment of equal installments will begin 3 years after the project is complete and continue for seven years. Repayment will begin in January 2014.

Capital Leases

1996 City Hall Acquisition and Remodel

In September 1996 the City entered into a lease-purchase agreement in the amount of $2,375,612 with LaSalle National Bank to finance the acquisition and remodel of the new City Hall and the police facilities. The lease has an imputed interest rate of 6.37% and requires semi-annual principal and interest lease payments due on the thirtieth of March and September until 2011, when the lease will terminate and the City will obtain title to the property.

2000 Regional Sports Complex

In January 2000 the City entered into a $1,000,000 lease – lease buy back agreement with Calease Public Funding Corporation to finance the acquisition and development of a Regional Sports Complex. The lease carries an annual interest rate of 5.78% and requires quarterly principal and interest lease payments due on the first of January, April, July and October until April 2015 when the lease terminates.

2002 City Hall Addition

In March 2002 the City entered into a capital lease agreement with Municipal Services Group, Inc. to finance an addition to the current City Hall which houses the Engineering Department as well as the administrative personnel for the City's water and sewer operations. The lease payments are funded 50% by the Engineering Internal Service Fund (governmental activities) and 25% each by the Water and Sewer Enterprise Funds (business-type activities). The lease carries an annual interest rate of 4.69% and requires semi-annual principal and interest lease payments due on the first of March and September until March 2017 when the lease terminates.

Various

The City has entered into various capital leases for firearms range equipment, and vehicles. The annual interest rates range from 4.87% to 5.47% and the leases terminate at various times through September 2011.

At June 30, 2011, the City's capital leases were related to capitalized assets totaling $14,619,540 with accumulated depreciation of $5,005,498. The total cost and accumulated depreciation for the 2002 City Hall addition, which is being repaid by (and benefitted) both Governmental and Business-type activities is included in these amounts.

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Governmental Activities, Continued

Debt Service Requirements

Annual debt service requirements are shown below for all governmental activities long-term debt (excluding compensated absences):

	Governmental Activities					
For the Year	Loans & Revenue Bonds		Capital Leases		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2012	869,737	2,460,294	368,996	52,661	$ 1,238,733	$ 2,512,955
2013	610,933	2,360,041	175,324	36,032	786,257	2,396,073
2014	642,167	2,330,721	184,633	26,723	826,800	2,357,444
2015	1,038,607	2,294,526	194,443	16,913	1,233,050	2,311,439
2016	1,062,044	2,251,588	103,565	8,745	1,165,609	2,260,333
2017-2021	6,010,217	10,532,934	108,478	3,829	6,118,695	10,536,763
2022-2026	6,430,000	8,996,156			6,430,000	8,996,156
2027-2031	7,535,000	7,151,025			7,535,000	7,151,025
2032-2036	10,155,000	4,768,938			10,155,000	4,768,938
2037-2040	9,245,000	1,171,750			9,245,000	1,171,750
Total	$ 43,598,705	$ 44,317,973	$ 1,135,439	$ 144,903	$ 44,734,144	$ 44,462,876

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Business-Type Activities
The City's outstanding business-type activities debt issues and transactions are summarized. More detail regarding each issue follows thereafter.

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year	Due in More than One year
Business-Type Activities:						
1999 Sewer Revenue Bonds	$ 17,705,000		$ (600,000)	$ 17,105,000	$ 635,000	$ 16,470,000
Less: Unamortized Bond Discount	(348,474)		20,797	(327,677)		(327,677)
2003A Sewer Revenue Bonds	45,505,000		(1,050,000)	44,455,000	1,100,000	43,355,000
Less: Unamortized Bond Discount	(240,943)		10,400	(230,543)		(230,543)
2008 Water Revenue Bonds	31,175,000		(600,000)	30,575,000	625,000	29,950,000
Less: Unamortized Bond Discount	(132,081)		4,745	(127,336)		(127,336)
Capital Leases:						
2002 City Hall Addition	663,606		(82,138)	581,468	86,036	495,432
Compensated Absences	714,217	43,963		758,180	151,636	606,544
Total business-type activity debt	$ 95,041,325	$ 43,963	$ (2,296,196)	$ 92,789,092	$ 2,597,672	$ 90,191,420

Revenue Bonds Payable

1999 Sewer Revenue Bonds
In August 1999 the Turlock Public Financing Authority issued $22,000,000 in Sewer Revenue Bonds Series 1999 to (1) finance improvements to the City's wastewater treatment facility, and (2) advance refund (defease) the Series 1994A Sewer Revenue Bonds. The bonds, which carry coupon interest rates ranging from 4.25% - 6.25%, have semi-annual principal and interest payments on the fifteenth of March and September through September 2029.

2003A Sewer Revenue Bonds
In August 2003 the Turlock Public Financing Authority issued $51,185,000 in Sewer Revenue Bonds Series 2003A to finance capital improvements to the City's tertiary wastewater treatment facility. The improvements are designed to meet wastewater discharge requirements imposed by the Water Quality Control Board. The bonds, which carry coupon interest rates ranging from 2.00% - 5.00%, have semi-annual principal and interest payments on the fifteenth of March and September through September 2033 and are on parity with the bonds issued in 1999.

Pledged Revenues for Sewer Revenue Bonds
Pursuant to an Installment Purchase Agreement between the Authority and the City, the City has pledged the net sewer system revenues (defined as total system revenues excluding certain revenues related to deposits, and proceeds from borrowings less maintenance and operating costs) from the Sewer Enterprise Fund operations for repayment of both the 1999 and 2003A bonds. Based on fiscal year 2010-11 net system revenues of $9.3 million, annual principal and interest payments (totaling $4.8 million in 2010-11) were 52% of net system revenues.

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Business-Type Activities, Continued

Revenue Bonds Payable, Continued

2008 Water Revenue Bonds
In May 2008 the Turlock Public Financing Authority issued $32,365,000 in Water Revenue Bonds Series 2008 to finance capital improvements to the City's potable water system, including the installation of water meters and an automated meter reading system for all water service users within Turlock, the construction of two water storage reservoirs, and water line installations in the Westside Industrial Specific Plan area. The bonds, which carry coupon interest rates ranging from 3.50% - 5.00%, have semi-annual principal and interest payments on the first of November and May through May 2038.

Pursuant to an Installment Purchase Agreement between the Authority and the City, the City has pledged the net water system revenues (defined as total system revenues excluding certain revenues related to deposits, construction/developer revenues, and proceeds from borrowings less maintenance and operating costs) from the Water Enterprise Fund operations for repayment of the bonds. Based on fiscal year 2010-11 net system revenues of $3.7 million, annual principal and interest payments (totaling $2.1 million) were 57% of net system revenues.

Capital Leases
2002 City Hall Addition
In March 2002 the City entered into a capital lease agreement with Municipal Services Group, Inc. to finance an addition to the current City Hall which houses the Engineering Department as well as the administrative personnel for the City's water and sewer operations. The lease payments are funded 50% by the Engineering Internal Service Fund (governmental activities) and 25% each by the Water and Sewer Enterprise Funds (business-type activities). The lease carries an annual interest rate of 4.69% and requires semi-annual principal and interest lease payments due on the first of March and September until March 2017 when the lease terminates.

6. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Business-Type Activities, Continued

Debt Service Requirements

Annual debt service requirements are shown below for all business-type activities long-term debt (excluding compensated absences):

	Business-Type Activities					
For the Year	Revenue Bonds & Loans		Capital Leases		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 2,360,000	$ 4,445,553	$ 86,036	$ 26,274	$ 2,446,036	$ 4,471,827
2013	2,460,000	4,340,802	90,118	22,192	2,550,118	4,362,994
2014	2,570,000	4,230,703	94,394	17,916	2,664,394	4,248,619
2015	2,695,000	4,111,389	98,874	13,436	2,793,874	4,124,825
2016	2,810,000	3,990,544	103,565	8,745	2,913,565	3,999,289
2017-2021	16,160,000	17,843,985	108,481	3,828	16,268,481	17,847,813
2022-2026	20,065,000	13,402,513			20,065,000	13,402,513
2027-2031	22,255,000	8,107,761			22,255,000	8,107,761
2032-2036	16,985,000	2,865,889			16,985,000	2,865,889
2037-2038	3,775,000	285,498			3,775,000	285,498
Total	$ 92,135,000	$ 63,624,637	$ 581,468	$ 92,391	$ 92,716,468	$ 63,717,028

Compensated Absences

The City's liability for compensated absences consists of accrued and vested vacation, sick and compensatory pay which is unpaid at year end.

B. Fund Financial Statements

The governmental fund financial statements do not present general government long-term debt but is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

C. Debt with no City Commitment

The City of Turlock has no legal liability with respect to the payment of any indebtedness of the Community Financing District No. 1 Monte Vista Crossings. The City acts solely as an agent for the bondholders in collecting and forwarding the special assessment. Accordingly, no liability for these bonds has been recorded in the City's basic financial statements. The principal amount of outstanding debt of the above District was $3,550,000 at June 30, 2011.

7. NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions on the Statement of Net Assets. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are further described below:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City has adopted the provisions of *GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The fund financial statements may consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below. The Turlock City Council has the authority to determine which revenue sources are designated as committed. The Council has delegated authority to the City Manager to determine revenue sources that will be designated as assigned.

Nonspendable Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact , such as debt service reserve funds with fiscal agents or revolving loan fund.

Restricted Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

Assigned Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned This category is for any balances that have no restrictions placed upon them.

7. NET ASSETS AND FUND BALANCES, Continued

B. Fund Balances, Continued

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Agency uses the unrestricted resources in the following order: committed, assigned, and unassigned.

The following provides detail regarding the categorization of the fund balances in the City's governmental funds as of June 30, 2011:

		Special Revenue		Capital Projects			
	General	Stan County Housing Consortium	Housing Set Aside	Redevelopment	Facility Fees	Other Governmental Funds	Total
Non-spendable							
Fiscal agent cash				$ 3,637,205			$ 3,637,205
Prepaid expenditures	$ 2,630						2,630
Loans receivable	18,400						18,400
Due from developers	20,041						20,041
Total Non-spendable	41,071			3,637,205			3,678,276
Restricted							
Resource conservation						$ 608,357	608,357
Low-/moderate-income housing		$ 7,250	$ 5,810,870			262,611	6,080,731
Capital expenditures				1,093,227	$ 14,632,974		15,726,201
Street maintenance						1,373,195	1,373,195
Assessment districts						9,233,302	9,233,302
Public safety						108,058	108,058
Parks and recreation						57,562	57,562
Fiscal agent cash				18,070,998			18,070,998
Total Restricted	-	7,250	5,810,870	19,164,225	14,632,974	11,643,085	51,258,404
Committed							
Public safety	317,319					87,840	405,159
Resource conservation						63,096	63,096
Parks and recreation						16,396	16,396
Tourism	101,648						101,648
Future deficit spending	1,500,000						1,500,000
Capital expenditures	3,390,550					14,271,200	17,661,750
Total Committed	5,309,517					14,438,532	19,748,049
Assigned							
Compensated absences	1,978,243			17,188		173,559	2,168,990
Retiree health (OPEB)	838,063	10,434		16,496		190,634	1,055,627
Total Assigned	2,816,306	10,434		33,684		364,193	3,224,617
Unassigned	11,514,732					(133,555)	11,381,177
Total fund balances	$ 19,681,626	$ 17,684	$ 5,810,870	$ 22,835,114	$ 14,632,974	$ 26,312,255	$ 89,290,523

8. RISK MANAGEMENT

The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss. Under this program, the City is self-insured for general liability, workers' compensation and employee health care.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool currently operating as a common risk management and insurance program for 58 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The pool covers City general liability claims between $1,000,000 and $29,000,000.

The City contributes its pro rata share of anticipated losses to a pool administered by CSJVRMA. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. The City paid CSJVRMA premiums of $546,911 and received $234,872 in refunds during the fiscal year ended June 30, 2011. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

The following provides condensed financial information for CSJVRMA:

Central San Joaquin Valley Risk Management Authority
Condensed Financial Information
As of and for the Year Ended June 30, 2011

Total Assets	$ 69,444,059
Total Liabilities	55,945,081
Net Assets	$ 13,498,978
Operating Revenues	$ 26,278,146
Operating Expenses	(26,326,659)
Net Non-Operating Revenues (Expenses)	1,663,567
Change in Net Assets	$ 1,615,054

All unpaid claims that were probable liabilities that occurred prior to the year-end and that were estimated based on actuarial studies or historical data were recorded in accordance with GASB No. 10. As of June 30, 2011 claims were $2,764,290.

For the Year Ended June 30,	Claims Payable July 1	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2009	$ 2,764,380	$ 4,802,128	$ (4,802,218)	$ 2,764,290
2010	$ 2,764,290	$ 6,185,711	$ (6,185,711)	$ 2,764,290
2011	$ 2,764,290	$ 6,835,055	$ (6,835,055)	$ 2,764,290

9. RETIREMENT PLAN

Plan Description - The City contributes to the California Public Employees Retirement System (PERS). The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy – Eligible employees are required by State statute to contribute a stated percentage of their annual covered salary to the retirement plan. The rate was 8% for miscellaneous employees and 9% for public safety employees for 2010-11. The City's actuarially determined employer contributions as a percentage of covered payroll were as follows:

	2010-11
Miscellaneous employees	14.971%
Public Safety - Fire employees	23.478%
Public Safety - Police employees	25.414%

The contribution requirements of plan members and the City are established and may be amended annually by PERS.

Annual Pension Cost – For fiscal year 2010-11, the City's annual pension cost of $4,373,434 for PERS was equal to the City's required and actual contributions as determined by the June 30, 2008 actuarial valuation. The following are the actuarial assumptions used for that valuation:

The following assumptions and valuation methodologies apply to all three of the City's employee groups (miscellaneous, safety - police and safety - fire):

Valuation date:	June 30, 2008
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level percent of payroll
Asset valuation method:	15 year smoothed market
Investment rate of return:	7.75% (net of administrative expenses)
Inflation:	3.00%
Payroll growth:	3.25%
Projected salary increases:	3.25% to 14.45% (depending on age, length of service and type of employment)
Individual salary growth:	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and and annual production growth of 0.25%

The following assumption varies for each employee group as noted below:

	Miscellaneous	Safety - Police	Safety - Fire
Amortization periods (as of valuation date):	15-30 years	16-30 years	17-30 years

9. RETIREMENT PLAN, Continued

Funding Status – The following is the funding status of the City's retirement plans as of June 30, 2011 (the most recent actuarial date):

	Plan Assets	Accrued Liability	Unfunded Liability
Miscellaneous employees	$ 65,593,400	$ 85,536,258	$ 19,942,858

Safety (Police and Fire) Employees - Beginning with the June 30, 2003 actuarial valuations, employer retirement plans with PERS having fewer than 100 active members could no longer be stand-alone plans and were pooled for valuation purposes. Both the City's fire and police plans met the criteria for pooling and are now part of the "Safety 3% at 50 risk Pool" which is a cost-sharing multiple-employer defined benefit plan. Disclosure of the schedule of funding progress for this type of plan is not required.

The following is the three-year trend information for both the miscellaneous and safety (police and fire) plans:

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	$ 4,692,274	100%	-
6/30/2010	$ 4,521,164	100%	-
6/30/2011	$ 4,373,434	100%	-

10. POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description – The City has four post-employment health care plans in place pursuant to negotiated Memoranda of Understanding (MOU) and Schedules of Benefit (Schedule) with its employee bargaining units. The City's funding obligation for each plan is defined within the respective MOU or Schedule and is a specified percentage of payroll. The four plans and the City's funding obligation for each plan are as follows:

Plan	Covered Employee Group	Funding Obligation
Mangement/Confidential	Employees covered by the Management and/or Confidential Employees Schedule of Benefits	2-1/2% of base salary
Miscellaneous	Employees covered by Turlock City Employees Association MOU	2% of base payroll
Police	Employees covered by Turlock Associated Police Officers MOU	3% of salary plus 3% of benefits
Fire	Employees covered by Turlock Firefighters Local #2434 MOU	4% of salary plus 4% of benefits

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

Plan Description (continued)

As part of budget concessions for fiscal year 2010-11, the funding obligations above were amended as follows:

Plan	Concession
Mangement/Confidential	Suspended 100% of contribution for 1 year
Miscellaneous	Reduced contribution from 2% to .5% for 1 year
Police	No adjustment
Fire	Reduced contribution from 4% to 3% for 1 year

The administration of benefits for each plan rests with the individual plan administrators. The City, by agreement either through the MOU or Schedule, administers the benefits for the Management/Confidential and Miscellaneous plans. The respective bargaining unit representatives administer the benefits for the Police and Fire plans.

In general, employees are required to retire from the City and be members of their respective covered group for 10-15 years to be eligible to receive a benefit from their respective plan. The benefit can only be used to purchase post-employment health insurance. The retiree has the option to continue on the City's self-insured health plan (and pay the 100% of the premium for continued participation), to become a member of a non-City group plan, or to purchase an individual health insurance policy. The benefit can then be used to provide assistance with paying the monthly premium. In no case does the retiree receive a benefit greater than the monthly health insurance premium. For retirees who choose to remain on the City's health plan, this eligibility terminates when the retiree becomes eligible for Medicare benefits, reaches age 65, is deceased, or chooses to voluntarily leave the plan, whichever comes first. Spousal eligibility requirements vary with each plan. The City currently has 31 retirees who have chosen to remain on the City's health plan post retirement. The health insurance premium assistance described in this paragraph is referred to as the "offset benefit" below.

Funding Policy – Funding varies with each plan. For the Management/Confidential and Miscellaneous plans, the City sets aside the contributions as required by the respective MOU or Schedule in a separate general ledger fund for each plan. The City has not established irrevocable trusts for these plans nor are the contributions placed in individual accounts for the employees. Therefore, under the requirements of GASB 45, the City is not able to include the funds set aside as monies available to reduce its net OPEB obligation for these plans. The following provides the balance of funds as of June 30, 2011 set aside by the City to fund benefits under these plans. For financial statement purposes these monies have been included in the fund activity from which the employee's regular payroll expenditures occur (see footnote #7 for the designated portion for governmental funds).

Plan	Amount Set Aside
Management/Confidential	$ 779,507
Miscellaneous	$1,322,166

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

Funding Policy, Continued

For the Police and Fire plans, the City remits the contributions as required by the respective MOU to each plan on a quarterly basis. These plans have each established irrevocable trusts for their respective plan assets. As noted above, the plans' trustees are responsible for the development of benefit levels that can be sustained by the contributions to be received as well as the general plan administration. The City does not have any responsibility for nor involvement in these activities. The following provide the assets available for plan benefits as of July 1, 2009, the date of the latest actuarial valuation.

Plan	Trust Fund Assets
Police	$801,899
Fire	$667,095

Annual OPEB Cost and Net OPEB Obligation – The City's annual post-employment health benefit cost is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table presents the components of the City's annual OPEB cost, amounts actually contributed and changes in the City's Net OPEB Obligation for the year. The amounts are based on actuarial valuations dated July 1, 2009 and amounts contributed for the 2010-11 fiscal year. The table is broken out between the offset benefit and the City's health insurance plan.

OFFSET PLAN	Mangement/ Confidential	Miscellaneous	Police	Fire	Total
Annual required contribution	$ 60,017	$ 145,983	$ 613,948	$ 75,137	$ 895,085
Interest on net OPEB obligation	2,340	10,961	33,294	(15,986)	30,609
Adjustments	(3,220)	(15,083)	(45,812)	21,996	(42,119)
Annual OPEB cost (expense)	59,137	141,861	601,430	81,147	883,575
Contributions to irrevocable trust			(287,376)	(132,989)	(420,365)
Benefits payments	(46,365)	(64,107)			(110,472)
Increase (decrease) in NOO	12,772	77,754	314,054	(51,842)	352,738
Net OPEB obligation - beginning	51,998	243,584	739,861	(355,236)	680,207
Net OPEB obligation - ending	$ 64,770	$ 321,338	$ 1,053,915	$ (407,078)	$ 1,032,945

HEALTH CARE PLAN	Mangement/ Confidential	Miscellaneous	Police	Fire	Total
Annual required contribution	$ 104,312	$ 592,152	$ 242,238	$ 166,591	$ 1,105,293
Interest on net OPEB obligation	(4,855)	29,757	2,521	7,647	35,070
Adjustments	6,681	(40,945)	(3,469)	(10,523)	(48,256)
Annual OPEB cost (expense)	106,138	580,964	241,290	163,715	1,092,107
Premiums paid by retirees	(84,456)	(150,912)	(107,614)	(86,962)	(429,944)
Benefits payments	(300,082)	(138,809)	(97,396)	(251,714)	(788,001)
Increase (decrease) in NOO	(278,400)	291,243	36,280	(174,961)	(125,838)
Net OPEB obligation - beginning	(107,897)	661,266	56,021	169,939	779,329
Net OPEB obligation - ending	$ (386,297)	$ 952,509	$ 92,301	$ (5,022)	$ 653,491

10. POST-EMPLOYMENT HEALTH CARE BENEFITS, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the 2010-11 fiscal year are as follows:

OFFSET PLAN	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
Mangement/Confidential			
2008-09	$58,696	35.97%	$37,585
2009-10	$59,423	75.75%	$51,998
2010-11	$59,137	78.40%	$64,770
Miscellaneous			
2008-09	$147,954	3.17%	$143,263
2009-10	$143,722	30.20%	$243,584
2010-11	$141,861	45.19%	$321,338
Police			
2008-09	$566,560	31.65%	$387,229
2009-10	$607,835	41.99%	$739,861
2010-11	$601,430	47.78%	$1,053,915
Fire			
2008-09	$55,776	549.46%	($250,691)
2009-10	$79,094	232.18%	($355,236)
2010-11	$81,147	163.89%	($407,078)
HEALTH CARE PLAN			
Mangement/Confidential			
2008-09	$83,623	143.42%	($36,311)
2009-10	$104,885	168.25%	($107,897)
2010-11	$106,138	362.30%	($386,297)
Miscellaneous			
2008-09	$483,822	19.55%	$389,226
2009-10	$586,008	53.58%	$661,266
2010-11	$580,964	49.87%	$952,509
Police			
2008-09	$183,910	49.99%	$91,972
2009-10	$240,786	114.93%	$56,021
2010-11	$241,290	84.96%	$92,301
Fire			
2008-09	$119,934	16.14%	$100,571
2009-10	$165,004	57.96%	$169,939
2010-11	$163,715	206.87%	($5,022)

11. COMMITMENTS AND CONTINGENCIES

Litigation

As of June 30, 2011, the City is a party to various lawsuits. There are certain personal injury lawsuits which have been denied by the City Council. The outcome and eventual liability to the City, if any, in these cases is not known at this time. After reviewing these lawsuits with legal counsel, management estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

11. COMMITMENTS AND CONTINGENCIES, Continued

Grants

The City has received Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under the grant terms, any estimated required reimbursements would not be material.

Proposition 1A Securitization

As part of the State of California's 2009-10 budget package, legislation was passed and signed into law authorizing the State to borrow 8% of the amount of property tax revenue that would normally be apportioned to cities, counties and special districts. This action suspended Proposition 1A which was passed by California voters in 2004 to ensure local property tax and sales tax revenues remained with local government to safeguard funding for local public services. The suspension can only occur if the Governor declares a fiscal emergency and two-thirds of the Legislature agrees. The State will repay the local agencies in June 2013.

Included in the legislation suspending Prop 1A was a provision allowing local agencies to securitize their receivable from the State. Under this program the California Statewide Communities Development Authority (CSCDA), a joint powers authority sponsored by the CA State Association of Counties and the League of California Cities, purchased the Proposition 1A receivables from participating local agencies and issued bonds.

The proceeds of the bond issuance will be used to pay the participating agencies the amount of their Prop 1A receivable in two equal installments on January 15, 2010 and May 3, 2010. The bonds will be redeemed and the bondholders repaid in June 2013 when the State would have normally repaid the local agencies.

The securitization transaction closed November 19. 2009 and the proceeds of the issuance to be used to pay local agencies have been deposited in a trust account for the exclusive benefit of those local agencies participating in the securitization program. Participating local agencies will receive 100% of their receivable as all issuance costs and interest expense incurred with this financing will be borne by the State of California. The responsibility for repayment to bondholders rests with the State of California as the bond documents expressly state that the bonds are not an obligation of any participating local agency.

The City of Turlock participated in this securitization program selling 100% of its Proposition 1A receivable, $915,185 to CSCDA.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2012 and except as described below, no other events requiring recognition in, or disclosure of, within the financial statements were identified.

On December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation (Assembly Bill X1 26) that provides for the dissolutions of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

12. SUBSEQUENT EVENTS, Continued

Assembly Bill X1 26 signed into law as part of the State's budget package on June 29, 2011, requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a successor agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill X1 26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the successor agencies.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

The full impacts of this most recent development and its impact on other funds of the City are not known at this time. The financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY CONTROL AND ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The City Manager submits to the City Council a proposed budget for the fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.

2. The City Council reviews the proposed budget at specially scheduled meetings which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested citizens.

3. Prior to July 1, the budget is legally adopted through a passage of a resolution.

4. The City Manager is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The City Council must authorize transfers between funds, between departments, and from the fund balances reserved for specific purposes.

5. Formal budgetary accounting is employed as a management tool for all funds, except the Agency funds, which do not have revenues or expenditures. Annual budgets are legally adopted and amended as required for the General, Special Revenue, Enterprise, and Internal Service funds. Capital Projects funds are budgeted by project, which usually span more than one fiscal year. All budgets are prepared on a basis consistent with generally accepted accounting principles in the United States.

6. Budgeted amounts are reflected after all applicable amendments are revisions.

7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A "department" for legal appropriation purposes may be a single organization (e.g. City Attorney) or an entire department having multiple organizations (e.g. Parks and Recreation) or an entire fund (e.g. Downtown Support).

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2011, proceeds of taxes did not exceed allowable appropriations.

The accompanying Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual present comparisons of the legally-adopted budget with actual data on a basis consistent with generally accepted accounting principles.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are not rolled over to the next fiscal year. Departments are required to process new encumbrances based on the new fiscal year's budget. If the new fiscal year's budget is insufficient, an additional appropriation must be approved by the City Council prior to processing the encumbrance. Encumbrances do not represent expenditures or liabilities.

City of Turlock
Required Supplementary Information, Continued
For the year ended June 30, 2011

Budgetary Comparison Schedule - General Fund

	Budget			
	Original	Amended	Actual	Variance
REVENUES:				
Taxes and assessments	$ 14,386,000	$ 14,386,000	$ 15,717,842	$ 1,331,842
Licenses and permits	1,168,880	1,168,880	1,201,617	32,737
Fines, forfeitures, and penalties	340,800	340,800	591,735	250,935
Use of money and property	317,000	317,000	132,962	(184,038)
Intergovernmental	5,428,408	5,428,408	5,378,354	(50,054)
Charges for current services	3,538,043	3,535,043	3,350,145	(184,898)
Other	429,928	754,928	1,636,443	881,515
Total revenues	25,609,059	25,931,059	28,009,098	2,078,039
EXPENDITURES:				
Current:				
General government	2,881,497	2,615,181	2,569,534	45,647
Public safety	23,183,813	23,218,290	23,105,347	112,943
Public ways and facilities/transportation	1,000,301	471,613	381,442	90,171
Parks and recreation	1,104,118	1,995,788	1,934,333	61,455
Community development	862,113	880,541	812,726	67,815
Capital outlay	61,625	61,625	61,611	14
Debt service:				
Principal	90,235	90,235	90,235	-
Interest and fiscal charges	10,118	10,118	10,119	(1)
Total expenditures	29,193,820	29,343,391	28,965,347	378,044
REVENUES OVER (UNDER) EXPENDITURES	(3,584,761)	(3,412,332)	(956,249)	2,456,083
OTHER FINANCING SOURCES (USES):				
Transfers in	1,756,506	1,909,951	1,936,259	26,308
Transfers out	(282,505)	(288,505)	(289,327)	(822)
Total other financing sources (uses)	1,474,001	1,621,446	1,646,932	25,486
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (2,110,760)	$ (1,790,886)	690,683	$ 2,481,569
FUND BALANCES:				
Beginning of year			18,990,943	
End of year			$ 19,681,626	

City of Turlock
Required Supplementary Information, Continued
For the year ended June 30, 2011

Budgetary Comparison Schedule -
Stan County Housing Consortium

	Budget			
	Original	Amended	Actual	Variance
REVENUES:				
Use of money and property			$ 79	$ 79
Intergovernmental	$ 3,976,888	$ 3,976,888	2,375,303	(1,601,585)
Other	53,500	53,500	6,355	(47,145)
Total revenues	4,030,388	4,030,388	2,381,737	(1,648,651)
EXPENDITURES:				
Current:				
Community development	4,042,400	4,042,400	2,376,750	1,665,650
Total expenditures	4,042,400	4,042,400	2,376,750	1,665,650
REVENUES OVER (UNDER) EXPENDITURES	(12,012)	(12,012)	4,987	16,999
OTHER FINANCING SOURCES (USES):				
Transfers in	54,095	54,095	-	(54,095)
Transfers out	(55,145)	(55,145)	(9,146)	45,999
Total other financing sources (uses)	(1,050)	(1,050)	(9,146)	(8,096)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (13,062)	$ (13,062)	(4,159)	$ 8,903
FUND BALANCES:				
Beginning of year, as restated			21,843	
End of year			$ 17,684	

City of Turlock
Required Supplementary Information, Continued
For the year ended June 30, 2011

Budgetary Comparison Schedule - Housing Set-Aside Fund

	Budget			
	Original	Amended	Actual	Variance
REVENUES:				
Taxes and assessments	$ 1,265,000	$ 1,265,000	$ 1,301,880	$ 36,880
Use of money and property	5,000	5,000	23,430	18,430
Other			750	750
Total revenues	1,270,000	1,270,000	1,326,060	56,060
EXPENDITURES:				
Current:				
Community development	2,922,860	4,103,350	984,170	3,119,180
Capital outlay		350,000	327,185	22,815
Total expenditures	2,922,860	4,453,350	1,311,355	3,141,995
REVENUES OVER (UNDER) EXPENDITURES	(1,652,860)	(3,183,350)	14,705	3,198,055
OTHER FINANCING SOURCES (USES):				
Transfers out	(165,714)	(165,714)	(193,772)	(28,058)
Total other financing sources (uses)	(165,714)	(165,714)	(193,772)	(28,058)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (1,818,574)	$ (3,349,064)	(179,067)	$ 3,169,997
FUND BALANCES:				
Beginning of year			5,989,937	
End of year			$ 5,810,870	

City of Turlock
Required Supplementary Information, Continued
For the year ended June 30, 2011

Budgetary Comparison Schedule - Redevelopment

	Budget			
	Original	Amended	Actual	Variance
REVENUES:				
Taxes and assessments	$ 3,764,800	$ 3,760,000	$ 3,858,784	$ 98,784
Use of money and property	165,000	165,000	139,236	(25,764)
Other		4,800	23,252	18,452
Total revenues	3,929,800	3,929,800	4,021,272	91,472
EXPENDITURES:				
Current:				
Community development	1,669,857	1,683,857	1,622,192	61,665
Debt service:				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	1,790,200	1,790,200	1,340,064	450,136
Issuance costs for Tax Allocation Bonds			137,979	(137,979)
Total expenditures	3,985,057	3,999,057	3,625,235	373,822
REVENUES OVER (UNDER) EXPENDITURES	(55,257)	(69,257)	396,037	465,294
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,078,219)	(23,491,441)	(8,532,894)	14,958,547
Proceeds from long-term debt			15,300,000	15,300,000
			(270,113)	(270,113)
Total other financing sources (uses)	(6,078,219)	(23,491,441)	6,496,993	29,988,434
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (6,133,476)	$ (23,560,698)	6,893,030	$ 30,453,728
FUND BALANCES:				
Beginning of year			15,942,084	
End of year			$ 22,835,114	

City of Turlock
Required Supplementary Information, Continued
For the year ended June 30, 2011

Budgetary Comparison Schedule - Facility Fees

	Budget			
	Original	Amended	Actual	Variance
REVENUES:				
Use of money and property	$ 75,000	$ 75,000	$ 51,631	$ (23,369)
Charges for current services	521,000	521,000	543,494	22,494
Other	15,800	15,800	60,856	45,056
Total revenues	611,800	611,800	655,981	44,181
EXPENDITURES:				
Current:				
General government	830,000	1,046,343	232,470	813,873
Public safety	1,000	1,000	48	952
Public ways and facilities/ transportation	200	200	94	106
Capital outlay	11,368,890	37,804,882	9,347,363	28,457,519
Debt service:				
Principal	234,334	234,335	234,335	-
Interest and fiscal charges	19,076	19,076	19,076	-
Total expenditures	12,453,500	39,105,836	9,833,386	29,272,450
REVENUES OVER (UNDER) EXPENDITURES	(11,841,700)	(38,494,036)	(9,177,405)	29,316,631
OTHER FINANCING SOURCES (USES):				
Transfers in	3,867,476	22,380,698	7,557,219	(14,823,479)
Transfers out	(318,700)	(388,700)	(70,000)	318,700
Loan Proceeds	779,305	779,305		(779,305)
Total other financing sources (uses)	4,328,081	22,771,303	7,487,219	(15,284,084)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (7,513,619)	$ (15,722,733)	(1,690,186)	$ 14,032,547
FUND BALANCES:				
Beginning of year			16,323,160	
End of year			$ 14,632,974	

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Actuarial Assets Over (Under) Accrued Liability	Funded Status	Annual Covered Payroll	Actuarial Assets Over (Under) Liability as Percentage of Covered Payroll
Miscellaneous Employees						
6/30/2003	40,603,454	36,018,211	(4,585,243)	88.7%	10,402,637	-44.1%
6/30/2004	45,110,930	38,459,983	(6,650,947)	85.3%	11,280,476	-59.0%
6/30/2005	49,114,899	41,597,551	(7,517,348)	84.7%	11,569,699	-65.0%
6/30/2006	56,731,507	45,557,368	(11,174,139)	80.3%	12,142,839	-92.0%
6/30/2007	60,368,519	50,006,943	(10,361,576)	82.8%	12,929,803	-80.1%
6/30/2008	68,808,705	55,401,703	(13,407,002)	80.5%	15,071,186	-89.0%
6/30/2009	79,724,165	60,417,996	(19,306,169)	75.8%	15,405,516	-125.3%
6/30/2010	85,536,258	65,593,400	(19,942,858)	76.7%	13,747,656	-145.1%

Safety (Police and Fire) Employees

Beginning with the June 30, 2003 actuarial valuations, employer retirement plans with PERS having fewer than 100 active members could no longer be stand-alone plans and were pooled for valuation purposes. Both the City's fire and police plans met the criteria for pooling and are now part of the "Safety 3% at 50 Risk Pool" which is a cost-sharing multiple-employer defined benefit plan. Disclosure of the schedule of funding progress for this type of plan is not required.

SUPPLEMENTAL INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

The following provides a brief narrative for some the City's more substantial non-major governmental funds.

Gas Tax/Street Improvement
The Gas Tax/Street Improvement fund accounts for the City's Gas Tax (Highway User's Tax) and Local Transportation Fund revenues as well as federal/state/local grants received for street improvement purposes. These revenue sources are used in the maintenance of the City's street/road system including street sweeping, pothole repairs, street light/traffic signal lighting and maintenance, and various street reconstruction projects which are the result of wear and tear. Expenditures in this fund do not include street construction projects which are due to development.

Integrated Waste Management (AB939)
This fund is used to account for revenues received from recycling-related efforts. These revenues are used to fund recycling education programs as well as the City's "Take-Pride-In-Turlock" community cleanup.

Development Impact Fees
Various development impact fee programs are accounted for in this fund. These revenues are collected for and expended on infrastructure improvements designed to mitigate the effects of development throughout the City. These fees are separate, and in most cases, in addition to the impact fees described in the Facility Fee Fund. Not included in this fund are impact fees collected for sewer and/or water infrastructure improvements.

Equipment Replacement
The Equipment Replacement fund accounts for monies set aside to fund the replacement of existing equipment (including computer related equipment) used by various City departments.

Lighting & Landscaping Assessment Districts
This fund accounts for the expenditure of revenues collected under either the Landscaping and Lighting Act of 1972 or the Benefit Assessment Act of 1982. These Acts provide a funding mechanism for the maintenance costs associated with various lighting, landscaping and street improvements within the assessment districts formed under the respective Act.

CDBG, State HOME Program, and Housing Stimulus Funds
This group of funds, when combined with the Stanislaus County Housing Consortium (see major funds), accounts for the various federal funding sources the City receives on an annual basis to assist in the preservation and production of affordable housing within the City.

North Turlock Master Plan
The North Turlock Master Plan fund accounts for the collection and expenditure of development impact fees collected specifically within the master plan boundaries. Fees are collected to fund the cost of infrastructure – transportation, sewer and storm drainage – improvements necessary due to development within the master plan area.

City of Turlock
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue				
	Asset Forfeitures	Gas Tax/ Street Improvement	Integrated Waste Mgmt (AB939)	Bicycle Safety	Sports Facilities
ASSETS					
Cash and investments	$ 8,465	$ 1,437,021	$ 639,902	$ 47,629	$ 95,040
Accounts receivable	10,317	282,134	32,190		7,081
Interest receivable			707		
Loans receivable					
Other assets					
Total assets	$ 18,782	$ 1,719,155	$ 672,799	$ 47,629	$ 102,121
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		$ 141,286	$ 1,346	$ 195	$ 23,646
Payroll payable		20,606			8,703
Due to other funds					
Deferred revenue					14,000
Total liabilities		161,892	1,346	195	46,349
Fund Balances:					
Non-Spendable					
Restricted		1,373,195	608,357		
Committed	18,782		63,096	47,434	16,396
Assigned		184,068			39,376
Unassigned					
Total fund balances	18,782	1,557,263	671,453	47,434	55,772
Total liabilities and fund balances	$ 18,782	$ 1,719,155	$ 672,799	$ 47,629	$ 102,121

Special Revenue						
Animal Fees Forfeiture	Development Impact Fees	Equipment Replacement	NW Triangle Plan Fee	Development Benefit	Lighting & Landscaping Assessment Districts	Downtown Assessment District
$ 25,615	$ 4,685,691	$ 2,849,890	$ 878,433	$ 606,649	$ 9,116,721	$ 55,088
		24,984			97,520	
	4,751		953	637	9,554	
$ 25,615	$ 4,690,442	$ 2,874,874	$ 879,386	$ 607,286	$ 9,223,795	$ 55,088
$ 3,991	$ 1,086	$ 17,996			$ 25,702	
					19,205	
3,991	1,086	17,996			44,907	
					9,099,033	55,088
21,624	4,689,356	2,856,878	879,386	607,286		
					79,855	
21,624	4,689,356	2,856,878	879,386	607,286	9,178,888	55,088
$ 25,615	$ 4,690,442	$ 2,874,874	$ 879,386	$ 607,286	$ 9,223,795	$ 55,088

(Continued)

City of Turlock
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2011

	Special Revenue				
	Northeast Turlock CFD #2	CDBG	State HOME Funds	Housing Stimulus Funds	Grant Funds
ASSETS					
Cash and investments	$ 77,208	$ 22,156			$ 28,362
Accounts receivable	1,973	96,880	687,330	199,272	306,238
Interest receivable					
Loans receivable		5,382,454	4,456,054	127,255	
Other assets					
Total assets	$ 79,181	$ 5,501,490	$ 5,143,384	$ 326,527	$ 334,600
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		$ 15,947		$ 997	$ 40,949
Payroll payable		9,803			17,305
Due to other funds		20,681	$ 436,430	331,830	110,726
Deferred revenue		5,382,454	4,456,054	$ 127,255	
Total liabilities		5,428,885	4,892,484	460,082	168,980
Fund Balances:					
Non-Spendable					
Restricted	79,181	11,711	250,900		165,620
Committed					
Assigned		60,894			
Unassigned				(133,555)	
Total fund balances	79,181	72,605	250,900	(133,555)	165,620
Total liabilities and fund balances	$ 79,181	$ 5,501,490	$ 5,143,384	$ 326,527	$ 334,600

Special Revenue	Capital Projects				
Total	Capital Improvement	Street Light Installation	Downtown Improvement Project	North Turlock Master Plan	North East Turlock Master Plan
$ 20,573,870	$ 663,531	$ 161,177	$ 251,699	$ 3,082,767	$ 1,198,823
1,745,919					
16,602	698	170		3,246	1,239
9,965,763					
$ 32,302,154	$ 664,229	$ 161,347	$ 251,699	$ 3,086,013	$ 1,200,062
$ 273,141	$ 704	$ 83			
75,622					
899,667					
9,979,763					
11,228,193	704	83			
11,643,085					
9,200,238	663,525	161,264	251,699	3,086,013	1,200,062
364,193					
(133,555)					
21,073,961	663,525	161,264	251,699	3,086,013	1,200,062
$ 32,302,154	$ 664,229	$ 161,347	$ 251,699	$ 3,086,013	$ 1,200,062

(Continued)

City of Turlock
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2011

	Capital Projects			
	Turlock Regional Industrial Park	East Tuolumne Master Plan	Total	Total Nonmajor Funds
ASSETS				
Cash and investments			$ 5,357,997	$ 25,931,867
Accounts receivable	$ 562,891		562,891	2,308,810
Interest receivable			5,353	21,955
Loans receivable				9,965,763
Other assets				
Total assets	$ 562,891	$ -	$ 5,926,241	$ 38,228,395
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 210,668		$ 211,455	$ 484,596
Payroll payable				75,622
Due to other funds	328,492	$ 148,000	476,492	1,376,159
Deferred revenue				9,979,763
Total liabilities	539,160	148,000	687,947	11,916,140
Fund Balances:				
Non-Spendable				
Restricted				11,643,085
Committed	23,731	(148,000)	5,238,294	14,438,532
Assigned				364,193
Unassigned				(133,555)
Total fund balances	23,731	(148,000)	5,238,294	26,312,255
Total liabilities and fund balances	$ 562,891	$ -	$ 5,926,241	$ 38,228,395

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City of Turlock
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2011

	Special Revenue					
	Asset Forfeitures	Gas Tax/ Street Improvement	Integrated Waste Mgmt (AB939)	Bicycle Safety	Sports Facilities	Animal Fees Forfeiture
REVENUES:						
Taxes and assessments						
Licenses and permits				$ 14,301		
Use of money and property		$ 4,850	$ 3,828		165	
Intergovernmental	$ 10,323	4,120,191	89,948			
Charges for current services		27,833	63,096		$ 245,240	$ 21,694
Other		32,775	4,125			
Total revenues	10,323	4,185,649	160,997	14,301	245,405	21,694
EXPENDITURES:						
Current:						
General government			60,948			
Public safety	5,000			8,752		24,536
Public ways and facilities/transportation		1,664,878				
Parks and recreation					453,962	
Community development						
Capital outlay		3,563,937			38,495	
Debt service:						
Principal		28,606				
Interest and fiscal charges		5,172				
Total expenditures	5,000	5,262,593	60,948	8,752	492,457	24,536
REVENUES OVER (UNDER) EXPENDITURES	5,323	(1,076,944)	100,049	5,549	(247,052)	(2,842)
OTHER FINANCING SOURCES (USES):						
Transfers in		78,688			257,335	
Transfers out		(647,717)			(149)	
Loan Proceeds						
Total other financing sources (uses)	-	(569,029)	-	-	257,186	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	5,323	(1,645,973)	100,049	5,549	10,134	(2,842)
FUND BALANCES:						
Beginning of year	13,459	3,203,236	571,404	41,885	45,638	24,466
End of year	$ 18,782	$ 1,557,263	$ 671,453	$ 47,434	$ 55,772	$ 21,624

Special Revenue					
Development Impact Fees	Equipment Replacement	NW Triangle Plan Fee	Development Benefit	Lighting & Landscaping Assessment Districts	Downtown Assessment District
	$ 97,018			$ 2,607,629	
$ 81,786					
19,955	-	$ 5,340	$ 3,594	38,689	
	231,931	5,757		12,102	
-	21,231			2,263	
101,741	350,180	11,097	3,594	2,660,683	-
-	81,518				
-	38,651				
44,003	7,141	25		1,439,718	
-	2,210				
-	21,925				
104,055	70,534			22,319	
-	-				
75,967	-				
23,079	-				
247,104	221,979	25	-	1,462,037	-
(145,363)	128,201	11,072	3,594	1,198,646	-
-	55,250				
(13,315)	(214,419)	(116,048)		(81,183)	
(13,315)	(159,169)	(116,048)	-	(81,183)	-
(158,678)	(30,968)	(104,976)	3,594	1,117,463	-
4,848,034	2,887,846	984,362	603,692	8,061,425	55,088
$ 4,689,356	$ 2,856,878	$ 879,386	$ 607,286	$ 9,178,888	$ 55,088

(Continued)

City of Turlock
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds, Continued
For the year ended June 30, 2011

	Special Revenue				
	Northeast Turlock CFD #2	CDBG	State HOME Funds	Housing Stimulus Funds	Grant Funds
REVENUES:					
Taxes and assessments	$ 364,644				
Licenses and permits					
Use of money and property	4,541				$ 30
Intergovernmental		$ 748,125	$ 687,330	$ 1,161,791	1,437,163
Charges for current services					2,494
Other		171,155	75,530	1,022,531	49,646
Total revenues	369,185	919,280	762,860	2,184,322	1,489,333
EXPENDITURES:					
Current:					
General government	11,179				-
Public safety					719,640
Public ways and facilities/transportation					-
Parks and recreation					499,602
Community development		981,787	684,750	1,110,141	-
Capital outlay					87,137
Debt service:					-
Principal					-
Interest and fiscal charges					
Total expenditures	11,179	981,787	684,750	1,110,141	1,306,379
REVENUES OVER (UNDER) EXPENDITURES	358,006	(62,507)	78,110	1,074,181	182,954
OTHER FINANCING SOURCES (USES):					
Transfers in		102,873		2,713	2,537
Transfers out	(356,200)	(68,566)		(4,550)	(83,704)
Loan Proceeds					
Total other financing sources (uses)	(356,200)	34,307	-	(1,837)	(81,167)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,806	(28,200)	78,110	1,072,344	101,787
FUND BALANCES:					
Beginning of year	77,375	100,805	172,790	(1,205,899)	63,833
End of year	$ 79,181	$ 72,605	$ 250,900	$ (133,555)	$ 165,620

Special Revenue	Capital Projects				
Total	Capital Improvement	Street Light Installation	Downtown Improvement Project	North Turlock Master Plan	North East Turlock Master Plan
$ 3,069,291					
96,087					
80,992	$ 3,989	$ 864		$ 13,610	$ 5,051
8,254,871		433,756			
610,147	7,034				976,339
1,379,256					
13,490,644	11,023	434,620	-	13,610	981,390
153,645	4,244				
796,579					
3,155,765				88	1,008,766
955,774	14,514				
2,798,603					
3,886,477		433,901		23,386	
104,573					
28,251					
11,879,667	18,758	433,901	-	23,474	1,008,766
1,610,977	(7,735)	719	-	(9,864)	(27,376)
499,396	40,175				
(1,585,851)				(35,000)	(60,000)
-					
(1,086,455)	40,175	-	-	(35,000)	(60,000)
524,522	32,440	719	-	(44,864)	(87,376)
20,549,439	631,085	160,545	251,699	3,130,877	1,287,438
$ 21,073,961	$ 663,525	$ 161,264	$ 251,699	$ 3,086,013	$ 1,200,062

(Continued)

City of Turlock

Combining Statement of Revenues, Expenditures, and Changes in Fund Balanc
Nonmajor Governmental Funds, Continued
For the year ended June 30, 2011

	Capital Projects			
	Turlock Regional Industrial Park	East Tuolumne Master Plan	Total	Total Nonmajor Funds
REVENUES:				
Taxes and assessments			$	$ 3,069,291
Licenses and permits			-	96,087
Use of money and property			23,514	104,506
Intergovernmental			433,756	8,688,627
Charges for current services			983,373	1,593,520
Other			-	1,379,256
Total revenues	-	-	1,440,643	14,931,287
EXPENDITURES:				
Current:				
General government			4,244	157,889
Public safety			-	796,579
Public ways and facilities/transportation	22,963		1,031,817	4,187,582
Parks and recreation			14,514	970,288
Community development			-	2,798,603
Capital outlay	2,819,268		3,276,555	7,163,032
Debt service:				
Principal			-	104,573
Interest and fiscal charges			-	28,251
Total expenditures	2,842,231	-	4,327,130	16,206,797
REVENUES OVER (UNDER) EXPENDITURES	(2,842,231)	-	(2,886,487)	(1,275,510)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,111,157		2,151,332	2,650,728
Transfers out	(35,000)	(20,000)	(150,000)	(1,735,851)
Loan Proceeds	702,136		702,136	702,136
Total other financing sources (uses)	2,778,293	(20,000)	2,703,468	1,617,013
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(63,938)	(20,000)	(183,019)	341,503
FUND BALANCES:				
Beginning of year	87,669	(128,000)	5,421,313	25,970,752
End of year	$ 23,731	$ (148,000)	$ 5,238,294	$ 26,312,255

(Concluded)

NON-MAJOR PROPRIETARY FUNDS

Airport

This fund accounts for grant revenues received from the State and Federal governments which are being expended to fund capital improvements at the Turlock Municipal Airport. The day-to-day operations of the airport and the capital improvement projects are under the control of the Turlock Regional Aviation Association under a Facilities Management Agreement with the City of Turlock.

Transportation

The Transportation fund accounts for the activities of the City's fixed-route (BLST) and Dial-a-Ride bus systems which are in part funded with Local Transportation and Federal Transportation funds.

Building & Safety

This fund accounts for the activities of the City's Building Division. These activities include the issuance of building permits, checking building plans submitted for compliance with applicable State and local codes (plan check), performing building inspection for construction projects in town and providing assistance as needed to citizens with building-related questions/issues.

City of Turlock
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2011

	Airport	Transportation	Building & Safety	Total Nonmajor Funds
ASSETS				
Current assets:				
Cash and investments	$ 80,729	$ 451,850	$ 123,068	$ 655,647
Accounts receivable		2,002,347		2,002,347
Interest receivable		1,006		1,006
Due from other funds				-
Total current assets	80,729	2,455,203	123,068	2,659,000
Capital assets				
Non-depreciable	266,263	2,075,056		2,341,319
Depreciable, net of depreciation	2,054,476	4,212,761		6,267,237
Total capital assets	2,320,739	6,287,817	-	8,608,556
Total Assets	2,401,468	8,743,020	123,068	11,267,556
LIABILITIES				
Current liabilities:				
Accounts payable		82,934	13,268	96,202
Salaries payable		3,401	19,006	22,407
Due to other funds			101,454	101,454
Deferred revenue		1,310,290		1,310,290
Compensated absences - due in one year		3,712	11,735	15,447
Total current liabilities	-	1,400,337	145,463	1,545,800
Compensated absences - due in more than one year		14,849	46,940	61,789
Net OPEB Obligation		12,384	103,765	116,149
Total liabilities	-	1,427,570	296,168	1,723,738
NET ASSETS				
Invested in capital assets, net of related debt	2,320,739	6,287,817	-	8,608,556
Unrestricted	80,729	1,027,633	(173,100)	935,262
Total net assets	$ 2,401,468	$ 7,315,450	$ (173,100)	$ 9,543,818

City of Turlock
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
For the year ended June 30, 2011

	Airport	Transportation	Building & Safety	Total
OPERATING REVENUES:				
Charges for services		$ 135,079	$ 643,144	$ 778,223
Intergovernmental	$ 20,000	3,271,770		3,291,770
Other income		9,320	391	9,711
Total operating revenues	20,000	3,416,169	643,535	4,079,704
OPERATING EXPENSES:				
Salaries, benefits and insurance		112,891	846,806	959,697
Contractual		643,983	145,658	789,641
Supplies and maintenance		36,138	3,458	39,596
Utilities		6,602	9,346	15,948
Fleet expense		250,306	7,400	257,706
Depreciation and amortization	78,766	222,866		301,632
Other expenses		13,014	10,187	23,201
Total operating expenses	78,766	1,285,800	1,022,855	2,387,421
Operating income (loss)	(58,766)	2,130,369	(379,320)	1,692,283
NONOPERATING REVENUES (EXPENSES):				
Interest income		9,713	559	10,272
Loss on disposal of capital assets		(74,241)		(74,241)
Total nonoperating revenues (expenses)	-	(64,528)	559	(63,969)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(58,766)	2,065,841	(378,761)	1,628,314
Transfers in			76,897	76,897
Transfers out		(6,000)	(5,956)	(11,956)
Total transfers	-	(6,000)	70,941	64,941
Net income (loss)	(58,766)	2,059,841	(307,820)	1,693,255
NET ASSETS:				
Beginning of year	2,460,234	5,255,609	134,720	7,850,563
End of year	$ 2,401,468	$ 7,315,450	$ (173,100)	$ 9,543,818

City of Turlock
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year Ended June 30, 2011

	Airport	Transportation	Building & Safety	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 20,000	$ 2,421,604	$ 643,590	$ 3,085,194
Cash paid to suppliers	-	(936,083)	(163,431)	(1,099,514)
Cash paid to employees		(107,016)	(709,896)	(816,912)
Net cash provided (used) by operating activities	20,000	1,378,505	(229,737)	1,168,768
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in			76,897	76,897
Transfer out		(6,000)	(5,956)	(11,956)
Net cash provided (used) by noncapital financing activities	-	(6,000)	70,941	64,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets		(2,958,386)		(2,958,386)
Proceeds from sale of capital assets		9,025		9,025
Net cash provided (used) by capital and related financing activities	-	(2,949,361)	-	(2,949,361)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received		11,433	559	11,992
Net cash provided (used) by investing activities	-	11,433	559	11,992
Net increase (decrease) in cash and cash equivalents	20,000	(1,565,423)	(158,237)	(1,703,660)
CASH AND CASH EQUIVALENTS:				
Beginning of year	60,729	2,017,273	281,305	2,359,307
End of year	$ 80,729	$ 451,850	$ 123,068	$ 655,647

City of Turlock
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year Ended June 30, 2011

	Airport	Transportation	Building & Safety	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (58,766)	$ 2,130,369	$ (379,320)	$ 1,692,283
Noncash items included in operating income (loss)				
Depreciation and amortization	78,766	222,866		301,632
Changes in assets and liabilities				
Accounts receivable		(1,346,344)	55	(1,346,289)
Accounts payable		13,960	12,618	26,578
Salaries payable		962	2,339	3,301
Deferred revenue		351,779		351,779
Due to other funds			101,454	101,454
Compensated absences		508	3,126	3,634
Net OPEB obligation		4,405	29,991	34,396
Net cash provided (used) by operating activities	$ 20,000	$ 1,378,505	$ (229,737)	$ 1,168,768

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for services or activities performed by one City department for the benefit of other City departments on a cost reimbursement basis.

The concept of major funds introduced by GASB 34 does not apply to Internal Service Funds because, in general, they do not do business with outside parties. GASB 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the City department(s) which benefit(s) from the services the internal service fund provides. The balance sheet items are consolidated with the Governmental Funds in the Statement of Net Assets.

The activities of Internal Service funds continue to be presented separately in the Fund Financial Statements.

Equipment Pool
This fund accounts for repair and maintenance activities for all City vehicles and large equipment as well as monies set aside for the replacement of vehicles used by City departments.

Self Insurance
The Self Insurance fund accounts for the activities of the City's risk management and workers' compensation, property/liability and health (medical, dental and vision) insurance programs.

Information Technology
This fund accounts for the costs incurred to maintain and enhance the City's information technology systems.

Engineering
The Engineering fund accounts for the cost of in-house Engineering services provided both to City departments involved in capital projects as well as to the development community external to City operations. The cost of services to the development community is recovered through various permitting processes.

City of Turlock
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Equipment Pool	Self Insurance	Information Technology	Engineering	Total
ASSETS					
Current assets:					
Cash and investments	$ 2,152,981	$ 7,200,031	$ 269,239	$ 629,682	$ 10,251,933
Accounts receivable	3,113	1,359,507			1,362,620
Interest receivable	2,178	7,646			9,824
Total current assets	2,158,272	8,567,184	269,239	629,682	11,624,377
Capital assets - net	980,933			1,289,896	2,270,829
Total assets	3,139,205	8,567,184	269,239	1,919,578	13,895,206
LIABILITIES					
Current liabilities:					
Accounts payable	26,007	2,167,623	191	8,928	2,202,749
Payroll payable	9,903		11,803	47,514	69,220
Interest payable				9,041	9,041
Compensated absences - due within one year	9,131		14,180	34,168	57,479
Capital lease obligations - due within one year				86,036	86,036
Deposits payable				5,173	5,173
Total current liabilities	45,041	2,167,623	26,174	190,860	2,429,698
Long-term liabilities:					
Claims liability - due in more than one year		2,764,290			2,764,290
Compensated absences - due in more than one year	36,526		56,719	136,674	229,919
Net OPEB obligation	(82,072)		59,713	216,758	194,399
Capital lease obligation - due in more than one year				495,431	495,431
Total long-term liabilities	(45,546)	2,764,290	116,432	848,863	3,684,039
Total liabilities	(505)	4,931,913	142,606	1,039,723	6,113,737
NET ASSETS					
Invested in capital assets, net of related debt	980,933		-	708,429	1,689,362
Unrestricted	2,158,777	3,635,271	126,633	171,426	6,092,107
Total net assets	$ 3,139,710	$ 3,635,271	$ 126,633	$ 879,855	$ 7,781,469

City of Turlock
Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2011

	Equipment Pool	Self Insurance	Information Technology	Engineering	Total
OPERATING REVENUES:					
Charges for services	$ 534,478	$ 7,387,272	$ 651,459	$ 1,534,641	$ 10,107,850
Refunds & Other Income	70,087	2,157,700		54,538	2,282,325
Total operating revenues	604,565	9,544,972	651,459	1,589,179	12,390,175
OPERATING EXPENSES:					
Salaries, benefits and insurance	399,654	10,669,414	551,377	1,585,730	13,206,175
Contractual	18,873	15,000	49,444	400,551	483,868
Supplies and maintenance	5,126		1,301	32,874	39,301
Utilities	36,431		19,534	24,644	80,609
Fleet expense	43,442		169	12,165	55,776
Depreciation and amortization	350,434			65,002	415,436
Other expenses	2,282	42,630	8,455	2,824	56,191
Total operating expenses	856,242	10,727,044	630,280	2,123,790	14,337,356
Operating income (loss)	(251,677)	(1,182,072)	21,179	(534,611)	(1,947,181)
NONOPERATING REVENUES (EXPENSES):					
Interest income	9,414	28,188	361	2,227	40,190
Gain (loss) on disposal of capital assets	2,900				2,900
Interest expense				(28,894)	(28,894)
Total nonoperating revenues (expenses)	12,314	28,188	361	(26,667)	14,196
Income (loss) before operating transfers	(239,363)	(1,153,884)	21,540	(561,278)	(1,932,985)
Transfers in	190,000			304,309	494,309
Transfers out	(2,699)		(762)	(13,613)	(17,074)
Total transfers	187,301	-	(762)	290,696	477,235
Net income (loss)	(52,062)	(1,153,884)	20,778	(270,582)	(1,455,750)
NET ASSETS:					
Beginning of year	3,191,772	4,789,155	105,855	1,150,437	9,237,219
End of year	$ 3,139,710	$ 3,635,271	$ 126,633	$ 879,855	$ 7,781,469

City of Turlock
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2011

	Equipment Pool	Self Insurance	Information Technology	Engineering	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 545,059	$ 6,533,336	$ 651,459	$ 1,538,455	$ 9,268,309
Cash paid to suppliers	(98,503)	1,311,044	(76,979)	(464,657)	670,905
Cash paid to employees	(458,733)	(10,669,414)	(528,938)	(1,537,950)	(13,195,035)
Other	67,805	2,115,070	(8,455)	51,714	2,226,134
Net cash provided (used) by operating activities	55,628	(709,964)	37,087	(412,438)	(1,029,687)
CASH FLOWS FROM NONCAPITAL FINANICNG ACTIVITIES:					
Operating transfers in	190,000			304,309	494,309
Operating transfers out	(2,699)		(762)	(13,613)	(17,074)
Net cash provided (used) by noncapital capital financing activities	187,301	-	(762)	290,696	477,235
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(127,511)				(127,511)
Proceeds from disposal of capital assets	2,900				2,900
Principal payments on long-term debt				(82,138)	(82,138)
Interest paid				(30,171)	(30,171)
Net cash provided (used) by capital and related financing activities	(124,611)	-	-	(112,309)	(236,920)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	10,010	42,239	361	2,518	55,128
Net cash provided (used) by investing activities	10,010	42,239	361	2,518	55,128
Net increase (decrease) in cash and cash equivalents	128,328	(667,725)	36,686	(231,533)	(734,244)
CASH AND CASH EQUIVALENTS:					
Beginning of year	2,024,653	7,867,756	232,553	861,215	10,986,177
End of year	$ 2,152,981	$ 7,200,031	$ 269,239	$ 629,682	$ 10,251,933
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (251,677)	$ (1,182,072)	$ 21,179	$ (534,611)	$ (1,947,181)
Noncash items included in operating income (loss)					
Depreciation	350,434			65,002	415,436
Changes in assets and liabilities					
Accounts receivable	10,581	(853,936)		3,814	(839,541)
Accounts payable	5,369	1,326,044	(6,531)	5,577	1,330,459
Payroll payable	(13,573)		(1,104)	(10,517)	(25,194)
Compensated absences	4,090		4,182	15,968	24,240
Deposits					-
Claims liability					-
Net OPEB obligation	(49,596)		19,361	42,329	12,094
Net cash provided (used) by operating activities	$ 55,628	$ (709,964)	$ 37,087	$ (412,438)	$ (1,029,687)

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the Government-wide Financial Statements, but are presented in a separate Fiduciary Fund Financial Statement. For the City of Turlock, the following agent activities are accounted for within the Agency Funds:

- ✓ Turlock Community Facilities District (CFD) #1 – Mello Roos Assessment District – This district was established as a funding mechanism to partially pay for the infrastructure improvements installed in the Monte Vista Crossings shopping area. These improvements were in part funded with the proceeds of a bond issuance which is being retired through annual assessments to the owners of the parcels within the District's boundaries.

- ✓ Turlock Downtown Property and Business Improvement District (PBID) #2 – This is a successor District to one originally established to fund maintenance efforts in downtown Turlock. The current district was established in June 2003 via a vote of the affected property owners. The District has a ten year life and through annual assessments funds prescribed maintenance efforts within the District's boundaries as well as promotional activities for the downtown area.

City of Turlock
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Northwest Triangle - Mello Roos Assessments				
Assets				
Cash and investments	$ 440,885	$ 683,108	$ (432,132)	$ 691,861
Cash and investments with fiscal agents	418,490	45	(48)	418,487
Accounts and interest receivable	129,624	4,527	(129,624)	4,527
Total assets	$ 988,999	$ 687,680	$ (561,804)	$ 1,114,875
Liabilities				
Due to others	$ 988,999	$ 687,680	$ (561,804)	$ 1,114,875
Total liabilities	$ 988,999	$ 687,680	$ (561,804)	$ 1,114,875
Property & Business Improvement District #2				
Assets				
Cash and investments	$ 18,616	$ 184,197	$ (171,567)	$ 31,246
Accounts and interest receivable	3,915	41,808	(3,915)	41,808
Total assets	$ 22,531	$ 226,005	$ (175,482)	$ 73,054
Liabilities				
Accounts payable	$ -	$ 24,542		$ 24,542
Due to others	22,531	201,463	(175,482)	48,512
Total liabilities	$ 22,531	$ 226,005	$ (175,482)	$ 73,054
Total - All Agency Funds				
Assets				
Cash and investments	$ 459,501	$ 867,305	$ (603,699)	$ 723,107
Cash and investments with fiscal agents	418,490	45	(48)	418,487
Accounts and interest receivable	133,539	46,335	(133,539)	46,335
Total assets	$ 1,011,530	$ 913,685	$ (737,286)	$ 1,187,929
Liabilities				
Accounts payable	$ -	$ 24,542	$ -	$ 24,542
Due to others	1,011,530	889,143	(737,286)	1,163,387
Total liabilities	$ 1,011,530	$ 913,685	$ (737,286)	$ 1,187,929

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REDEVELOPMENT AGENCY OF THE CITY OF TURLOCK

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Redevelopment Agency of the City of Turlock
For the year ended June 30, 2011

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C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Turlock (Agency), a component unit of the City of Turlock, California (City), as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Agency's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Agency's 2010 financial statements and, in our reported dated December 29, 2010, we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1 to the basic financial statements, these basic financial statements present only the Agency's and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 8 of the basic financial statements, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

As described in Note 1 to the financial statements, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011 on our consideration of the Agency'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The Excess Surplus Computation as of July 1, 2010 is not a required part of the basic financial statements, but is supplementary information required by the California State Controller's office. The Excess Surplus Computation as of July 1, 2010 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this missing information.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
December 28, 2011

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Redevelopment Agency of the City of Turlock
Statement of Net Assets
June 30, 2011
(With comparative totals for June 30, 2010)

	Governmental Activities	
ASSETS	2011	2010
Current assets:		
Cash and investments	$ 8,105,368	$ 16,709,375
Cash and investments with fiscal agent	21,708,203	6,984,766
Accounts receivable	222,094	204,479
Interest receivable	36,307	47,940
Total current assets	30,071,972	23,946,560
Noncurrent assets:		
Loans receivable	7,237,718	6,398,354
Deferred charges	699,573	585,969
Capital assets:		
Nondepreciable	1,884,936	1,557,751
Depreciable, net	7,376,809	7,523,070
Total capital assets	9,261,745	9,080,821
Total noncurrent assets	17,199,036	16,065,144
Total Assets	47,271,008	40,011,704
LIABILITIES		
Current liabilities:		
Accounts payable	109,324	489,677
Payroll payable	4,601	4,065
Interest payable	864,445	448,363
Deposits payable	1,058,053	1,269,755
Long-term debt, due within one year	840,000	525,000
Total current liabilities	2,876,423	2,736,860
Noncurrent liabilities:		
Loan payable to City of Turlock		
Long-term debt, due in more than one year	41,776,388	27,593,850
Total noncurrent liabilities	41,776,388	27,593,850
Total Liabilities	44,652,811	30,330,710
NET ASSETS		
Invested in capital assets, net of related debt	6,391,504	6,060,485
Restricted for:		
Special projects and programs	13,581,136	12,594,096
Total restricted	13,581,136	12,594,096
Unrestricted	(17,354,443)	(8,973,587)
Total Net Assets	$ 2,618,197	$ 9,680,994

See accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of Turlock
Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2011
(With comparative totals for the fiscal year ended June 30, 2010)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue And Changes in Net Assets: Governmental Activities 2011	Governmental Activities 2010
Primary government:				
Governmental activities:				
Community development	$ 1,910,309	$ -	$ (1,910,309)	$ (7,765,974)
Interest on long-term debt	1,773,172		(1,773,172)	(1,367,615)
Total governmental activities	3,683,481	-	(3,683,481)	(9,133,589)
General revenues and transfers:				
Taxes:				
Property			5,160,664	6,142,918
Interest and investment earnings			162,683	267,958
Miscellaneous			24,003	
Transfers to other City funds			(8,726,666)	(5,173,120)
Total general revenues and transfers			(3,379,316)	1,237,756
Changes in net assets			(7,062,797)	(7,895,833)
Net Assets:				
Beginning of year			9,680,994	17,576,827
End of year			$ 2,618,197	$ 9,680,994

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Redevelopment Agency of the City of Turlock
Balance Sheet
Governmental Funds
June 30, 2011
(With comparative totals for June 30, 2010)

	Major Funds				
	Special Revenue	Capital Projects			
	Housing Set Aside	Redevelopment	Downtown Improvement Project	Total 2011	Total 2010
Assets					
Cash and investments	$ 5,906,368	$ 1,947,301	$ 251,699	$ 8,105,368	$16,709,375
Cash and investments with fiscal agent		21,708,203		21,708,203	6,984,766
Accounts Receivable	70	222,024		222,094	204,479
Interest receivable	6,341	29,966		36,307	47,940
Loans receivable	7,237,718			7,237,718	6,398,354
Total Assets	$13,150,497	$ 23,907,494	$ 251,699	$37,309,690	$30,344,914
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 101,908	$ 7,416		$ 109,324	$ 489,677
Payroll payable		4,601		4,601	4,065
Deferred revenue	7,237,718			7,237,718	6,398,354
Deposits payable		1,058,053		1,058,053	1,269,755
Total Liabilities	7,339,626	1,070,070		8,409,696	8,161,851
Fund Balances					
Non-Spendable					
Fiscal Agent Cash		3,637,205		3,637,205	2,296,624
Restricted					
Low- and Moderate-Income Housing	5,810,871			5,810,871	5,989,937
Capital Projects		1,129,221	251,699	1,380,920	9,208,360
Fiscal Agent Cash		18,070,998		18,070,998	4,688,142
Total Fund Balances	5,810,871	22,837,424	251,699	28,899,994	22,183,063
Total Liabilities and Fund Balances	$13,150,497	$ 23,907,494	$ 251,699	$37,309,690	$30,344,914

See accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of Turlock
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds		$ 28,899,994
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources. Therefore capital assets were not reported in the Governmental Funds Balance Sheet.		
Non depreciable capital assets	$ 1,884,936	
Depreciable capital assets	8,750,389	
Accumulated depreciation	(1,373,580)	
Total capital assets		9,261,745
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.		(864,445)
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported as a liability in the Governmental Funds Balance Sheet		
Long-term liabilities - due within one year	$ (840,000)	
Long-term liabilities - due in more than one year	(41,776,388)	
Unamortized cost of issuance included in deferred charges	699,573	
Total long-term liabilities, net of deferred charges		(41,916,815)
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the Governmental Funds Balance Sheet.		7,237,718
Net Assets of Governmental Activities		$ 2,618,197

See accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of Turlock
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011
(With comparative totals for the fiscal year ended June 30, 2010)

	Major Funds				
	Special Revenue	Capital Projects			
	Housing Set Aside	Redevelopment	Downtown Improvement Project	Total 2011	Total 2010
Revenues					
Taxes and assessments	$ 1,301,880	$ 3,858,784		$ 5,160,664	$ 6,142,918
Use of money and property	23,430	139,253		162,683	267,958
Miscellaneous	750	23,253		24,003	16,588
Total Revenues	1,326,060	4,021,290		5,347,350	6,427,464
Expenditures					
Current:					
Public ways/facilities					
Community development	984,169	1,619,243		2,603,412	8,213,616
Capital outlay	327,185			327,185	
Debt service					
Principal		525,000		525,000	505,000
Interest and fiscal charges		1,340,064		1,340,064	1,364,345
Issuance costs for Tax Allocation Bonds		137,979		137,979	
Total Expenditures	1,311,354	3,622,286		4,933,640	10,082,961
Excess (Deficit) of Revenues over Expenditures	14,706	399,004		413,710	(3,655,497)
Other Financing Sources (Uses)					
Transfers in from other City funds					148,099
Transfers out to other City funds	(193,772)	(8,532,894)		(8,726,666)	(5,321,219)
Issuance of Tax Allocation Bonds		15,300,000		15,300,000	
Premium on Tax Allocation Bonds		(270,113)		(270,113)	
Total Other Financing Sources (Uses)	(193,772)	6,496,993		6,303,221	(5,173,120)
Net change in fund balances	(179,066)	6,895,997		6,716,931	(8,828,617)
Fund Balances, July 1	5,989,937	15,941,427	251,699	22,183,063	31,011,680
Fund Balances, June 30	$ 5,810,871	$ 22,837,424	$ 251,699	$ 28,899,994	$ 22,183,063

See accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of Turlock
Reconciliation of the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2011

Net change in fund balances - Total Governmental Funds		$ 6,716,931
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		327,185
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditures in the governmental funds.		(146,261)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.		
Issuance of Tax Allocation Bonds	$ (15,300,000)	
Discount on issuance of Tax Allocation Bonds, net of current year	102,320	
Bond discount, net of current year amortization	167,793	
Issuance costs, net of current year amoritization	137,979	
	(14,891,908)	
Principal payments on long-term debt	525,000	(14,366,908)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in governmental funds. In addition, governmental funds report the effect of debt issuance costs when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.		(433,108)
Current year disbursement of loan amounts under Agency programs are recorded as expenditures in the Fund Financial Statements and will be recorded as revenue upon repayment. In the Government-Wide financial statements these disbursements are recorded as Loans Receivable and future repayments will reduce the receivable.		839,364
Change in Net Assets of Governmental Activities		$ (7,062,797)

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Redevelopment Agency (Agency) of the City of Turlock, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Reporting Entity

The Agency, a blended component unit of the City of Turlock (City), was created in October 1977 by a City ordinance pursuant to the California Community Redevelopment Law. The members of the City Council serve as the governing board for the Agency. All powers of the Agency are vested in the governing board. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can facilitate the development of on- and off-site improvements, acquire and sell property, construct public buildings and provide services to the project area. The Agency has broad general powers to fulfill the objectives contained in the redevelopment plan, and has created a single redevelopment plan within the boundaries of the City.

The financial transactions of the Agency are also included in the City's Basic Financial Statements and can be obtained from the City's Finance Department located at 156 South Broadway, Turlock, CA 95380.

A component unit, the Agency, is a legally separate organization for which the primary government, the City, is financially accountable; and which the nature and significance of the Agency's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

B. Basis of Accounting/Management Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The Agency's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the Agency.

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Agency are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting/Management Focus (continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Agency has presented all funds as major funds.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Agency are property tax increment and investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Funds

The Agency reports the following major governmental funds:

Special Revenue, Housing Set Aside
This fund accounts for 20% of the tax increment revenue generated within the Agency boundaries which is required under California law to be set aside for low- and moderate-income housing programs.

Capital Projects, Redevelopment
This fund accounts for 80% of the tax increment revenue generated within the Agency boundaries as well as the use of bond proceeds. Activities accounted for in this fund include the repayment of Agency debt, the payment of tax sharing obligations with various taxing agencies within the Agency boundaries, and the expenditure of funds to eliminate blight and encourage economic development consistent with the Agency's implementation plan.

Capital Projects, Downtown Improvement Project
This fund accounts for unexpended monies left from the City's downtown improvement project. These monies can be used for additional improvements and art work within in the downtown.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash, Cash Equivalents, and Investments

In order to facilitate the management of cash, the Agency pools its cash and investments with those of the City of Turlock. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risk are made in the following areas:

- ✓ Interest Rate Risk
- ✓ Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Land Improvements	25-60 years
Furniture and Equipment	5 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the Agency has included all infrastructure into the basic financial statements.

For all infrastructure systems, the Agency elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Original costs were developed based on historical construction/acquisition records. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method was computed using industry accepted life expectancies. The book value was then computed by deducting the accumulated depreciation from the original cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

G. Net Assets and Fund Equity

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

The Agency has adopted the provisions of *GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact , such as debt service reserve funds with fiscal agents or revolving loan fund.

Restricted Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. As of June 30, 2011, the Agency did not have any committed fund balances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Assets and Fund Equity (continued)

Fund Financial Statements (continued)

Assigned Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned This category is for any balances that have no restrictions placed upon them. As of June 30, 2011, the Agency did not have any unassigned fund balances.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Agency uses the unrestricted resources in the following order: committed, assigned, and unassigned.

H. Tax Increment Revenue

When redevelopment agency project areas are adopted a base year assessed value is determined. The property tax revenue generated by this base year assessed value is distributed to respective taxing entities in the same manner as prior to the adoption of a project area. The post-adoption growth in the assessed value for parcels within the project area is referred to as "incremental growth" and the associated property taxes as "tax increment revenue". Tax increment revenue is determined and distributed by Stanislaus County as part of the County's overall property tax apportionment activities as described below.

All property taxes are collected and allocated by Stanislaus County to the various taxing entities. Secured property taxes are determined annually as of January 1, and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

In November 1993, the Agency adopted the "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits tax increment revenue to the Agency based on assessments, not on collections, according to the following schedule: 55% in December, 40% in April, and 5% at the end of the fiscal year. Under this plan a need for an allowance for uncollectible taxes is eliminated.

Tax increment revenue is recognized when it is available and measurable. The Agency considers tax increment revenue as available if it is received within 60 days after the fiscal year end.

I. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosed contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Implementation of New GASB Pronouncements

In 2010-11, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions – This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 59, Financial Instruments Omnibus – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The Agency is a participant in the City's pooled cash activity. The Agency's share of the City's pooled cash at June 30, 2011, was $8,105,368. The following information pertains to the City's cash and investment activity.

Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled and are reported as cash and investments with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated quarterly to the various funds based on average quarterly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

A. Authorized Investments

The City's Investment Policy is adopted by the City Council in accordance with California Government Code (Code) Section 53601 and has as its objectives the following (in order of priority):

- ✓ **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Turlock shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- ✓ **Liquidity:** The City of Turlock's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- ✓ **Return on Investment:** The City of Turlock's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

2. CASH AND INVESTMENTS (continued)

A. Authorized Investments (continued)

Under provisions of the City's Investment Policy, the City may invest in the following types of investments:

- ✓ U.S. Treasury notes, bonds, and/or bills;
- ✓ U.S. Government Federal Agency Securities;
- ✓ Certificate of Deposits;
- ✓ Bankers Acceptances, investment in any one commercial bank is limited to no more than 30% of the total investment in BA's and the maximum maturity for any security at acquisition is 180 days;
- ✓ Commercial Paper, investment in any single issuer is limited to no more than 10% of total investment in Commercial Paper and the maximum maturity for any security at acquisition is 270 days;
- ✓ State of California Local Agency Investment Fund (LAIF);
- ✓ Money Market and Mutual Funds; and
- ✓ Corporate Notes, AAA rated.

Unless otherwise noted, the above investments are authorized within the limitations delineated in Code Sections 53600 et seq. A five-year maximum maturity (at acquisition) for each investment is allowed unless a longer term approved in advance by the City Council.

B. Cash Deposits

At June 30, 2011 the carrying amount of the City's time and demand deposits was $48,164,694. The difference between the bank balance of $50,166,493 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, $100,000 was covered by federal depository insurance with the balance being collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the Code. FDIC coverage is unlimited for noninterest bearing accounts through December 2012. The Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's total deposits, or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

C. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. Maturities as a percentage of the total fair value of the investment portfolio are noted in the table above. The average life of the portfolio is 395 days.

Credit Risk – It is the City's policy that federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

2. CASH AND INVESTMENTS (continued)

C. Risk Disclosures (continued)

At June 30, 2011 the City's credit risks, expressed on a percentage basis were as follows:

	Rating	Investments
US Governments Agencies	AAA	12.38%
CA Local Agency Investment Fund	not rated	61.78%
Certificates of deposit	not rated	23.62%
Corporate Notes	AA+	1.05%
Money Market/Mututal Funds	not rated	1.17%
Total		100.00%

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF, Certificates of Deposit and Money Market/Mutual Funds, are held by a third-party custodian (Wells Fargo Bank). Wells Fargo Bank is a registered member of the Federal Reserve Bank. The securities held by Wells Fargo are in street name and a customer number is assigned to the City identifying ownership.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The change in value of the City's investments from June 30, 2010 to June 30, 2011 amounted to an unrealized loss of $186,800.

D. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. The City values its investment in LAIF at amortized cost, which approximates the fair market value.

The City's investment with LAIF at June 30, 2011 includes a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-Backed Securities entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest payments from a pool of mortgages (e.g., CMOs) or small business loans or credit card receivables (such as ABCP).

2. CASH AND INVESTMENTS (continued)

D. External Investment Pool (continued)

As of June 30, 2011, the City had $60,050,213 invested in LAIF, which had invested 5.01% of the pool's funds in structured notes and asset-backed securities. LAIF's fair value factor of 1.001576470 was used to calculate the fair value of investments in LAIF as of June 30, 2011.

3. LOANS RECEIVABLE

Government Wide Financial Statements

At June 30, 2011, the Agency's loans receivable consisted of the following:

	Governmental Activities
Cherry Tree Village	$ 878,621
Central Valley Coalition for Affordable Housing	4,920,698
First Time Homebuyer Loans	534,287
EAH, Inc.	904,112
Total	$ 7,237,718

Cherry Tree Village
The Agency has a loan receivable with Cherry Tree Village Partners, L.P. to assist with the development of a low/moderate-income housing apartment complex. The loan receivable is pursuant to a Loan Agreement which calls for the Agency to advance a total of $600,000 to the project over eleven years. The loan carries a 5% simple interest rate and is repayable from residual rental receipts per the terms of the Agreement. As of June 30, 2011, the Agency's receivable consists of the full $600,000 in principal plus accrued interest of $278,621

Central Valley Coalition for Affordable Housing
The Central Valley Coalition for Affordable Housing (CVCAH) is a Community Housing Development Organization (CHDO) participating in various projects in Turlock. A CHDO is a private, nonprofit, community-based service organization that has the capacity to develop affordable housing for the community it serves. The City of Turlock, under the HOME Investment Partnership (HOME) Program, is required to reserve HOME funds for investment in housing to be developed, sponsored, or owned by CHDOs. The City must identify and certify qualifying nonprofit organizations as CHDOs through HUD regulations.

CVCAH is currently participating in three types of projects within the City of Turlock – one of which is using Redevelopment Agency low/moderate income housing funds. CVCAH developed *Crane Terrace*, a 44-unit, three-story, low-income senior living apartment complex which was completed and occupied in August 2006. Since then it has averaged close to 100% occupancy. The Redevelopment Agency has loaned $4 million to this $10.5 million project under a Development and Disposition Agreement (DDA) dated April 26, 2005. The DDA calls for repayment of the 55-year note to begin in year 31 from residual rental receipts. The note carries 3% simple interest. The total outstanding principal and interest at June 30, 2011 was $4,920,698.

3. LOANS RECEIVABLE (continued)

Government Wide Financial Statements (continued)

First Time Homebuyer Loans
The First Time Homebuyer Loan (FTHB) program, funded using Federal and/or State of California HOME funds along with Redevelopment Agency low/moderate income housing funds, provides eligible prospective homebuyers within the City of Turlock with up to $80,000 in funding assistance through a silent second deed of trust on their home. The loans are interest free for the first five years and accrue interest at 5% simple interest annually thereafter. The loans are due and payable should the homeowner refinance or sell the property. Proceeds from repaid loans are used to extend new loans. As of June 30, 2011, the Agency funded or assisted in funding 18 outstanding FTHB loans. The total outstanding principal and interest at June 30, 2011 was $534,287.

EAH, Inc.
EAH, Inc. is a nonprofit corporation which develops and manages affordable housing projects in the western United States. The Redevelopment Agency entered into two Disposition and Development Agreements (DDA) with EAH to assist in the development and help secure financing for multi-family housing project on 6.7 acres of property in the area of Linwood Avenue and Hwy 99. The site is currently owned by the City of Turlock and will be conveyed to the developer (EAH) pursuant to the terms of the DDA. The proposed project is a two-phased, 144 unit, three-story, apartment complex for low- and very low-income families with amenities that would complement the project and surrounding neighborhood.

The DDA for Phase 1 and construction of the first 80 units contains funding of up to $5 million of RDA low- and moderate-income funds divided into two separate funding horizons. The first is a pre-construction loan of up to $1 million to reimburse the developer for certain pre-construction, design and engineering costs. The second is a development cost loan of up to $4 million to be used for construction and development of the project, excluding development fees, management fees or other similar fees. The DDA contains conditions which must be achieved in order for the developer to be eligible to receive funding under either loan as well as conditions related to the development of the project, additional funding sources which must be obtained, and conditions for the transfer of ownership of the property.

Each loan will be memorialized with a Promissory Note and will become a recorded deed of trust against the property. The $1 million pre-construction loan is interest free for the earlier of: (1) two years from the date of execution, or (2) when the construction loan closes. Both the pre-construction and development cost loans will be rolled into a permanent loan at the completion of construction. The combined loans will carry a 3% annual interest rate and be repaid using residual receipts over a 55 year period. As of June 30, 2011 the Agency had expended $904,112 of the pre-construction funds.

4. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2011, the Agency's capital assets consisted of the following:

Governmental Activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Non-depreciable Assets:				
Land	$ 1,555,251			$ 1,555,251
Construction in progress	2,500	327,185		329,685
Total nondepreciable assets	**1,557,751**	**327,185**	**-**	**1,884,936**
Depreciable Assets:				
Furniture & Equipment	40,361			40,361
Land Improvements	8,710,028			8,710,028
Total depreciable assets	8,750,389	-	-	8,750,389
Less accumulated depreciation:				
Furniture & Equipment	(40,361)			(40,361)
Land Improvements	(1,186,958)	(146,261)		(1,333,219)
Total accumulated depreciation	(1,227,319)	(146,261)	-	(1,373,580)
Net depreciable assets	**7,523,070**	**(146,261)**	**-**	**7,376,809**
Total governmental activities	**$ 9,080,821**	**$ 180,924**	**$ -**	**$ 9,261,745**

Governmental activities depreciation expense for capital assets for the year ended June 30, 2011 as $146,261 which was recorded as part of Community Development activity expenses.

5. LONG-TERM DEBT

Government-Wide Financial Statements

Following is a summary of the Agency's long-term debt transactions during the fiscal year ended June 30, 2011:

Governmental Activities	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year	Due in more than one year
Loans payable to City of Turlock Public Financing Authority	$ 27,825,000	15,300,000	$ (525,000)	$ 42,600,000	$ 840,000	$ 41,760,000
Add: Unamortized Bond Premium	293,850		(11,230)	282,620		282,620
Less: Unamortized Bond Discount		(270,113)	3,881	(266,232)		(266,232)
Total	$ 28,118,850	$ 15,029,887	$ (532,349)	$ 42,616,388	$ 840,000	$ 41,776,388

5. LONG-TERM DEBT (Continued)

Government-Wide Financial Statements (continued)

Loans Payable to City of Turlock Public Financing Authority
Loans payable to the City of Turlock Public Financing Authority (Authority) consist of the proceeds of three bond issues consummated by the Authority, the proceeds of which were loaned to the Agency. The following provides additional information related to these three loans.

In March 1999, the Authority issued $4,970,000 in Revenue Bonds and loaned the proceeds to the Agency to finance the rehabilitation of the City's downtown area. The Agency's tax increment revenue is pledged for repayment of the bonds (see below) which carry coupon interest rates ranging from 3.5% - 5.55% and have semi-annual principal and interest payments on the first of March and September through September 2024. The outstanding principal for this loan as of June 30, 2011 is $3,245,000. The annual debt service requirements are as follows:

For the Years	1999 Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 160,000	$ 170,873
2013	170,000	162,210
2014	180,000	153,023
2015	185,000	143,441
2016	195,000	133,466
2017-2021	1,165,000	489,818
2022-2026	1,190,000	133,798
	$ 3,245,000	$ 1,386,629

In August 2006, the Authority issued $25,440,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to finance various infrastructure projects to be constructed within the Agency's project area boundaries. As with the 1999 Bonds, the Agency's tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 4.0% - 5.0%, have semi-annual principal and interest payments on the first of March and September through September 2036. The outstanding principal for this loan as of June 30, 2011 is $24,055,000. The annual debt service requirements are as follows:

For the Years	2006 Tax Allocation Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 390,000	$ 841
2013	410,000	1,125,841
2014	430,000	1,106,942
2015	450,000	1,087,141
2016	470,000	1,066,441
2017-2021	2,655,000	5,019,862
2022-2026	3,600,000	4,381,158
2027-2031	6,085,000	3,181,875
2032-2036	7,770,000	1,458,250
2037	1,795,000	44,876
	$ 24,055,000	$ 18,473,227

5. LONG-TERM DEBT (Continued)

Government-Wide Financial Statements (continued)

Loans Payable to City of Turlock Public Financing Authority (continued)

In February 2011, the Authority issued $15,300,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to provide financing assistance for the construction of a new public safety facility in the City's downtown area. As with the bond issuances noted above, the Agency's tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 2.5% - 7.55%, have semi-annual principal and interest payments on the first of March and September through September 2039. The outstanding principal for this loan as of June 30, 2011 is $15,300,000. The annual debt service requirements are as follows:

For the Years Ending June 30,	2011 Tax Allocation Revenue Bonds	
	Principal	Interest
2012	$ 290,000	$ 1,141,538
2013	-	1,069,144
2014	-	1,069,144
2015	260,000	1,063,619
2016	270,000	1,051,681
2017-2021	1,555,000	5,023,254
2022-2026	1,640,000	4,481,200
2027-2031	1,450,000	3,969,150
2032-2036	2,385,000	3,310,688
2037-2040	7,450,000	1,126,874
	$ 15,300,000	$ 23,306,292

Pledged Revenues for 1999 Revenue Bond; and 2006 and 2011 Tax Revenue Allocation Bonds
Pursuant to a Loan Agreement between the Agency, the Authority and the Bond Trustee, the Agency has pledged its tax increment revenue (reduced by the amount allocable to the Housing Set-Aside fund, unsubordinated pass through payments, and amounts payable to other taxing agencies under Redevelopment Law) for repayment of the Bonds. Pledged revenues are further limited to the current fiscal year's debt service requirements. Debt service for 2010-11 was 26% of total tax increment revenues. Total tax increment revenues (prior to Housing Set-Aside and pass through payments) for 2010-11 were $7,292,940; while principal and interest payments on the bonds totaled $1,865,064.

6. RISK MANAGEMENT

The Agency participates in the City's risk management program. All claims are accounted for in the City's general and workers' compensation claims. All claims that were probable liabilities that occurred prior to the year-end and that were estimable were recorded in accordance with GASB Statement No. 10.

7. COMMITMENT – SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUNDS (SERAF)

In July 2009, the State Legislature passed and the governor signed, Assembly Bill (AB) 26x4, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds" (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of $2.05 billion will be made over two years, $1.7 billion in fiscal year 2009-2010 and $350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools.

The California Redevelopment Association (CRA) in conjunction with redevelopment agencies across the State filed suit in Sacramento Superior Court challenging the constitutionality of the SERAF transfers. On May 4, 2010, the Court denied the CRA petition and also rejected a request to stay making payments in accordance with the legislation. CRA appealed the court's decision as well as the denial of a stay on the payments. On May 7, 2010, the Third District Court of Appeals denied CRA's appeal of the stay on making the payments which were due to the County Auditor-Controller's on May 10, 2010. The Court of Appeals has not yet issued a ruling on CRA's appeal of the Superior Court decision.

The Agency's obligation under AB26x4 was $3,337,940 for the 2009-10 fiscal year and will be $687,223 for fiscal year 2010-11. The Agency's 2009-10 and 2010-11 payments were made in a timely fashion using excess increment funds.

8. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills (AB) X1 26 and 27 as part of the State's 2011-12 budget package. AB X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. AB X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program (VARP). Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller beginning in fiscal year 2011-12 and each fiscal year thereafter. AB X1 27 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Turlock intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective.

AB X1 26 directs the California State Controller's Office to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB X1 26.

In the event that AB X1 26 is upheld (see below), any interagency receivable/payable between a city and an agency may become uncollectible by the city resulting in a loss recognized by such funds. Additionally, cities may be impacted if reimbursements previously paid by the redevelopment agency to the city for shared administrative services are reduced or eliminated. The City of Turlock and Turlock Redevelopment Agency did not have any receivable/payable obligations as of June 30, 2011, but the entities do share administrative personnel and the payment of these costs may be effected if AB X1 26 is upheld.

8. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (continued)

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn AB X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of AB X1 27 and most of AB X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." The Court received briefs and responses regarding the lawsuit in September and October 2011 and heard oral arguments in November. A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of AB X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by AB X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule within 60 days of the effective date of the law and draft a Recognized Obligation Payment Schedule by September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On November 8, 2011, City Ordinance No. 1160 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event AB X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be $2.5 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $600,000 will be due annually. The specific amounts to be paid after fiscal year 2011-12 have yet to be determined. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. AB X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its 2011-12 payments. Failure to make these payments would require agencies to be terminated under the provisions of AB X1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the State. In the event that AB X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY CONTROL AND ACCOUNTING

The Agency follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The Executive Director submits to the Agency Board a proposed budget for the fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.

2. The Board reviews the proposed budget at specially scheduled meetings which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested citizens.

3. Prior to July 1, the budget is legally adopted through a passage of a resolution.

4. The Executive Director is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The Board must authorize transfers between funds, between departments, and from the fund balances reserved for specific purposes.

5. Formal budgetary accounting is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the Special Revenue and Capital Projects funds.

6. All budgets are prepared on a basis consistent with generally accepted accounting principles in the United States.

7. Budgeted amounts are reflected after all applicable amendments are revisions.

8. Appropriations lapse at the end of the fiscal year and are rebudgeted, if necessary, for the coming year.

9. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A "department" for legal appropriation purposes may be a single organization (e.g. City Attorney) or an entire department having multiple organizations (e.g. Parks and Recreation) or an entire fund (e.g. Downtown Support).

Redevelopment Agency of the City of Turlock
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual -
Housing Set Aside Fund
For the Fiscal Year Ended June 30, 2011

	Budget			Variance with Amended Budget Positive
	Original	Amended	Actual	(Negative)
Revenues				
Taxes and assessments	$ 1,265,000	$ 1,265,000	$ 1,301,880	$ 36,880
Use of money and property	5,000	5,000	23,430	18,430
Other			750	750
Total Revenues	1,270,000	1,270,000	1,326,060	56,060
Expenditures				
Current				
Community development	2,922,860	4,121,350	984,169	3,137,181
Capital Outlay	-	332,000	327,185	4,815
Total Expenditures	2,922,860	4,453,350	1,311,354	3,141,996
Excess (Deficit) of Revenues over Expenditures	(1,652,860)	(3,183,350)	14,706	3,198,056
Other Financing Sources (Uses)				
Transfers out to other City funds	(165,714)	(165,714)	(193,772)	28,058
Total Other Financing Sources (Uses)	(165,714)	(165,714)	(193,772)	28,058
Net change in fund balance	$ (1,818,574)	$ (3,349,064)	(179,066)	$ 3,226,114
Fund Balance, July 1			5,989,937	
Fund Balance, June 30			$ 5,810,871	

Redevelopment Agency of the City of Turlock
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual - Redevelopment
For the Fiscal Year Ended June 30, 2011

	Budget			Variance with Amended Budget Positive
	Original	Amended	Actual	(Negative)
Revenues				
Taxes and assessments	$ 3,760,000	$ 3,760,000	$ 3,858,784	$ 98,784
Use of money and property	165,000	165,000	139,253	(25,747)
Other	4,800	4,800	23,253	18,453
Total Revenues	3,929,800	3,929,800	4,021,290	91,490
Expenditures				
Current				
Community development	1,669,857	1,683,857	1,619,243	64,614
Debt service				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	1,790,200	1,790,200	1,340,064	450,136
Issuance costs for Tax Allocation Bonds			137,979	(137,979)
Total Expenditures	3,985,057	3,999,057	3,622,286	376,771
Excess (Deficit) of Revenues over Expenditures	(55,257)	(69,257)	399,004	468,261
Other Financing Sources (Uses)				
Transfers out to other City funds	(6,078,219)	(23,491,441)	(8,532,894)	14,958,547
Issuance of Tax Allocation Bonds			15,300,000	15,300,000
Premium on Tax Allocation bonds			(270,113)	(270,113)
Total Other Financing Sources (Uses)	(6,078,219)	(23,491,441)	6,496,993	29,988,434
Net change in fund balance	$ (6,133,476)	$(23,560,698)	6,895,997	$ 30,456,695
Fund Balance, July 1			15,941,427	
Fund Balance, June 30			$ 22,837,424	

SUPPLEMENTAL INFORMATION

Redevelopment Agency of the City of Turlock
Supplementary Information
For the fiscal year ended June 30, 2011

EXCESS SURPLUS CALCULATION

Opening Fund Balance - July 1, 2010	$	5,989,937	
Less Unavailable Amounts:			
Land held for resale	$	-	
Encumbrances (Section 33334.12 (g)(2))		-	
Unspent debt proceeds (Section 33334.12 (g)(3)(B))		-	
Available Low and Moderate Income Housing Funds	$	5,989,937	(a)
Limitation (greater of $1,000,000 or four years LMI set-aside)			
LMI Set-Aside for prior four (4) years:			
Prior Year 4 - 2006-07		1,738,322	
Prior Year 3 - 2007-08		1,872,337	
Prior Year 2 - 2008-09		1,667,252	
Prior Year 1 - 2009-10		1,540,855	
Total Set-Aside for prior four (4) years	$	6,818,766	(b)
Base limitation	$	1,000,000	(c)
Greater of (b) or(c)	$	6,818,766	(d)
Computed Excess Surplus [(a) minus (d) but not less than zero]	$	-	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

We have audited the financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Turlock (Agency), a component unit of the City of Turlock, California (City) as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the Agency's internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
December 28, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

Compliance

We have audited the Redevelopment Agency of the City of Turlock (Agency), a component unit of the City of Turlock, California (City)'s compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
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San Francisco, California
December 28, 2011

TURLOCK PUBLIC FINANCING AUTHORITY

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Turlock Public Financing Authority
For the year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Turlock Public Financing Authority
Turlock, California

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the City of Turlock Public Financing Authority (Authority), a component unit of the City of Turlock, California (City), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements of the Authority are intended to present the financial position, and changes in financial position of only that portion of the City of Turlock, California that is attributable to the Authority. They do not purport to, and do not present the financial position of the City as of June 30, 2011, and changes in its financial position and changes in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. The full impact of this ruling is not known at this time.

As described in Note 5 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Governmental Accounting Standards Board (GASB) Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012 on our consideration of the Authority'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has elected to omit the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented as supplementary information to the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this omitted information.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
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Certified Public Accountants
San Francisco, California
March 29, 2012

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Turlock Public Financing Authority
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Interest receivable	$ 864,445	$ 1,125,948	$ 1,990,393
Total current assets	864,445	1,125,948	1,990,393
Noncurrent assets:			
Cash and investments with fiscal agent	21,708,203	6,868,903	28,577,106
Leases receivable	38,962,795	84,068,776	123,031,571
Deferred charges	699,073	511,767	1,210,840
Total noncurrent assets	61,370,071	91,449,446	152,819,517
Total assets	62,234,516	92,575,394	154,809,910
LIABILITIES			
Current liabilities:			
Accrued interest	864,445	1,125,948	1,990,393
Bonds payable, due within one year	840,000	2,360,000	3,200,000
Total current liabilities	1,704,445	3,485,948	5,190,393
Noncurrent liabilities:			
Bonds payable, due in more than one year	41,776,388	89,089,446	130,865,834
Total noncurrent liabilities	41,776,388	89,089,446	130,865,834
Total liabilities	43,480,833	92,575,394	136,056,227
NET ASSETS			
Restricted for:			
Debt service	3,637,205		3,637,205
Capital projects	15,116,478		15,116,478
Total net assets	$ 18,753,683	$ -	$ 18,753,683

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Total
Governmental activities:					
Interest on long-term debt	$ 1,773,173	$ -	$ (1,773,173)	$ -	$ (1,773,173)
Total governmental activities	1,773,173	-	(1,773,173)	-	(1,773,173)
Business-type activities:					
Sewer	3,146,856	2,887,100	-	(259,756)	(259,756)
Water	1,434,299	1,370,243		(64,056)	(64,056)
Total business-type activities	4,581,155	4,257,343	-	(323,812)	(323,812)
Total	$ 6,354,328	$ 4,257,343	(1,773,173)	(323,812)	(2,096,985)
General revenues:					
Lease revenues			13,986,436		13,986,436
Interest and investment earnings			1,756,146	323,812	2,079,958
Total general revenues			15,742,582	323,812	16,066,394
Transfers to City of Turlock			(195,488)		(195,488)
Total general revenues and transfers			15,547,094	323,812	15,870,906
Changes in net assets			13,773,921	-	13,773,921
Net Assets:					
Beginning of year			4,979,762	-	4,979,762
End of year			$ 18,753,683	$ -	$ 18,753,683

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Turlock Public Financing Authority
Balance Sheet
Governmental Funds
June 30, 2011

Assets	1999 Revenue Bonds	2006 Tax Allocation Revenue Bonds	2011 Tax Allocation Revenue Bonds	Total
Cash and investments with fiscal agent	$ 374,759	$ 6,437,966	$ 14,895,478	$ 21,708,203
Leases receivable	2,870,241	22,133,040	13,959,514	38,962,795
Total Assets	3,245,000	28,571,006	28,854,992	60,670,998
Liabilities				
Deferred revenue	2,870,241	22,133,040	13,959,514	38,962,795
Total Liabilities	2,870,241	22,133,040	13,959,514	38,962,795
Fund Balances				
Non-Spendable				
Fiscal Agent Cash	374,759	1,921,960	1,340,486	3,637,205
Restricted				
Capital projects		4,516,006	13,554,992	18,070,998
Total Fund Balances	374,759	6,437,966	14,895,478	21,708,203
Total Liabilities and Fund Balance	$ 3,245,000	$ 28,571,006	$ 28,854,992	$ 60,670,998

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds		$ 21,708,203
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
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.		(864,445)
Interest receivable on long-term loans.		864,445
Deferred revenue on the governmental funds statement is an offset against leases receivable but on the government-wide statement long-term debt is the offset against leases receivable less any restricted cash and the deferred revenue has been eliminated.		38,962,795
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported as a liability in the Governmental Funds Balance Sheet.		
Long-term liabilities - Bonds payable due within one year	(840,000)	
Long-term liabilities - Bonds payable due in more than one year	(41,776,388)	
Unamortized cost of issuance included in deferred charges	699,073	
Total long-term liabilities, net of deferred charges		(41,917,315)
Net Assets of Governmental Activities		$ 18,753,683

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	1999 Revenue Bonds	2006 Tax Allocation Revenue Bonds	2011 Tax Allocation Revenue Bonds	Total
Revenues				
Lease revenue	$ 150,095	$ 398,352	$ 3,570	$ 552,017
Use of money and property	179,010	1,161,054		1,340,064
Total Revenues	329,105	1,559,406	3,570	1,892,081
Expenditures				
Debt service				
Principal	150,000	375,000		525,000
Interest and fiscal charges	179,010	1,161,054		1,340,064
Issuance costs for Tax Allocation Bonds			137,979	137,979
Total Expenditures	329,010	1,536,054	137,979	2,003,043
Excess (Deficit) of Revenues over Expenditures	95	23,352	(134,409)	(110,962)
Other Financing Sources (Uses)				
Transfer to Turlock Redevelopment Agency		(195,488)		(195,488)
Tax Allocation bond proceeds			15,300,000	15,300,000
Discount on Tax Allocation bonds			(270,113)	(270,113)
Total Other Financing Sources	-	(195,488)	15,029,887	14,834,399
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	95	(172,136)	14,895,478	14,723,437
Fund Balances, July 1, 2010	374,664	6,610,102	-	6,984,766
Fund Balances, June 30, 2011	$ 374,759	$ 6,437,966	$ 14,895,478	$ 21,708,203

See accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of Turlock
Reconciliation of the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the fiscal year ended June 30, 2011

Net change in fund balances - Total Governmental Funds		$ 6,716,931
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		327,185
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as expenditures in the governmental funds.		(146,261)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.		
Issuance of Tax Allocation Bonds	$ (15,300,000)	
Discount on issuance of Tax Allocation Bonds, net of current year	102,320	
Bond discount, net of current year amortization	167,793	
Issuance costs, net of current year amoritization	137,979	
	(14,891,908)	
Principal payments on long-term debt	525,000	(14,366,908)
Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, interest expense is not reported as an expenditure in governmental funds. In addition, governmental funds report the effect of debt issuance costs when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.		(433,108)
Current year disbursement of loan amounts under Agency programs are recorded as expenditures in the Fund Financial Statements and will be recorded as revenue upon repayment. In the Government-Wide financial statements these disbursements are recorded as Loans Receivable and future repayments will reduce the receivable.		839,364
Change in Net Assets of Governmental Activities		$ (7,062,797)

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Redevelopment Agency (Agency) of the City of Turlock, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Reporting Entity

The Agency, a blended component unit of the City of Turlock (City), was created in October 1977 by a City ordinance pursuant to the California Community Redevelopment Law. The members of the City Council serve as the governing board for the Agency. All powers of the Agency are vested in the governing board. The Agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The Agency can facilitate the development of on- and off-site improvements, acquire and sell property, construct public buildings and provide services to the project area. The Agency has broad general powers to fulfill the objectives contained in the redevelopment plan, and has created a single redevelopment plan within the boundaries of the City.

The financial transactions of the Agency are also included in the City's Basic Financial Statements and can be obtained from the City's Finance Department located at 156 South Broadway, Turlock, CA 95380.

A component unit, the Agency, is a legally separate organization for which the primary government, the City, is financially accountable; and which the nature and significance of the Agency's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

B. Basis of Accounting/Management Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The Agency's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the Agency.

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Agency are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting/Management Focus (continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Agency has presented all funds as major funds.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Agency are property tax increment and investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Funds

The Agency reports the following major governmental funds:

Special Revenue, Housing Set Aside
This fund accounts for 20% of the tax increment revenue generated within the Agency boundaries which is required under California law to be set aside for low- and moderate-income housing programs.

Capital Projects, Redevelopment
This fund accounts for 80% of the tax increment revenue generated within the Agency boundaries as well as the use of bond proceeds. Activities accounted for in this fund include the repayment of Agency debt, the payment of tax sharing obligations with various taxing agencies within the Agency boundaries, and the expenditure of funds to eliminate blight and encourage economic development consistent with the Agency's implementation plan.

Capital Projects, Downtown Improvement Project
This fund accounts for unexpended monies left from the City's downtown improvement project. These monies can be used for additional improvements and art work within in the downtown.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash, Cash Equivalents, and Investments

In order to facilitate the management of cash, the Agency pools its cash and investments with those of the City of Turlock. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risk are made in the following areas:

- ✓ Interest Rate Risk
- ✓ Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Land Improvements	25-60 years
Furniture and Equipment	5 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the Agency has included all infrastructure into the basic financial statements.

For all infrastructure systems, the Agency elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Original costs were developed based on historical construction/acquisition records. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line, unrecovered cost method was computed using industry accepted life expectancies. The book value was then computed by deducting the accumulated depreciation from the original cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

G. Net Assets and Fund Equity

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

The Agency has adopted the provisions of *GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact , such as debt service reserve funds with fiscal agents or revolving loan fund.

Restricted Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. As of June 30, 2011, the Agency did not have any committed fund balances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Assets and Fund Equity (continued)

Fund Financial Statements (continued)

Assigned Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned This category is for any balances that have no restrictions placed upon them. As of June 30, 2011, the Agency did not have any unassigned fund balances.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Agency uses the unrestricted resources in the following order: committed, assigned, and unassigned.

H. Tax Increment Revenue

When redevelopment agency project areas are adopted a base year assessed value is determined. The property tax revenue generated by this base year assessed value is distributed to respective taxing entities in the same manner as prior to the adoption of a project area. The post-adoption growth in the assessed value for parcels within the project area is referred to as "incremental growth" and the associated property taxes as "tax increment revenue". Tax increment revenue is determined and distributed by Stanislaus County as part of the County's overall property tax apportionment activities as described below.

All property taxes are collected and allocated by Stanislaus County to the various taxing entities. Secured property taxes are determined annually as of January 1, and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

In November 1993, the Agency adopted the "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits tax increment revenue to the Agency based on assessments, not on collections, according to the following schedule: 55% in December, 40% in April, and 5% at the end of the fiscal year. Under this plan a need for an allowance for uncollectible taxes is eliminated.

Tax increment revenue is recognized when it is available and measurable. The Agency considers tax increment revenue as available if it is received within 60 days after the fiscal year end.

I. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosed contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Implementation of New GASB Pronouncements

In 2010-11, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions – This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 59, Financial Instruments Omnibus – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The Agency is a participant in the City's pooled cash activity. The Agency's share of the City's pooled cash at June 30, 2011, was $8,105,368. The following information pertains to the City's cash and investment activity.

Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled and are reported as cash and investments with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated quarterly to the various funds based on average quarterly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

A. Authorized Investments

The City's Investment Policy is adopted by the City Council in accordance with California Government Code (Code) Section 53601 and has as its objectives the following (in order of priority):

- ✓ **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Turlock shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- ✓ **Liquidity:** The City of Turlock's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- ✓ **Return on Investment:** The City of Turlock's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

2. CASH AND INVESTMENTS (continued)

A. Authorized Investments (continued)

Under provisions of the City's Investment Policy, the City may invest in the following types of investments:

- ✓ U.S. Treasury notes, bonds, and/or bills;
- ✓ U.S. Government Federal Agency Securities;
- ✓ Certificate of Deposits;
- ✓ Bankers Acceptances, investment in any one commercial bank is limited to no more than 30% of the total investment in BA's and the maximum maturity for any security at acquisition is 180 days;
- ✓ Commercial Paper, investment in any single issuer is limited to no more than 10% of total investment in Commercial Paper and the maximum maturity for any security at acquisition is 270 days;
- ✓ State of California Local Agency Investment Fund (LAIF);
- ✓ Money Market and Mutual Funds; and
- ✓ Corporate Notes, AAA rated.

Unless otherwise noted, the above investments are authorized within the limitations delineated in Code Sections 53600 et seq. A five-year maximum maturity (at acquisition) for each investment is allowed unless a longer term approved in advance by the City Council.

B. Cash Deposits

At June 30, 2011 the carrying amount of the City's time and demand deposits was $48,164,694. The difference between the bank balance of $50,166,493 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, $100,000 was covered by federal depository insurance with the balance being collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the Code. FDIC coverage is unlimited for noninterest bearing accounts through December 2012. The Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's total deposits, or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

C. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. Maturities as a percentage of the total fair value of the investment portfolio are noted in the table above. The average life of the portfolio is 395 days.

Credit Risk – It is the City's policy that federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

2. CASH AND INVESTMENTS (continued)

C. Risk Disclosures (continued)

At June 30, 2011 the City's credit risks, expressed on a percentage basis were as follows:

	Rating	Investments
US Governments Agencies	AAA	12.38%
CA Local Agency Investment Fund	not rated	61.78%
Certificates of deposit	not rated	23.62%
Corporate Notes	AA+	1.05%
Money Market/Mututal Funds	not rated	1.17%
Total		100.00%

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF, Certificates of Deposit and Money Market/Mutual Funds, are held by a third-party custodian (Wells Fargo Bank). Wells Fargo Bank is a registered member of the Federal Reserve Bank. The securities held by Wells Fargo are in street name and a customer number is assigned to the City identifying ownership.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The change in value of the City's investments from June 30, 2010 to June 30, 2011 amounted to an unrealized loss of $186,800.

D. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. The City values its investment in LAIF at amortized cost, which approximates the fair market value.

The City's investment with LAIF at June 30, 2011 includes a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-Backed Securities entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest payments from a pool of mortgages (e.g., CMOs) or small business loans or credit card receivables (such as ABCP).

2. CASH AND INVESTMENTS (continued)

D. External Investment Pool (continued)

As of June 30, 2011, the City had $60,050,213 invested in LAIF, which had invested 5.01% of the pool's funds in structured notes and asset-backed securities. LAIF's fair value factor of 1.001576470 was used to calculate the fair value of investments in LAIF as of June 30, 2011.

3. LOANS RECEIVABLE

Government Wide Financial Statements

At June 30, 2011, the Agency's loans receivable consisted of the following:

	Governmental Activities
Cherry Tree Village	$ 878,621
Central Valley Coalition for Affordable Housing	4,920,698
First Time Homebuyer Loans	534,287
EAH, Inc.	904,112
Total	$ 7,237,718

Cherry Tree Village
The Agency has a loan receivable with Cherry Tree Village Partners, L.P. to assist with the development of a low/moderate-income housing apartment complex. The loan receivable is pursuant to a Loan Agreement which calls for the Agency to advance a total of $600,000 to the project over eleven years. The loan carries a 5% simple interest rate and is repayable from residual rental receipts per the terms of the Agreement. As of June 30, 2011, the Agency's receivable consists of the full $600,000 in principal plus accrued interest of $278,621

Central Valley Coalition for Affordable Housing
The Central Valley Coalition for Affordable Housing (CVCAH) is a Community Housing Development Organization (CHDO) participating in various projects in Turlock. A CHDO is a private, nonprofit, community-based service organization that has the capacity to develop affordable housing for the community it serves. The City of Turlock, under the HOME Investment Partnership (HOME) Program, is required to reserve HOME funds for investment in housing to be developed, sponsored, or owned by CHDOs. The City must identify and certify qualifying nonprofit organizations as CHDOs through HUD regulations.

CVCAH is currently participating in three types of projects within the City of Turlock – one of which is using Redevelopment Agency low/moderate income housing funds. CVCAH developed *Crane Terrace*, a 44-unit, three-story, low-income senior living apartment complex which was completed and occupied in August 2006. Since then it has averaged close to 100% occupancy. The Redevelopment Agency has loaned $4 million to this $10.5 million project under a Development and Disposition Agreement (DDA) dated April 26, 2005. The DDA calls for repayment of the 55-year note to begin in year 31 from residual rental receipts. The note carries 3% simple interest. The total outstanding principal and interest at June 30, 2011 was $4,920,698.

3. LOANS RECEIVABLE (continued)

Government Wide Financial Statements (continued)

First Time Homebuyer Loans
The First Time Homebuyer Loan (FTHB) program, funded using Federal and/or State of California HOME funds along with Redevelopment Agency low/moderate income housing funds, provides eligible prospective homebuyers within the City of Turlock with up to $80,000 in funding assistance through a silent second deed of trust on their home. The loans are interest free for the first five years and accrue interest at 5% simple interest annually thereafter. The loans are due and payable should the homeowner refinance or sell the property. Proceeds from repaid loans are used to extend new loans. As of June 30, 2011, the Agency funded or assisted in funding 18 outstanding FTHB loans. The total outstanding principal and interest at June 30, 2011 was $534,287.

EAH, Inc.
EAH, Inc. is a nonprofit corporation which develops and manages affordable housing projects in the western United States. The Redevelopment Agency entered into two Disposition and Development Agreements (DDA) with EAH to assist in the development and help secure financing for multi-family housing project on 6.7 acres of property in the area of Linwood Avenue and Hwy 99. The site is currently owned by the City of Turlock and will be conveyed to the developer (EAH) pursuant to the terms of the DDA. The proposed project is a two-phased, 144 unit, three-story, apartment complex for low- and very low-income families with amenities that would complement the project and surrounding neighborhood.

The DDA for Phase 1 and construction of the first 80 units contains funding of up to $5 million of RDA low- and moderate-income funds divided into two separate funding horizons. The first is a pre-construction loan of up to $1 million to reimburse the developer for certain pre-construction, design and engineering costs. The second is a development cost loan of up to $4 million to be used for construction and development of the project, excluding development fees, management fees or other similar fees. The DDA contains conditions which must be achieved in order for the developer to be eligible to receive funding under either loan as well as conditions related to the development of the project, additional funding sources which must be obtained, and conditions for the transfer of ownership of the property.

Each loan will be memorialized with a Promissory Note and will become a recorded deed of trust against the property. The $1 million pre-construction loan is interest free for the earlier of: (1) two years from the date of execution, or (2) when the construction loan closes. Both the pre-construction and development cost loans will be rolled into a permanent loan at the completion of construction. The combined loans will carry a 3% annual interest rate and be repaid using residual receipts over a 55 year period. As of June 30, 2011 the Agency had expended $904,112 of the pre-construction funds.

4. CAPITAL ASSETS

Government-Wide Financial Statements

At June 30, 2011, the Agency's capital assets consisted of the following:

Governmental Activities	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Non-depreciable Assets:				
Land	$ 1,555,251			$ 1,555,251
Construction in progress	2,500	327,185		329,685
Total nondepreciable assets	**1,557,751**	**327,185**	**-**	**1,884,936**
Depreciable Assets:				
Furniture & Equipment	40,361			40,361
Land Improvements	8,710,028			8,710,028
Total depreciable assets	8,750,389	-	-	8,750,389
Less accumulated depreciation:				
Furniture & Equipment	(40,361)			(40,361)
Land Improvements	(1,186,958)	(146,261)		(1,333,219)
Total accumulated depreciation	(1,227,319)	(146,261)	-	(1,373,580)
Net depreciable assets	**7,523,070**	**(146,261)**	**-**	**7,376,809**
Total governmental activities	**$ 9,080,821**	**$ 180,924**	**$ -**	**$ 9,261,745**

Governmental activities depreciation expense for capital assets for the year ended June 30, 2011 as $146,261 which was recorded as part of Community Development activity expenses.

5. LONG-TERM DEBT

Government-Wide Financial Statements

Following is a summary of the Agency's long-term debt transactions during the fiscal year ended June 30, 2011:

Governmental Activities	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year	Due in more than one year
Loans payable to City of Turlock Public Financing Authority	$ 27,825,000	15,300,000	$ (525,000)	$ 42,600,000	$ 840,000	$ 41,760,000
Add: Unamortized Bond Premium	293,850		(11,230)	282,620		282,620
Less: Unamortized Bond Discount		(270,113)	3,881	(266,232)		(266,232)
Total	$ 28,118,850	$ 15,029,887	$ (532,349)	$ 42,616,388	$ 840,000	$ 41,776,388

5. LONG-TERM DEBT (Continued)

Government-Wide Financial Statements (continued)

Loans Payable to City of Turlock Public Financing Authority
Loans payable to the City of Turlock Public Financing Authority (Authority) consist of the proceeds of three bond issues consummated by the Authority, the proceeds of which were loaned to the Agency. The following provides additional information related to these three loans.

In March 1999, the Authority issued $4,970,000 in Revenue Bonds and loaned the proceeds to the Agency to finance the rehabilitation of the City's downtown area. The Agency's tax increment revenue is pledged for repayment of the bonds (see below) which carry coupon interest rates ranging from 3.5% - 5.55% and have semi-annual principal and interest payments on the first of March and September through September 2024. The outstanding principal for this loan as of June 30, 2011 is $3,245,000. The annual debt service requirements are as follows:

For the Years	1999 Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 160,000	$ 170,873
2013	170,000	162,210
2014	180,000	153,023
2015	185,000	143,441
2016	195,000	133,466
2017-2021	1,165,000	489,818
2022-2026	1,190,000	133,798
	$ 3,245,000	$ 1,386,629

In August 2006, the Authority issued $25,440,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to finance various infrastructure projects to be constructed within the Agency's project area boundaries. As with the 1999 Bonds, the Agency's tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 4.0% - 5.0%, have semi-annual principal and interest payments on the first of March and September through September 2036. The outstanding principal for this loan as of June 30, 2011 is $24,055,000. The annual debt service requirements are as follows:

For the Years	2006 Tax Allocation Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 390,000	$ 841
2013	410,000	1,125,841
2014	430,000	1,106,942
2015	450,000	1,087,141
2016	470,000	1,066,441
2017-2021	2,655,000	5,019,862
2022-2026	3,600,000	4,381,158
2027-2031	6,085,000	3,181,875
2032-2036	7,770,000	1,458,250
2037	1,795,000	44,876
	$ 24,055,000	$ 18,473,227

5. LONG-TERM DEBT (Continued)

Government-Wide Financial Statements (continued)

Loans Payable to City of Turlock Public Financing Authority (continued)

In February 2011, the Authority issued $15,300,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to provide financing assistance for the construction of a new public safety facility in the City's downtown area. As with the bond issuances noted above, the Agency's tax increment revenue is pledged for repayment of these bonds (see below). The bonds, which carry coupon interest rates ranging from 2.5% - 7.55%, have semi-annual principal and interest payments on the first of March and September through September 2039. The outstanding principal for this loan as of June 30, 2011 is $15,300,000. The annual debt service requirements are as follows:

For the Years Ending June 30,	2011 Tax Allocation Revenue Bonds	
	Principal	Interest
2012	$ 290,000	$ 1,141,538
2013	-	1,069,144
2014	-	1,069,144
2015	260,000	1,063,619
2016	270,000	1,051,681
2017-2021	1,555,000	5,023,254
2022-2026	1,640,000	4,481,200
2027-2031	1,450,000	3,969,150
2032-2036	2,385,000	3,310,688
2037-2040	7,450,000	1,126,874
	$ 15,300,000	$ 23,306,292

Pledged Revenues for 1999 Revenue Bond; and 2006 and 2011 Tax Revenue Allocation Bonds
Pursuant to a Loan Agreement between the Agency, the Authority and the Bond Trustee, the Agency has pledged its tax increment revenue (reduced by the amount allocable to the Housing Set-Aside fund, unsubordinated pass through payments, and amounts payable to other taxing agencies under Redevelopment Law) for repayment of the Bonds. Pledged revenues are further limited to the current fiscal year's debt service requirements. Debt service for 2010-11 was 26% of total tax increment revenues. Total tax increment revenues (prior to Housing Set-Aside and pass through payments) for 2010-11 were $7,292,940; while principal and interest payments on the bonds totaled $1,865,064.

6. RISK MANAGEMENT

The Agency participates in the City's risk management program. All claims are accounted for in the City's general and workers' compensation claims. All claims that were probable liabilities that occurred prior to the year-end and that were estimable were recorded in accordance with GASB Statement No. 10.

7. COMMITMENT – SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUNDS (SERAF)

In July 2009, the State Legislature passed and the governor signed, Assembly Bill (AB) 26x4, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds" (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of $2.05 billion will be made over two years, $1.7 billion in fiscal year 2009-2010 and $350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools.

The California Redevelopment Association (CRA) in conjunction with redevelopment agencies across the State filed suit in Sacramento Superior Court challenging the constitutionality of the SERAF transfers. On May 4, 2010, the Court denied the CRA petition and also rejected a request to stay making payments in accordance with the legislation. CRA appealed the court's decision as well as the denial of a stay on the payments. On May 7, 2010, the Third District Court of Appeals denied CRA's appeal of the stay on making the payments which were due to the County Auditor-Controller's on May 10, 2010. The Court of Appeals has not yet issued a ruling on CRA's appeal of the Superior Court decision.

The Agency's obligation under AB26x4 was $3,337,940 for the 2009-10 fiscal year and will be $687,223 for fiscal year 2010-11. The Agency's 2009-10 and 2010-11 payments were made in a timely fashion using excess increment funds.

8. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, the Governor of the State of California signed Assembly Bills (AB) X1 26 and 27 as part of the State's 2011-12 budget package. AB X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. AB X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program (VARP). Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller beginning in fiscal year 2011-12 and each fiscal year thereafter. AB X1 27 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Turlock intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective.

AB X1 26 directs the California State Controller's Office to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB X1 26.

In the event that AB X1 26 is upheld (see below), any interagency receivable/payable between a city and an agency may become uncollectible by the city resulting in a loss recognized by such funds. Additionally, cities may be impacted if reimbursements previously paid by the redevelopment agency to the city for shared administrative services are reduced or eliminated. The City of Turlock and Turlock Redevelopment Agency did not have any receivable/payable obligations as of June 30, 2011, but the entities do share administrative personnel and the payment of these costs may be effected if AB X1 26 is upheld.

8. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (continued)

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn AB X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of AB X1 27 and most of AB X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." The Court received briefs and responses regarding the lawsuit in September and October 2011 and heard oral arguments in November. A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of AB X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by AB X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule within 60 days of the effective date of the law and draft a Recognized Obligation Payment Schedule by September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

On November 8, 2011, City Ordinance No. 1160 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event AB X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be $2.5 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $600,000 will be due annually. The specific amounts to be paid after fiscal year 2011-12 have yet to be determined. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. AB X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its 2011-12 payments. Failure to make these payments would require agencies to be terminated under the provisions of AB X1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the State. In the event that AB X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY CONTROL AND ACCOUNTING

The Agency follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The Executive Director submits to the Agency Board a proposed budget for the fiscal year beginning July 1. The budget includes proposed expenditures and the means of financing them.

2. The Board reviews the proposed budget at specially scheduled meetings which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested citizens.

3. Prior to July 1, the budget is legally adopted through a passage of a resolution.

4. The Executive Director is authorized to transfer funds within departmental budgets between major object classifications and between capital projects in the same fund. The Board must authorize transfers between funds, between departments, and from the fund balances reserved for specific purposes.

5. Formal budgetary accounting is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the Special Revenue and Capital Projects funds.

6. All budgets are prepared on a basis consistent with generally accepted accounting principles in the United States.

7. Budgeted amounts are reflected after all applicable amendments are revisions.

8. Appropriations lapse at the end of the fiscal year and are rebudgeted, if necessary, for the coming year.

9. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "department". A "department" for legal appropriation purposes may be a single organization (e.g. City Attorney) or an entire department having multiple organizations (e.g. Parks and Recreation) or an entire fund (e.g. Downtown Support).

Redevelopment Agency of the City of Turlock
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual -
Housing Set Aside Fund
For the Fiscal Year Ended June 30, 2011

	Budget			Variance with Amended Budget Positive
	Original	Amended	Actual	(Negative)
Revenues				
Taxes and assessments	$ 1,265,000	$ 1,265,000	$ 1,301,880	$ 36,880
Use of money and property	5,000	5,000	23,430	18,430
Other			750	750
Total Revenues	1,270,000	1,270,000	1,326,060	56,060
Expenditures				
Current				
Community development	2,922,860	4,121,350	984,169	3,137,181
Capital Outlay	-	332,000	327,185	4,815
Total Expenditures	2,922,860	4,453,350	1,311,354	3,141,996
Excess (Deficit) of Revenues over Expenditures	(1,652,860)	(3,183,350)	14,706	3,198,056
Other Financing Sources (Uses)				
Transfers out to other City funds	(165,714)	(165,714)	(193,772)	28,058
Total Other Financing Sources (Uses)	(165,714)	(165,714)	(193,772)	28,058
Net change in fund balance	$ (1,818,574)	$ (3,349,064)	(179,066)	$ 3,226,114
Fund Balance, July 1			5,989,937	
Fund Balance, June 30			$ 5,810,871	

Redevelopment Agency of the City of Turlock
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual - Redevelopment
For the Fiscal Year Ended June 30, 2011

	Budget			Variance with Amended Budget Positive
	Original	Amended	Actual	(Negative)
Revenues				
Taxes and assessments	$ 3,760,000	$ 3,760,000	$ 3,858,784	$ 98,784
Use of money and property	165,000	165,000	139,253	(25,747)
Other	4,800	4,800	23,253	18,453
Total Revenues	3,929,800	3,929,800	4,021,290	91,490
Expenditures				
Current				
Community development	1,669,857	1,683,857	1,619,243	64,614
Debt service				
Principal	525,000	525,000	525,000	-
Interest and fiscal charges	1,790,200	1,790,200	1,340,064	450,136
Issuance costs for Tax Allocation Bonds			137,979	(137,979)
Total Expenditures	3,985,057	3,999,057	3,622,286	376,771
Excess (Deficit) of Revenues over Expenditures	(55,257)	(69,257)	399,004	468,261
Other Financing Sources (Uses)				
Transfers out to other City funds	(6,078,219)	(23,491,441)	(8,532,894)	14,958,547
Issuance of Tax Allocation Bonds			15,300,000	15,300,000
Premium on Tax Allocation bonds			(270,113)	(270,113)
Total Other Financing Sources (Uses)	(6,078,219)	(23,491,441)	6,496,993	29,988,434
Net change in fund balance	$ (6,133,476)	$(23,560,698)	6,895,997	$ 30,456,695
Fund Balance, July 1			15,941,427	
Fund Balance, June 30			$ 22,837,424	

SUPPLEMENTAL INFORMATION

Redevelopment Agency of the City of Turlock
Supplementary Information
For the fiscal year ended June 30, 2011

EXCESS SURPLUS CALCULATION

Opening Fund Balance - July 1, 2010	$	5,989,937	
Less Unavailable Amounts:			
Land held for resale	$	-	
Encumbrances (Section 33334.12 (g)(2))		-	
Unspent debt proceeds (Section 33334.12 (g)(3)(B))		-	
Available Low and Moderate Income Housing Funds	$	5,989,937	(a)
Limitation (greater of $1,000,000 or four years LMI set-aside)			
LMI Set-Aside for prior four (4) years:			
Prior Year 4 - 2006-07		1,738,322	
Prior Year 3 - 2007-08		1,872,337	
Prior Year 2 - 2008-09		1,667,252	
Prior Year 1 - 2009-10		1,540,855	
Total Set-Aside for prior four (4) years	$	6,818,766	(b)
Base limitation	$	1,000,000	(c)
Greater of (b) or(c)	$	6,818,766	(d)
Computed Excess Surplus [(a) minus (d) but not less than zero]	$	-	

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

We have audited the financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Turlock (Agency), a component unit of the City of Turlock, California (City) as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the Agency's internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
December 28, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

Compliance

We have audited the Redevelopment Agency of the City of Turlock (Agency), a component unit of the City of Turlock, California (City)'s compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

To the Board of Directors
of the Redevelopment Agency of the City of Turlock
Turlock, California

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
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Certified Public Accountants
San Francisco, California
December 28, 2011

TURLOCK PUBLIC FINANCING AUTHORITY

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Turlock Public Financing Authority
For the year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the City of Turlock Public Financing Authority
Turlock, California

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the City of Turlock Public Financing Authority (Authority), a component unit of the City of Turlock, California (City), as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements of the Authority are intended to present the financial position, and changes in financial position of only that portion of the City of Turlock, California that is attributable to the Authority. They do not purport to, and do not present the financial position of the City as of June 30, 2011, and changes in its financial position and changes in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. The full impact of this ruling is not known at this time.

As described in Note 5 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Governmental Accounting Standards Board (GASB) Statement No. 59, *Financial Instruments Omnibus*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012 on our consideration of the Authority'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has elected to omit the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented as supplementary information to the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this omitted information.

Caporicci & Larson, Inc.

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Certified Public Accountants
San Francisco, California
March 29, 2012

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Turlock Public Financing Authority
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Interest receivable	$ 864,445	$ 1,125,948	$ 1,990,393
Total current assets	864,445	1,125,948	1,990,393
Noncurrent assets:			
Cash and investments with fiscal agent	21,708,203	6,868,903	28,577,106
Leases receivable	38,962,795	84,068,776	123,031,571
Deferred charges	699,073	511,767	1,210,840
Total noncurrent assets	61,370,071	91,449,446	152,819,517
Total assets	62,234,516	92,575,394	154,809,910
LIABILITIES			
Current liabilities:			
Accrued interest	864,445	1,125,948	1,990,393
Bonds payable, due within one year	840,000	2,360,000	3,200,000
Total current liabilities	1,704,445	3,485,948	5,190,393
Noncurrent liabilities:			
Bonds payable, due in more than one year	41,776,388	89,089,446	130,865,834
Total noncurrent liabilities	41,776,388	89,089,446	130,865,834
Total liabilities	43,480,833	92,575,394	136,056,227
NET ASSETS			
Restricted for:			
Debt service	3,637,205		3,637,205
Capital projects	15,116,478		15,116,478
Total net assets	$ 18,753,683	$ -	$ 18,753,683

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-type Activities	Total
Governmental activities:					
Interest on long-term debt	$ 1,773,173	$ -	$ (1,773,173)	$ -	$ (1,773,173)
Total governmental activities	1,773,173	-	(1,773,173)	-	(1,773,173)
Business-type activities:					
Sewer	3,146,856	2,887,100	-	(259,756)	(259,756)
Water	1,434,299	1,370,243		(64,056)	(64,056)
Total business-type activities	4,581,155	4,257,343	-	(323,812)	(323,812)
Total	$ 6,354,328	$ 4,257,343	(1,773,173)	(323,812)	(2,096,985)
General revenues:					
Lease revenues			13,986,436		13,986,436
Interest and investment earnings			1,756,146	323,812	2,079,958
Total general revenues			15,742,582	323,812	16,066,394
Transfers to City of Turlock			(195,488)		(195,488)
Total general revenues and transfers			15,547,094	323,812	15,870,906
Changes in net assets			13,773,921	-	13,773,921
Net Assets:					
Beginning of year			4,979,762	-	4,979,762
End of year			$ 18,753,683	$ -	$ 18,753,683

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Turlock Public Financing Authority
Balance Sheet
Governmental Funds
June 30, 2011

Assets	1999 Revenue Bonds	2006 Tax Allocation Revenue Bonds	2011 Tax Allocation Revenue Bonds	Total
Cash and investments with fiscal agent	$ 374,759	$ 6,437,966	$ 14,895,478	$ 21,708,203
Leases receivable	2,870,241	22,133,040	13,959,514	38,962,795
Total Assets	3,245,000	28,571,006	28,854,992	60,670,998
Liabilities				
Deferred revenue	2,870,241	22,133,040	13,959,514	38,962,795
Total Liabilities	2,870,241	22,133,040	13,959,514	38,962,795
Fund Balances				
Non-Spendable				
Fiscal Agent Cash	374,759	1,921,960	1,340,486	3,637,205
Restricted				
Capital projects		4,516,006	13,554,992	18,070,998
Total Fund Balances	374,759	6,437,966	14,895,478	21,708,203
Total Liabilities and Fund Balance	$ 3,245,000	$ 28,571,006	$ 28,854,992	$ 60,670,998

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds		$ 21,708,203
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
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.		(864,445)
Interest receivable on long-term loans.		864,445
Deferred revenue on the governmental funds statement is an offset against leases receivable but on the government-wide statement long-term debt is the offset against leases receivable less any restricted cash and the deferred revenue has been eliminated.		38,962,795
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported as a liability in the Governmental Funds Balance Sheet.		
Long-term liabilities - Bonds payable due within one year	(840,000)	
Long-term liabilities - Bonds payable due in more than one year	(41,776,388)	
Unamortized cost of issuance included in deferred charges	699,073	
Total long-term liabilities, net of deferred charges		(41,917,315)
Net Assets of Governmental Activities		$ 18,753,683

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	1999 Revenue Bonds	2006 Tax Allocation Revenue Bonds	2011 Tax Allocation Revenue Bonds	Total
Revenues				
Lease revenue	$ 150,095	$ 398,352	$ 3,570	$ 552,017
Use of money and property	179,010	1,161,054		1,340,064
Total Revenues	329,105	1,559,406	3,570	1,892,081
Expenditures				
Debt service				
Principal	150,000	375,000		525,000
Interest and fiscal charges	179,010	1,161,054		1,340,064
Issuance costs for Tax Allocation Bonds			137,979	137,979
Total Expenditures	329,010	1,536,054	137,979	2,003,043
Excess (Deficit) of Revenues over Expenditures	95	23,352	(134,409)	(110,962)
Other Financing Sources (Uses)				
Transfer to Turlock Redevelopment Agency		(195,488)		(195,488)
Tax Allocation bond proceeds			15,300,000	15,300,000
Discount on Tax Allocation bonds			(270,113)	(270,113)
Total Other Financing Sources	-	(195,488)	15,029,887	14,834,399
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	95	(172,136)	14,895,478	14,723,437
Fund Balances, July 1, 2010	374,664	6,610,102	-	6,984,766
Fund Balances, June 30, 2011	$ 374,759	$ 6,437,966	$ 14,895,478	$ 21,708,203

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Reconciliation of the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

Net change in fund balances - Total Governmental Funds		$ 14,723,437
Amounts reported for governmental activities in the Statement of Activities are different because:		
Lease revenue is recognized as revenue on the fund financial statements,		(525,095)
New lease revenues which are deferred on the fund statements because they are not available to cover current obligations are recognized as revenues on the government-wide Statement of Activities.		13,959,514
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.		
Issuance of Tax Allocation Bonds	$ (15,300,000)	
Discount on issuance of Tax Allocation Bonds, net of current year amortization	100,850	
Bond discount, net of current year amortization	165,382	
Issuance costs, net of current year amoritization	135,997	
	(14,897,771)	
Principal payments on long-term debt	525,000	(14,372,771)
Interest expense is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. The following amount represents the change in accrued interest from the prior year. In addition, governmental funds report the effect of debt issuance costs when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the Statement of Activities.		
Change in accrued interest payable	(416,082)	
Amortization of issuance costs	(11,164)	(427,246)
Interest revenue from long-term loans receivable is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. The following amount represents the change in accrued interest from the prior year.		416,082
Change in Net Assets of Governmental Activities		$ 13,773,921

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Net Assets
Proprietary Funds
June 30, 2011

Assets	1999 Sewer Bonds	2003A Sewer Bonds	2008 Water Bonds	Total
Cash and investments with fiscal agent	$ 1,540,619	$ 3,237,634	$ 2,090,650	$ 6,868,903
Interest receivable	267,776	629,334	228,838	1,125,948
Deferred charges		352,662	159,105	511,767
Leases receivable	15,236,705	40,634,161	28,197,910	84,068,776
Total Assets	17,045,100	44,853,791	30,676,503	92,575,394
Liabilities				
Current liabilities:				
Interest payable	267,776	629,334	228,838	1,125,948
Current portion - bonds payable	635,000	1,100,000	625,000	2,360,000
Total current liabilities	902,776	1,729,334	853,838	3,485,948
Long-term liabilities:				
Bonds payable	16,142,324	43,124,457	29,822,665	89,089,446
Total Liabilities	17,045,100	44,853,791	30,676,503	92,575,394
Net Assets				
Total Net Assets	$ -	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Activities and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	1999 Sewer Bonds	2003A Sewer Bonds	2008 Water Bonds	Total
Operating Revenue				
Lease Revenue	$ 854,691	$ 2,032,409	$ 1,370,243	$ 4,257,343
Total Operating Revenue	854,691	2,032,409	1,370,243	4,257,343
Operating Income (Loss)	854,691	2,032,409	1,370,243	4,257,343
Non-Operating Revenues (Expenses)				
Interest income	93,176	166,580	64,056	323,812
Interest expense	(947,867)	(2,198,989)	(1,434,299)	(4,581,155)
Total Non-Operating Revenues (Expenses)	(854,691)	(2,032,409)	(1,370,243)	(4,257,343)
Net Income (Loss)	-	-	-	-
Net assets, July 1, 2010	-	-	-	-
Net assets, June 30, 2011	$ -	$ -	$ -	$ -

See accompanying Notes to Basic Financial Statements.

Turlock Public Financing Authority
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	1999 Sewer Bonds	2003A Sewer Bonds	2008 Water Bonds	Total
Cash Flows from Operating Activities:				
Cash received from customers	$ 1,433,894	$ 3,057,083	$ 2,024,112	$ 6,515,089
Net Cash Provided (Used) by Operating Activities	1,433,894	3,057,083	2,024,112	6,515,089
Cash Flows from Capital and Related Financing Activities:				
Principal payments on long-term debt	(600,000)	(1,050,000)	(600,000)	(2,250,000)
Interest paid	(935,575)	(2,184,127)	(1,427,537)	(4,547,239)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,535,575)	(3,234,127)	(2,027,537)	(6,797,239)
Cash Flows from Investing Activities:				
Interest received	101,681	178,028	67,969	347,678
Net Cash Provided (Used) by Investing Activities	101,681	178,028	67,969	347,678
Net Increase (Decrease) in Cash and Cash Equivalents	-	984	64,544	65,528
Cash and Cash Equivalents, July 1, 2010	1,540,619	3,236,650	2,026,106	6,803,375
Cash and Cash Equivalents, June 30, 2011	$ 1,540,619	$ 3,237,634	$ 2,090,650	$ 6,868,903
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Cash Flows from Operating Activities:				
Operating income (loss)	$ 854,691	$ 2,032,409	$ 1,370,243	$ 4,257,343
Changes in assets and liabilities				
Leases Receivable	579,203	1,024,674	653,869	2,257,746
Net Cash Provided (Used) by Operating Activities	$ 1,433,894	$ 3,057,083	$ 2,024,112	$ 6,515,089

See accompanying Notes to Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Turlock Public Financing (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority, a blended component unit of the City of Turlock (City), was created on December 15, 1998, pursuant to Article 1 Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as a joint powers authority between the City and the Turlock Redevelopment Agency. The members of the City Council serve as the governing board for the Authority. All powers of the Authority are vested in the governing board.

The financial transactions of the Authority are also included in the City's Basic Financial Statements and can be obtained from the City's Finance Department located at 156 South Broadway, Turlock, CA 95380.

The Authority is a legally separate organization for which the primary government, the City, is financially accountable; and which the nature and significance of the Authority's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

B. Basis of Accounting/Management Focus

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The Authority's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the Authority.

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Authority are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting/Management Focus (continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Authority has presented all funds as major funds. Note 4, Long-term Debt, provides descriptions for each of the Authority's outstanding bonds. Each fund within these financial statements accounts for the activity associated with its delineated bond issuance.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue source which has been treated as susceptible to accrual by the Authority is investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash, Cash Equivalents, and Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements

The Governmental Fund Financial Statements do not include long-term debt, as this liability is not payable in the current period. Long-term debt activity is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

In the proprietary fund financial statements, long-term debt and other financed obligations are reported as liabilities in the appropriate funds.

F. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosed contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

2. CASH AND INVESTMENTS

All of the Authority's cash at June 30, 2011 was held and invested by third-party trustees pursuant to indenture and investment agreements entered into when the related debt was issued. The cash balance with the third party trustees at June 30, 2011 was $28,577,106. All cash and investments held by third party trustees are reported at fair value.

3. LEASES RECEIVABLE AND DEFERRED REVENUE

The Authority has recorded leases receivable in the amount of $123,031,571 pursuant to the lease agreements between the Authority and the City in relation to the bonded indebtedness. The leases receivable along with investments held by fiscal agents secure the repayment of the different debt issues. The lease revenue is equal to the Authority's debt service requirements and is used for that purpose.

In the fund financial statements a corresponding amount is recorded as deferred revenue since the assets are not current financial resources. In the Government-Wide Financial Statements the assets are offset by long-term debt with any remaining amounts being reflected in Net Assets.

4. LONG-TERM DEBT

Government-Wide Financial Statements

Following is a summary of the Authority's long-term debt transactions during the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year	Due in more than one year
Governmental Activities						
1999 Revenue Bonds	$ 3,395,000		$ (150,000)	$ 3,245,000	$ 160,000	$ 3,085,000
2006 Tax Allocation Revenue Bonds	24,430,000		(375,000)	24,055,000	390,000	23,665,000
Add: Unamortized Bond Premium	293,850		(11,230)	282,620		282,620
2011 Tax Allocation Revenue Bonds		$ 15,300,000		15,300,000	290,000	15,010,000
Less: Unamortized Bond Discount		(270,113)	3,881	(266,232)		(266,232)
Total Governmental Activities	28,118,850	15,029,887	(532,349)	42,616,388	840,000	41,776,388
Business-Type Activities						
1999 Sewer Revenue Bonds	17,705,000		(600,000)	17,105,000	635,000	16,470,000
Less: Unamortized Bond Discount	(348,474)		20,798	(327,676)		(327,676)
2003A Sewer Revenue Bonds	45,505,000		(1,050,000)	44,455,000	1,100,000	43,355,000
Less: Unamortized Bond Discount	(240,941)		10,398	(230,543)		(230,543)
2008 Water Revenue Bonds	31,175,000		(600,000)	30,575,000	625,000	29,950,000
Less: Unamortized Bond Discount	(132,082)		4,747	(127,335)		(127,335)
Total Business-Type Activities	93,663,503	-	(595,253)	91,449,446	2,360,000	89,089,446
Total Long-Term Debt	$ 121,782,353	$ 15,029,887	$ (1,127,602)	$ 134,065,834	$ 3,200,000	$ 130,865,834

4. LONG-TERM DEBT, continued

Government-Wide Financial Statements, continued

1999 Revenue Bonds

Turlock Public Financing Authority Revenue Bonds, Series 1999

In March 1999 the Authority authorized the issuance of $4,970,000 in Revenue Bonds the proceeds of which were loaned to the City of Turlock Redevelopment Agency (Agency) to be used to finance the rehabilitation of the City's downtown. Agency tax increment revenue is pledged for repayment of these bonds. The bonds, which carry coupon interest rates ranging from 3.5% - 5.55%, have semi-annual principal and interest payments on the first of March and September through September 2024. The annual debt service requirements are as follows:

For the Years	1999 Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 160,000	$ 170,873
2013	170,000	162,210
2014	180,000	153,023
2015	185,000	143,441
2016	195,000	133,466
2017-2021	1,165,000	489,818
2022-2026	1,190,000	133,798
	$ 3,245,000	$ 1,386,629

2006 Tax Revenue Allocation Bonds

Turlock Public Financing Authority Tax Allocation Revenue Bonds, Series 2006

In August 2006 the Authority authorized the issuance of $25,440,000 in Tax Allocation Revenue Bonds the proceeds of which were loaned to the Agency to be used to finance various infrastructure projects to be constructed within the Agency's project area boundaries. Agency tax increment revenue is pledged for repayment of these bonds. The bonds, which carry coupon interest rates ranging from 4.0% - 5.0%, have semi-annual principal and interest payments on the first of March and September through September 2036. The annual debt service requirements are as follows:

For the Years	2006 Tax Allocation Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 390,000	$ 1,143,841
2013	410,000	1,125,841
2014	430,000	1,106,942
2015	450,000	1,087,141
2016	470,000	1,066,441
2017-2021	2,655,000	5,019,862
2022-2026	3,600,000	4,381,158
2027-2031	6,085,000	3,181,875
2032-2036	7,770,000	1,458,250
2037	1,795,000	44,876
	$ 24,055,000	$ 19,616,227

4. LONG-TERM DEBT, continued

Government-Wide Financial Statements, continued

2011 Tax Revenue Allocation Bonds

Turlock Public Financing Authority Tax Allocation Revenue Bonds, Series 2011

In February 2011, the Authority issued $15,300,000 in Tax Allocation Revenue Bonds and loaned the proceeds to the Agency to be used to provide financing assistance for the construction of a new public safety facility in the City's downtown area. As with the bond issuances noted above, the Agency's tax increment revenue is pledged for repayment of these bonds. The bonds, which carry coupon interest rates ranging from 2.5% - 7.55%, have semi-annual principal and interest payments on the first of March and September through September 2039. The outstanding principal for this loan as of June 30, 2011 is $15,300,000. The annual debt service requirements are as follows:

For the Years Ending June 30,	2011 Tax Allocation Revenue Bonds	
	Principal	Interest
2012	$ 290,000	$ 1,141,538
2013	-	1,069,144
2014	-	1,069,144
2015	260,000	1,063,619
2016	270,000	1,051,681
2017-2021	1,555,000	5,023,254
2022-2026	1,640,000	4,481,200
2027-2031	1,450,000	3,969,150
2032-2036	2,385,000	3,310,688
2037-2040	7,450,000	1,126,874
	$ 15,300,000	$ 23,306,292

1999 Sewer Revenue Bonds

In August 1999 the Authority issued $22,400,000 in Sewer Revenue Bonds Series 1999 to (1) finance improvements to the City's wastewater treatment facility, and (2) advance refund (defease) the Series 1994A Sewer Revenue Bonds. Pursuant to an Installment Purchase Agreement between the Authority and the City, the City has pledged net system revenues from the Sewer Enterprise Fund operations for repayment of the bonds. The bonds, which carry coupon interest rates ranging from 4.25% - 6.25%, have semi-annual principal and interest payments on the fifteenth of March and September through September 2029. The annual debt service requirements are as follows:

For the Years Ending June 30,	1999 Sewer Revenue Bonds	
	Principal	Interest
2012	$ 635,000	$ 905,075
2013	660,000	872,700
2014	700,000	838,350
2015	735,000	801,666
2016	775,000	762,488
2017-2021	4,550,000	3,130,725
2022-2026	5,430,000	1,718,476
2027-2031	3,620,000	411,948
	$ 17,105,000	$ 9,441,428

4. LONG-TERM DEBT, continued

Government-Wide Financial Statements, continued

2003A Sewer Revenue Bonds

In August 2003 the Authority issued $51,185,000 in Sewer Revenue Bonds Series 2003A to finance capital improvements to the City's tertiary wastewater treatment facility. The improvements are designed to meet wastewater discharge requirements imposed by the Water Quality Control Board. Pursuant to an Installment Purchase Agreement between the Authority and the City, the City has pledged net system revenues from the Sewer Enterprise Fund operations for repayment of the bonds. The bonds, which carry coupon interest rates ranging from 2.00% - 5.00%, have semi-annual principal and interest payments on the fifteenth of March and September through September 2033 and are on parity with the bonds issued in 1999. The annual debt service requirements are as follows:

For the Years	2003A Sewer Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 1,100,000	$ 2,136,940
2013	1,150,000	2,086,440
2014	1,200,000	2,033,440
2015	1,260,000	1,977,610
2016	1,310,000	1,923,943
2017-2021	7,510,000	8,668,397
2022-2026	9,590,000	6,580,500
2027-2031	12,325,000	3,854,375
2032-2036	9,010,000	690,751
	$ 44,455,000	$ 29,952,396

2008 Water Revenue Bonds

In May 2008 the Authority issued $32,365,000 in Water Revenue Bonds Series 2008 to finance capital improvements to the City's potable water system, including the installation of water meters and an automated meter reading system for all water service users within Turlock, the construction of two water storage reservoirs, and water line installations in the Westside Industrial Specific Plan area. Pursuant to an Installment Purchase Agreement between the Authority and the City, the City has pledged the net water system revenues from the Water Enterprise Fund operations for repayment of the bonds. The bonds, which carry coupon interest rates ranging from 3.50% - 5.00%, have semi-annual principal and interest payments on the first of November and May through May 2038. The annual debt service requirements are as follows:

For the Years	2008 Water Revenue Bonds	
Ending June 30,	Principal	Interest
2012	$ 625,000	$ 1,403,538
2013	650,000	1,381,662
2014	670,000	1,358,913
2015	700,000	1,332,113
2016	725,000	1,304,113
2017-2021	4,100,000	6,044,863
2022-2026	5,045,000	5,103,537
2027-2031	6,310,000	3,841,438
2032-2036	7,975,000	2,175,138
2037-2040	3,775,000	285,498
	$ 30,575,000	$ 24,230,813

5. NET ASSETS AND FUND EQUITY

A. Net Assets

Net Assets is the excess of all the Authority's assets over all its liabilities, regardless of fund. Net Assets are only determined on the Government-Wide financial statements. The narratives below describe the components of Net Assets found on the Authority's Statement of Net Assets.

Restricted for Debt Service – This amount represents funds required by bond covenants to be held by the Authority's third party trustee for future debt service payments.

Restricted for Capital Projects – This amount represents the unexpended portion of debt which was issued to finance capital improvement projects.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Authority has adopted the provisions of *GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The fund financial statements may consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below. Due to the nature of these financial statements, the bond documents and covenants for each bond issuance govern the use and restriction of available funds. Therefore these funds will never have committed or assigned balances.

Nonspendable Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact , such as debt service reserve funds with fiscal agents or revolving loan fund.

Restricted Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. As of June 30, 2011, the Authority did not have any committed fund balances.

Assigned Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. As of June 30, 2011, the Authority did not have any assigned fund balances.

Unassigned This category is for any balances that have no restrictions placed upon them. As of June 30, 2011, the Authority did not have any unassigned fund balances.

6. SUBSEQUENT EVENT

Management has evaluated subsequent events through March 29, 2012 and except as described below, no other events requiring recognition in, or disclosure of, within the financial statements were identified.

On December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation (Assembly Bill X1 26) that provides for the dissolutions of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

Assembly Bill X1 26 signed into law as part of the State's budget package on June 29, 2011, requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a successor agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill X1 26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the successor agencies.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

The full impacts of this most recent development and its impact on other funds of the City are not known at this time. The financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
City of Turlock Public Financing Authority
Turlock, California

We have audited the basic financial statements of the City of Turlock Public Financing Authority (Authority), a component unit of the City of Turlock, California (City), as of and for the year ended June 30, 2011, as listed in the table of contents and have issued our report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the management, the Board of Directors of the Authority, others within the City, and the State controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

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Certified Public Accountants
San Francisco, California
March 29, 2012

CITY OF TURLOCK

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2011

City of Turlock
Single Audit Report
For the year ended June 30, 2011

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
of the City of Turlock
Turlock, California

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Turlock (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, the Members of the City Council, management, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Certified Public Accountants
San Francisco, California
March 30, 2012

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council
of the City of Turlock
Turlock, California

Compliance

We have audited the City of Turlock (the City)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2011, and have issued our report thereon dated March 30, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the Mayor, the Members of the City Council, management, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

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San Francisco, California
March 30, 2012

City of Turlock
Single Audit Report
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant (CDBG) Program	14.228	B-08-MC-06-0039	$ 330,920
Community Development Block Grant (CDBG) Program	14.228	B-09-MC-06-0039	417,205
Program Income - CDBG	14.228	N/A	51,562
Passed through the California Department of Housing and Community Development			
Neighborhood Stabilization Program (NSP)	14.228	09-NSP1-6268	1,008,485
Cluster total			1,808,172
Direct Programs:			
HOME Investment Partnerships (HOME) Program	14.239	M-08-DC-06-0240	610,108
HOME Investment Partnerships (HOME) Program	14.239	M-09-DC-06-0240	1,541,531
HOME Investment Partnerships (HOME) Program	14.239	M-10-DC-06-0240	223,664
Program Income - HOME	14.239	N/A	10,922
Cluster total			2,386,225
Community Development Block Grant (CDBG) Program (ARRA)	14.253	B-09-MY-06-0039	101,657
Total U.S. Department of Housing and Urban Development			4,296,054
U. S. Department of Justice			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2009-DJ-BX-0632	13,140
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2010-DJ-BX-1232	25,824
Edward Byrne Memorial Justice Assistance Grant (JAG) Program (ARRA)	16.804	2009-SB-B9-0171	94,653
Cluster total			133,617
Bulletproof Vest Partnership Program	16.607	N/A	3,531
Community Oriented Policing Services (COPS) Program (ARRA)	16.710	2009-RK-WX-0167	349,852
Total U. S. Department of Justice			487,000
U. S. Department of Transportation			
Direct Programs:			
Federal Transit Cluster	20.507	69080138	2,338,654
Passed through the California Department of Transportation:			
Congestion Mitigation And Air Quality Improvement Program (CMAQ)	20.205	CML-5165(025, 029 - 031)	14,053
Surface Transportation Program (STP)	20.205	N/A	114,914
Highway Planning and Construction (ARRA)	20.205	N/A	1,989,337
Cluster total			2,118,304
Sustained Traffic Enforcement Program (STEP)	20.605	PT0823	37,337
AVOID Anti-DUI Program	20.605	AL0967	198,721
Cluster total			236,058
Passed through the University of California, Berkeley:			
Click It or Ticket	20.600	CT 10-438	2,618
Total U. S. Department of Transportation			4,695,634
U. S. Department of Energy			
Direct Programs			
Energy Efficiency and Conservation Block Grant (ARRA)	81.128	DE-SC0002257	433,860
Total U. S. Department of Energy			433,860
Total Federal Awards Expenditures			$ 9,912,548

See accompanying Notes to Schedule of Expenditures of Federal Awards.

City of Turlock
Single Audit Report
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

1. REPORTING ENTITY

The City was incorporated in 1908. The City operates under a Council-Manager form of government and provides the following services: police and fire, streets and highways, sanitation, water, sewer, parks and recreation, public improvements, planning and zoning, and general administrative services. The financial reporting entity consists of the City, the primary government, and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City.

- Redevelopment Agency of the City of Turlock
- Turlock Public Financing Authority

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial statements for the above component units can be obtained from the City of Turlock, 156 South Broadway, Suite 110, Turlock, CA 95380.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

Funds received under the various grant programs have been recorded within the General, Special Revenue, Capital Projects, and Enterprise funds of the City. The City utilizes the modified accrual method of accounting for the General, Special Revenue, and Capital Projects funds, and utilizes the full accrual method of accounting for the Enterprise funds. Expenditures of Federal awards reported on the Schedule of Expenditures of Federal Awards (Schedule) are recognized when the related liability for the goods or services incurred.

B. *Schedule of Expenditures of Federal Awards*

The accompanying Schedule presents the activity of all Federal financial assistance programs of the City. Federal financial assistance received directly from Federal agencies, as well as Federal financial assistance passed through the State of California, Stanislaus County, and the University of California, Berkeley, is included in the Schedule. The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

City of Turlock
Single Audit Report
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011

Section I – Summary of Auditor's Results

Financial Statements

Types of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in Accordance with section 510(a) of OMB Circular A-133 No

Identification of major programs:

Major Program	Federal CFDA Number	Federal Expenditures
Community Development Block Grants Cluster	14.228	$ 1,808,172
Justice Assitance Grant Program Cluster (Partial ARRA)	16.738/16.804	133,617
Public Safety Partnership and Community Policing Grant (ARRA)	16.710	349,852
Federal Transit Grant Cluster	20.507	2,338,654
Highway Planning and Construction Cluster (Partial ARRA)	20.205	2,118,304
Energy Efficiency and Conservation Block Grant (ARRA)	81.128	433,860
Total Major Program Expenditures		$ 7,182,459
Total Federal Expenditures		$ 9,912,548
Percent of Total Federal Award Expenditures		72%

Dollar threshold used to distinguish between type A and type B program $300,000

Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133? No

Section II – Financial Statement Findings

No financial statements findings were reported.

Section III- Federal Awards Findings

A. Current Year Findings and Questioned Costs – Federal Award Programs

No findings or questioned costs were reported for federal award programs for the year ended June 30, 2011.

B. Prior Year Findings and Questioned Costs – Federal Award Programs

No findings or questioned costs were reported for federal award programs for the year ended June 30, 2010.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
For the year ended June 30, 2011

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 17

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

We have audited the accompanying financial statements of the Streets Special Revenue Fund and the Transportation Enterprise Fund (collectively the Transportation Development Act Article III Funds or TDA Program Funds) of the City of Turlock, California (City), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TDA Program Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements of the TDA Program Funds are intended to present the financial position, and changes in financial position of only that portion of the City of Turlock, California that is attributable to the TDA Program Funds. They do not purport to, and do not present fairly the financial position of the City as of June 30, 2011, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Program Funds as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the Streets Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4 to the financial statements, the TDA Program Funds adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012 on our consideration of the TDA Program Funds' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has elected to omit the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented as supplementary information to the basic financial statements. Such missing 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. Our opinion on the basic financial statement is not affected by this omitted information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TDA Program Funds basic financial statements as a whole. The budget to actual statement of revenues, expenditures and changes in fund balance for the Streets Special Revenue Fund is presented for purposes of additional analysis and are not a required part of the financial statements. The budget to actual statement of revenues, expenditures and changes in fund balance for the Streets Special Revenue Fund is 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. The 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
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Certified Public Accountants
San Francisco, California
March 29, 2012

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Balance Sheet
Governmental Fund - Streets Special Revenue Fund
June 30, 2011

	Special Revenue Fund Streets
Assets	
Cash and investments	$ 501,160
Total Assets	$ 501,160
Liabilities and Fund Balance	
Liabilities	
Accounts and salaries payable	$ 79,138
Total Liabilities	79,138
Fund Balance:	
Restricted for:	
Street maintenance and capital expenditures	422,022
Total Fund Balance	422,022
Total Liabilities and Fund Balance	$ 501,160

See accompanying notes to the financial statements.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - Streets Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

Revenues	
Intergovernmental revenues	$ 206,967
Interest income and other revenues	26,111
Total Revenues	233,078
Expenditures	
Public ways and facilities/transportation	679,215
Capital outlay	772,202
Total Expenditures	1,451,417
Excess (Deficit) of Revenues over Expenditures	(1,218,339)
Other Financing Sources (Uses)	
Transfers in from other City funds	3,000
Transfers out to other City funds	(916,987)
Total Other Financing Sources (Uses)	(913,987)
Net Change in Fund Balance	(2,132,326)
Fund Balance, July 1, 2010	2,554,348
Fund Balance, June 30, 2011	$ 422,022

See accompanying notes to the financial statements.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Governmental Fund - Streets Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental revenues	$ 1,762,434	$ 1,898,765	$ 206,967	$ (1,691,798)
Interest income and other revenues	14,500	14,500	26,111	11,611
Total Revenues	1,776,934	1,913,265	233,078	(1,680,187)
Expenditures				
Public ways and facilities/transportation	816,950	816,950	679,215	137,735
Capital outlay	1,989,079	2,104,372	772,202	1,332,170
Total Expenditures	2,806,029	2,921,322	1,451,417	1,469,905
Excess (Deficit) of Revenues over Expenditure	(1,029,095)	(1,008,057)	(1,218,339)	(210,282)
Other Financing Sources (Uses)				
Transfers in from other City funds	3,000	3,000	3,000	-
Transfers out to other City funds	(379,113)	(1,547,970)	(916,987)	630,983
Total Other Financing Sources (Uses)	(376,113)	(1,544,970)	(913,987)	630,983
Net Change in Fund Balance	$ (1,405,208)	$ (2,553,027)	(2,132,326)	$ 420,701
Fund Balance, July 1, 2010			2,554,348	
Fund Balance, June 30, 2011			$ 422,022	

See accompanying notes to the financial statements.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Statement of Net Assets
Proprietary Fund - Transportation Enterprise Fund
June 30, 2011

	Enterprise Fund Transportation
Assets	
Current assets:	
Cash and investments	$ 451,850
Accounts receivable	2,002,347
Interest receivable	1,006
Total current assets	2,455,203
Capital assets - net	6,287,817
Total Assets	8,743,020
Liabilities	
Current liabilities	
Accounts payable	82,934
Salaries payable	3,401
Deferred revenue	1,310,290
Compensated absences - due in one year	3,712
Total currrent liabilities	1,400,337
Compensated absences - due in more than one year	14,849
Net OPEB obligation	12,384
Total liabilities	1,427,570
Net Assets:	
Invested in capital assets, net of related debt	6,287,817
Restricted for transportation activities	1,027,633
Total Net Assets	$ 7,315,450

See accompanying notes to the financial statements.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund - Transportation Enterprise Fund
For the Fiscal Year Ended June 30, 2011

Operating Revenues	
Charges for services	$ 135,079
Other income	9,320
Total Operating Revenues	144,399
Operating Expenses	
Salaries, benefits and insurance	112,891
Contractual	643,983
Supplies and maintenance	36,138
Utilities	6,602
Fleet expense	250,306
Depreciation	222,866
Other expenses	13,014
Total Operating Expenses	1,285,800
Operating Loss	(1,141,401)
Non-Operating Revenues (Expenses)	
Intergovernmental revenues	3,271,770
Interest income	9,713
Loss on disposal of capital assets	(74,241)
Total Non-Operating Revenues	3,207,242
Income Before Operating Transfers	2,065,841
Net Transfers Out	(6,000)
Net Income	2,059,841
Net Assets, July 1, 2010	5,255,609
Net Assets, June 30, 2011	$ 7,315,450

See accompanying notes to the financial statements.

CITY OF TURLOCK
TRANSPORTATION DEVELOPMENT ACT
Statement of Cash Flows
Proprietary Fund - Transportation Enterprise Fund
For the Fiscal Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ (1,201,945)
Cash paid to suppliers	(936,083)
Cash paid to employees	(107,016)
Net cash provided (used) by operating activities	(2,245,044)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(2,958,386)
Proceeds from sale of capital assets	9,025
Net cash provided (used) by capital and related financing activities	(2,949,361)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers out	(6,000)
Intergovernmental revenues	3,623,549
Net cash provided (used) by capital and related financing activities	3,617,549
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	11,433
Net cash provided (used) by investing activities	11,433
Net increase (decrease) in cash and cash equivalents	(1,565,423)
CASH AND CASH EQUIVALENTS:	
Beginning of year	2,017,273
End of year	$ 451,850
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	$ (1,141,401)
Noncash items included in operating income (loss)	
Depreciation and amortization	222,866
Changes in assets and liabilities	
Accounts receivable	(1,346,344)
Accounts payable	13,960
Salaries payable	962
Compensated absences	508
Net OPEB obligation	4,405
Net cash provided (used) by operating activities	$ (2,245,044)

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Turlock Transportation Development Act 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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Reporting Entity

The financial statements are intended to present the financial position, results of operations, and cash flows of only those transactions that are accounted for in the Transportation Enterprise Fund and the Streets Special Revenue Fund of the City of Turlock (City). They are not intended to present the City's financial position or results of operations as a whole.

B. Fund Accounting

The City uses funds and account groups to report on its financial position, results of operations, and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

C. Basis of Presentation, Basis of Accounting, and Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements.

Governmental Fund Type

Governmental funds are accounted for using the modified accrual basis of accounting and "*current financial resources*" measurement focus. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City's accrual period is generally 60 days after fiscal year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted for expenditures for specific purposes. The Streets Special Revenue Fund is used to account for the City's share of the Transportation Development Act (TDA) allocations that are legally restricted for street maintenance and capital improvements. In addition, this fund accounts for the Proposition 42 and Proposition 1B funds whose use is generally restricted to pavement maintenance, rehabilitation and/or reconstruction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting, and Measurement Focus (continued)

Proprietary Fund Type

Proprietary funds are accounted for using the accrual basis of accounting and the *"economic resources"* measurement focus. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred. Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following is the City's proprietary fund type:

The Transportation Enterprise Fund is used to account for the operation and management of the City's transit operations. TDA and Federal Transit Administration (FTA) allocations for transit operations are accounted for in this fund along with Proposition 1B funds designated for transit programs.

Capital Assets

Capital assets acquired by the Streets Fund are recorded as expenditures in the special revenue fund and capitalized at cost and recorded as part of the City's *Statement of Net Assets* in the government-wide financial statements. The costs of infrastructure (roads, curbs, gutters, streets, bridges, sidewalks, drainage systems, right-of-ways, and land related to such assets) are recorded as expenditures in the special revenue fund and are also capitalized and recorded in the City's *Statement of Net Assets* in the government-wide financial statements. These infrastructure assets become the property of the City and are maintained by the City.

Capital assets acquired by the Transportation Fund are recorded at cost in the Transportation Fund and are depreciated using the straight-line method over estimated useful lives. Operating expenses include depreciation on all depreciable fixed assets. Repairs and maintenance are charged to expense when the services are rendered.

D. Cash, Cash Equivalents, and Investments

The City pools cash reserves from all funds in order to facilitate cash management. The cash balances that are a part of the TDA statements participate in the City-wide pool. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risk are made in the following areas:

- ✓ Interest Rate Risk
- ✓ Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash, Cash Equivalents, and Investments (continued)

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For purposes of the Statement of Cash Flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of funds held by fiscal agents) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

E. Deferred Revenue

Deferred revenue is recorded for revenue which has been received, but for which related expenditures have not yet been incurred. Typical transactions for which deferred revenue is recorded are the receipt of TDA revenue in excess of amounts need to fund current year operating or capital expenditures.

F. 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.

G. Proprietary Fund Accounting

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Implementation of New GASB Pronouncements

In 2010-11, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions – This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 59, Financial Instruments Omnibus – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The cash balances associated with the TDA activities, totally $953,010 at June 30, 2011, participate in the pool. The following information pertains to the City's cash and investment activity.

Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled and are reported as cash and investments with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated quarterly to the various funds based on average quarterly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

A. Authorized Investments

The City's Investment Policy is adopted by the City Council in accordance with California Government Code (Code) Section 53601 and has as its objectives the following (in order of priority):

- ✓ **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Turlock shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- ✓ **Liquidity:** The City of Turlock's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- ✓ **Return on Investment:** The City of Turlock's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

2. CASH AND INVESTMENTS (continued)

A. Authorized Investments (continued)

Under provisions of the City's Investment Policy, the City may invest in the following types of investments:

- ✓ U.S. Treasury notes, bonds, and/or bills;
- ✓ U.S. Government Federal Agency Securities;
- ✓ Certificate of Deposits;
- ✓ Bankers Acceptances, investment in any one commercial bank is limited to no more than 30% of the total investment in BA's and the maximum maturity for any security at acquisition is 180 days;
- ✓ Commercial Paper, investment in any single issuer is limited to no more than 10% of total investment in Commercial Paper and the maximum maturity for any security at acquisition is 270 days;
- ✓ State of California Local Agency Investment Fund (LAIF);
- ✓ Money Market and Mutual Funds; and
- ✓ Corporate Notes, AAA rated.

Unless otherwise noted, the above investments are authorized within the limitations delineated in Code Sections 53600 et seq. A five-year maximum maturity (at acquisition) for each investment is allowed unless a longer term approved in advance by the City Council.

B. Cash Deposits

At June 30, 2011 the carrying amount of the City's time and demand deposits was $48,164,190. The difference between the bank balance of $50,160,563 and the carrying amount resulted from outstanding checks and deposits in transit. Of the time deposits and demand deposits, $100,000 was covered by federal depository insurance with the balance being collateralized with securities held by the counter party or its agent in accordance with Section 53652 of the Code. FDIC coverage is unlimited for noninterest bearing accounts through December 2012. The Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities with a value of 110% of a city's total deposits, or by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

C. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. Maturities as a percentage of the total fair value of the investment portfolio are noted in the table above. The average life of the portfolio is 173 days.

Credit Risk – It is the City's policy that federal agency securities must have the highest rating issued by the nationally recognized statistical rating organizations. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

2. CASH AND INVESTMENTS (continued)

C. Risk Disclosures (continued)

At June 30, 2011 the City's credit risks, expressed on a percentage basis were as follows:

	S&P Credit Rating	% of Investments
US Federal Agency Securities	AAA	12.47%
CA Local Agency Investment Fund	not rated	62.46%
Certificates of deposit	not rated	23.88%
Corporate Notes	AA+	1.06%
Money Market account	not rated	0.13%
Total		100.00%

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. U.S. Federal Agency Securities are held by a third-party custodian (Wells Fargo Bank). Wells Fargo Bank is a registered member of the Federal Reserve Bank. The securities held by Wells Fargo are in street name and a customer number is assigned to the City identifying ownership. The investments in certificates of deposit and LAIF are held by the issuing agency in the City's name.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires that the City's investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The change in value of the City's investments from June 30, 2010 to June 30, 2011 amounted to an unrealized loss of $186,800.

D. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The City's investment with LAIF at June 30, 2011 includes a portion of pool funds invested in structured notes and asset-backed securities. These investments may include the following:

> *Structured Notes* are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.
>
> *Asset-Backed Securities* entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest payments from a pool of mortgages (e.g., CMOs) or small business loans or credit card receivables (such as ABCP).

As of June 30, 2011, the City had $60,065,678 invested in LAIF, which had invested 3.19% of the pool's funds in structured notes and asset-backed securities. LAIF's fair value factor of 1.001576470 was used to calculate the fair value of investments in LAIF as of June 30, 2011

3. CAPITAL ASSETS

Capital assets of the Transportation Enterprise Fund at June 30, 2011 consist of the following:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Non-depreciable Assets:					
Construction in process	$ 330,468	$ 2,958,386		$(1,213,798)	$ 2,075,056
Total non-depreciable assets	330,468	2,958,386	-	(1,213,798)	2,075,056
Depreciable Assets:					
Buildings & improvements	1,915,344				1,915,344
Buses & equipment	2,218,786		$ (216,380)	1,213,798	3,216,204
Total asset cost	4,134,130	-	(216,380)	1,213,798	5,131,548
Less: Accumulated depreciation					
Buildings & improvements	(115,827)	(63,487)	133,114		(46,200)
Buses & equipment	(713,208)	(159,379)			(872,587)
Total accumulated depreciation	(829,035)	(222,866)	133,114	-	(918,787)
Total depreciable assets	3,305,095	(222,866)	(83,266)	1,213,798	4,212,761
Net capital assets	$ 3,635,563	$ 2,735,520	$ (83,266)	$ -	$ 6,287,817

4. NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of assets over liabilities, regardless of fund. Net Assets are found in the Proprietary Fund statements for the (TDA). The following describes the components of Net Assets for the TDA report.

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted for Transportation Activities – This amount represents funds received whose expenditure is legally or contractually required to be for transportation purposes.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City has adopted the provisions of *GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund financial statements may consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below. The use of the funds accounted for in these Statements is restricted by law; therefore these funds will never have committed or assigned balances.

4. NET ASSETS AND FUND BALANCES (continued)

B. Fund Balances (continued)

Nonspendable Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact , such as debt service reserve funds with fiscal agents or revolving loan fund.

Restricted Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

Assigned Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. As of June 30, 2011, the Authority did not have any assigned fund balances.

Unassigned This category is for any fund balances that do not fit in the above categories.

5. TRANSPORTATION DEVELOPMENT ACT (TDA)

The State of California established the TDA to provide funds for public transportation. The funds are administered by the Stanislaus Council of Governments (StanCOG). TDA created a Local Transportation Fund (LTF) in each county for the transportation purposes specified in the Transportation Development Act Statutes and Administrative Code. Revenues of the LTF are derived from a 1/4 of one percent sales tax rate levied in each county.

6. PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the $19.925 billion of State general obligation bonds authorized, $4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

Since fiscal year 2007-08, the City has received funding for the following projects: (1) the construction of a Compressed Natural Gas (CNG) fueling station; (2) the purchase of a new CNG bus for the City's fixed route transit system; (3) the purchase of bus LED designation signs and brochure holders; and (4) the acquisition of property for the development of a transit transfer hub. The schedule on the following page delineates the funds received and the expenditure of these funds along with the interest earned on the unexpended funds.

6. PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT, Continued

PTMISEA funds received in June 2008	$	823,965
Expenditures incurred during 2007-08:		
Design and engineering for CNG fueling station		(30,337)
Unexpended proceeds at June 30, 2008	$	793,628
Interest earned during 2008-09		16,674
Expenditures incurred during 2008-09:		
Design and engineering for CNG fueling station along with initial payment for fueling station equipment		(45,728)
Preliminary engineering for purchase of CNG bus		(2,431)
Acquisition and installation of LED designation signs and brochure holders		(13,138)
Unexpended proceeds at June 30, 2009	$	749,005
Revenue received during 2009-10:		
PTMISEA funds received in June 2010		442,194
Interest		3,674
Expenditures incurred during 2009-10:		
Construction and installation of fueling station equipment		(119,046)
Design and specifications for purchase of a CNG bus		(30,051)
Unexpended proceeds at June 30, 2010	$	1,045,776
Revenue received during 2010-11:		
PTMISEA funds received in March 2011		411,038
Interest		2,399
Expenditures incurred during 2010-11:		
Construction and installation of fueling station equipment		(84,743)
Purchase of a CNG bus		(474,852)
Design and property purchase for a transit transfer hub		(403,398)
Unexpended proceeds at June 30, 2011	$	496,220

7. CONTINGENT LIABILITIES

The City receives Federal Transit Administration (FTA) monies for the purchase of buses, construction of related maintenance facilities, and for partial funding of its transit operations. State and federal grants received by the City for specific purposes are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

8. RISK MANAGEMENT

The funds are exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets, and natural disaster. The funds participate in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), as a part of the City. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The funds, through cost allocation from the City, contribute their pro rata share of anticipated losses to pools administered by CSJVRMA.

9. OTHER EMPLOYEE BENEFITS

Personnel costs accounted for under TDA and FTA funding include costs associated with the City's compensated absences and retiree healthcare benefit plans. The costs attributed to TDA and FTA funding are part of the City-wide plans and are allocated to TDA and FTA funds in the same manner as they are allocated to other City funds which have personnel expenditures. More information regarding these plans can be found in the financial statements for the City of Turlock.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2012, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

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Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

We have audited the accompanying financial statements of the Streets Special Revenue Fund and the Transportation Enterprise Fund (collectively the Transportation Development Act Article III Funds or TDA Program Funds) of the City of Turlock, California (City) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered TDA Program Funds' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TDA Program Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TDA Program Funds' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TDA Program Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management, City Council, Stanislaus Council of Governments (StanCOG), others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2012

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

Compliance

We have audited the compliance of the City of Turlock, California's (City) Streets Special Revenue Fund and the Transportation Enterprise Fund (collectively the Transportation Development Act Article III Funds or TDA Program Funds) with the types of compliance requirements described in Section 6666 and 6667 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Stanislaus Council of Governments (StanCOG) for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Audit Standards issued by the Comptroller General of the United States; Section 6666 and 6667 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Stanislaus Council of Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Programs. An audit includes examining, on a test basis, evidence about the TDA Program Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the TDA Program Funds' compliance with those requirements.

In our opinion the TDA Program Funds allocated to and received by the City pursuant to the Act were expended in conformance with the applicable statues, rules and regulations of the Act and the allocation instructions and resolutions of the Stanislaus Council of Governments for the year ended June 30, 2011.

Also as part of our audit, we performed test of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirement.

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the 2007-08 fiscal year the City received $823,965 from the State's PTMISEA account for (1) the construction of a Compressed Natural Gas (CNG) fueling station, (2) the purchase of a new CNG bus for the City's fixed route transit system, and (3) the purchase of bus LED designation signs and brochure holders. At June 30, 2009, $749,005 was unspent. In 2009-10 the City received an additional $442,194 in funding identified for use in the acquisition of property for the development of a transit transfer hub. At June 30, 2010, $1,045,776 was unspent. In 2010-11 the City received an additional $411,038 in funding. The following delineates the expenditure of these funds along with the interest earned on the unexpended funds.

Unexpended proceeds at June 30, 2010	$	1,045,776
Revenue received during 2010-11:		
PTMISEA funds received in March 2011		411,038
Interest		2,399
Expenditures incurred:		
Construction and installation of fueling station equipment		(84,743)
Purchase of a CNG bus		(474,852)
Design and property purchace for a transit transfer hub		(403,398)
Unexpended proceeds at June 30, 2011	$	496,220

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, Stanislaus Council of Governments (StanCOG), others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2012

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CITY OF TURLOCK
ABANDONED VEHICLE ABATEMENT PROGRAM

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 and 2011

CITY OF TURLOCK
ABANDONED VEHICLE ABATEMENT PROGRAM
For the years ended June 30, 2010 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

We have audited the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance (Schedule) of the Abandoned Vehicle Abatement Program (Program) of the City of Turlock, California (City), for the years ended June 30, 2011 and 2010, as listed in the table of contents. The Schedule is the responsibility of the management of the Program. Our responsibility is to express an opinion on the Schedule 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting of the Program. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Schedule is intended to present only the results of operations of the Program of the City. It does not purport to, and does not, present fairly the financial position of the City as of June 30, 2011 and 2010, and changes in fund balances for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the revenues, expenditures, and changes in fund balance of the Program for the years ended June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the City's internal control over financial reporting of the Program and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and considered in assessing the results of our audit.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2012

CITY OF TURLOCK
ABANDONED VEHICLE ABATEMENT PROGRAM
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2010 and 2011

	2011	2010
REVENUES:		
Grant revenue	$ 55,540	$ 57,610
Contribution from City of Turlock	28,887	3,456
Total revenues	84,427	61,066
EXPENDITURES:		
Personnel	75,737	55,226
Supplies	8,690	5,840
Total expenditures	84,427	61,066
EXCESS OF REVENUES OVER EXPENDITURES	-	-
Fund Balance - Beginning	-	-
Fund Balance - Ending	$ -	$ -

See accompanying notes to the financial statements.

CITY OF TURLOCK
ABANDONED VEHICLE ABATEMENT PROGRAM
Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance
For fiscal years ended June 30, 2010 and 2011

---

1. ABANDONED VEHICLE ABATEMENT PROGRAM

The Abandoned Vehicle Abatement Program (Program) is a statewide program administered by the California Highway Patrol (CHP). The City of Turlock (City) administers and operates the local vehicle abatement program pursuant to Section 22710 of the Vehicle Code, Turlock Municipal City Code Section 4-8.108 et seq., and the Stanislaus Council of Governments (StanCOG) Abandoned Vehicle Program and Plan. Section 9250.7 of the Vehicle code establishes the funding source for the abatement of abandoned vehicles by a county-based Service Authority (Authority), pursuant to the provisions of Section 22710 of the Vehicle Code. The Vehicle Code imposes a service fee of one dollar ($1) on vehicles registered to an owner with an address in the county that establishes the Authority. This fee is paid to the Department of Motor Vehicles (DMV) at the time of registration or renewal of registration. The DMV, after deducting its administrative costs, at least quarterly transmits the net amount collected to the State Controller's Office (SCO) for deposit in the Abandoned Vehicle Trust Fund. All money in the fund is continuously appropriated to the SCO for allocation to an Authority that has an approved Program, and for payment of the administrative costs of the SCO. StanCOG, the Authority, distributes Program funds to participating entities based on the allocation determined in the Vehicle Abatement Services Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Revenues, Expenditures and Changes in Fund Balance (Schedule) of the City of Turlock Abandoned Vehicle Abatement Program (Program) 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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Reporting Entity

The Schedule is intended to present the results of operations, and only those revenues and expenditures of the Program that are accounted for in the General Fund of the City of Turlock (City). They are not intended to present the financial position or results of operations of the City as a whole.

B. Basis of Presentation, Basis of Accounting, and Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements.

Governmental Fund Type

Governmental funds are accounted for using the modified accrual basis of accounting and "*current financial resources*" measurement focus. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized in the accounting period in which they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City's accrual period is generally 60 days after fiscal year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2012, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

We have audited the accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the Abandoned Vehicle Abatement Program (Program) of the City of Turlock, California (City), for the year ended June 30, 2011, as listed in the table of contents and have issued our report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial records of the Program. In planning and performing our audit, we considered the City's internal control over financial reporting of the Program as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting of the Program. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting of the Program.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Program's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, the Members of the City Council, management, others within the City, and the Stanislaus Council of Governments (StanCOG) and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2012

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INDEPENDENT AUDITORS' COMPLIANCE REPORT ON THE ABANDONED VEHICLE ABATEMENT PROGRAM

To the Honorable Mayor and Members of City Council
of the City of Turlock
Turlock, California

Compliance

We have audited the compliance of the City of Turlock's (City) Abandoned Vehicle Abatement Program (Program) with the types of compliance requirements described in Section 9250.7, Chapter 6, Article 2, and Section 22710, Chapter 10, Article 1 of the California Vehicle Code and the allocation instructions and resolutions of the Stanislaus Council of Governments (StanCOG) for the years ended June 30, 2011 and 2010. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the Program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States and Section 9250.7, Chapter 6, Article 2, and Section 22710, Chapter 10, Article 1 of the *California Vehicle Code.* Those standards and Sections 9250.7 and 22710 of the *California Vehicle Code* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance, with the types of compliance requirements referred to above, that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion the Program funds allocated to and received by the City pursuant to Sections 9250.7 and 22710 of the *California Vehicle Code* were expended in conformity with the applicable statues, rules and regulations and the allocation instructions and resolutions of the Stanislaus Council of Governments (StanCOG) for the years ended June 30, 2011 and 2010.

Internal Control Over Compliance

Management of the Program is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Program's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of this program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of this program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, the Members of the City Council, management, others within the City, and the Stanislaus Council of Governments (StanCOG) and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 29, 2012

City of Turlock

Turlock, California

Auditors' Communication with Those Charged with Governance

For the year ended June 30, 2011

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

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Caporicci & Larson, Inc.
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Certified Public Accountants

To the Honorable Mayor and Members of the City Council
of the City of Turlock
Turlock, California

We have audited the financial statements of the governmental activities, the business-type activities, the each major fund, and the aggregate remaining fund information of the City of Turlock, California (City) for the year ended June 30, 2011 and have issued our report thereon dated March 30, 2012. We have also audited, as described in their respective reports, the financial statements for the Redevelopment Agency (Agency), the Transportation Development Act Article III Funds (Transportation), the Public Financing Authority (Authority) and the Abandoned Vehicle Abatement Program (AVA). Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 27, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and other applicable requirements for the Agency, Transportation and AVA.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133 and other applicable requirements for the Agency, Transportation and AVA, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements and other applicable requirements for the Agency, Transportation and AVA. While our audit provides a reasonable basis for our opinions, it does not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to each of the financial statements.

The City adopted new accounting policies during FY2011 in connection with the implementation of the following new accounting standards:

- *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* – This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

- *GASB Statement No. 59, Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were

- Investment Valuations
- Allowances for Doubtful Accounts
- Depreciable Lives and Estimated Residual Value of Property and Equipment
- Accrual for Workers' Compensation and General Liabilities
- Pension Plans (Actuarial Assumptions)
- Other Postemployment Benefits (OPEB) Obligations (Accrual Assumption)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Summary of Significant Accounting Policies
- Cash and Investments
- Capital Assets
- Long-term Debt
- Pension Plan
- OPEB – Other Postemployment Benefits
- Commitments and Contingencies
- Subsequent Event (Status of ABXI 26 affecting all California Redevelopment Agencies)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated March 30, 2012, March 29, 2012 and December 28, 2011, which are available for your review upon request.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Firm Peer Review Report

Professional standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our 2008 peer review report has been provided previously. Our 2011 peer review report was recently completed and is attached for your reference.

This information is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidary of Marcum LLP
Certified Public Accountants
San Francisco, California
March 30, 2012

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Council Synopsis

April 24, 2012

From: Heidi McNally-Dial, Economic / Redevelopment Manager

Prepared by: Kellie E. Weaver, City Clerk

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Approving the 2012 Master Calendar and subsequent street closures for the Turlock Downtown Property Owners Association

2. DISCUSSION OF ISSUE:

Municipal Code requires that the City Council approve street closures. On an annual basis the Turlock Downtown Property Owners Association (TDPOA) provides the City Council and City staff with a calendar of events and comprehensive street closure request. This procedure saves staff time and simplifies the process for anyone interested in planning a downtown event. The attached Exhibit A contains the events planned for 2012 that will require the closure of Main Street and side streets.

3. BASIS FOR RECOMMENDATION:

A) Approving the entire 2012 Calendar of Events will save staff time and simplify the application process

B) The events planned will promote and bring the public to downtown Turlock and provide an opportunity to bring the community together.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: The events will have no fiscal impact on the currently adopted budget.

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

Not applicable.

7. ALTERNATIVES:

1. The Council could deny this request and/or direct that an event(s) be held at another location such as Central Park or another public park in Turlock.

2. The Council could deny submission of a Master Calendar and ask for events to be submitted on an individual basis. This is not recommended as submission as a whole is expected to save time for City staff.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF APPROVING THE 2012 MASTER CALENDAR AND SUBSEQUENT STREET CLOSURES FOR THE TURLOCK DOWNTOWN PROPERTY OWNERS ASSOCIATION	}	**RESOLUTION NO. 2012-**

WHEREAS, the Turlock Downtown Property Owners Association has worked with City staff to develop a Downtown Event Procedure and Application to help in planning events in the upcoming year; and

WHEREAS, part of the new procedure is submitting a Downtown Master Calendar for Council approval; and

WHEREAS, the events planned by the Turlock Downtown Property Owners Association will promote and bring the public to downtown Turlock and provide an opportunity to bring the community together.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby approve the 2012 Master Calendar and subsequent street closures identified in Exhibit A for the Turlock Downtown Property Owners Association.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk
City of Turlock, County of Stanislaus,
State of California

EXHIBIT A

Turlock
Downtown Property Owners Association

P.O. Box 1327, Turlock, CA 95381
300 East Main Street
Turlock, CA 95380
Phone: (209) 634-6459
Fax: (209) 634-5190

RECEIVED
MAR 27 2012
City of Turlock
Administrative Services

March 22, 2012

Turlock City Council
City of Turlock
156 S Broadway, Suite 230
Turlock CA 95380

Subject: 2012 Downtown Calendar of Events

Dear Members of the Turlock City Council:

The Turlock Downtown Property Owners Association (TDPOA) has been working with city staff and various community groups to develop events for the downtown area in the upcoming year. As our first step to making these events happen the TDPOA is submitting our 2012 Downtown Master Event Calendar for your review and approval. As evidenced by our list of events, the Board of Directors of the TDPOA have pared this year's event calendar. Upon approval staff can follow-up on all aspects of the events including traffic, public safety, and fire.

Events planned for 2012 that will require city approval and/ or closure of Main Street and side streets are:

1. Saturday, May 12th – Taste of Turlock FEASTival of Food & Fun –8AM – 6PM
    a. Event Description: A downtown event highlighting local restaurants, caterers and food retailers. Entertainment scheduled throughout the day. Local retailers selling food and/or kitchen related goods/services. Assorted businesses and organizations will offer information to the public.
    b. Closure of Main Street from Lander to Palm from8AM – 6PM
    c. Closure of half block of Thor, Center, First and Broadway on both the north and south side of Main Street from 8AM – 6PM.
    d. Use of public sidewalks for tasting event with music and vendors on the streets and sidewalks throughout downtown.
    e. Private security provided by TDPOA
    f. Annual event in its 7th year
2. Friday, November 25th – Festival of Lights – 11AM – 10PM
    a. Event Description: Community tree lighting ceremony along with street faire with food, music and vendors
    b. Closure of Main Street from Golden State Blvd to 1st St from 11AM-10PM
    c. Closure of Main Street from Broadway to Palm from 2PM to 10PM
    d. Closure of half block of Thor, Center, First and Broadway on both the north and south side of Main Street from 2PM to 10PM
3. Friday, December 2nd – Lights on Parade – 2PM – 10PM
    a. Event Description: Annual Christmas Parade with street vendors.
    b. Parade Permit with Turlock Police Department by Parks & Recreation
    c. Closure of Main Street from Lander to Palm from 2PM to 10PM.
    d. Closure of ½ block to N and S of Main from Palm to 1st from 2PM to 10PM

e. Annual event as joint effort with City of Turlock Recreation.

All events are **subject to final approval by staff** in Engineering, Traffic, Police Department, and Fire Services. Thank you for your assistance in making more events in downtown Turlock possible. Your support is vital to the success of our efforts. If you have any further questions, please call the Turlock Downtown Property Owners Association's office at 634-6459.

Sincerely,

Dana McGarry
Turlock Downtown Property Owners Association

7A

Council Synopsis

April 24, 2012

From: Phaedra A. Norton, City Attorney

Prepared by: Phaedra A. Norton, City Attorney

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Ordinance: Repealing Turlock Municipal Code Title 4, Chapter 7, Article 9, Section 03 entitled, "Solicitation of Motorists Prohibited."

2. DISCUSSION OF ISSUE:

On or about September 16, 2011, the United States Court of Appeals for the Ninth Circuit decided *Comite de Jornaleros de Redondo Beach v. City of Redondo Beach.* The 9th Circuit ruled that an ordinance similar to TMC§4-7-903 was a facially unconstitutional restriction on speech because it did not constitute a reasonable regulation of the time, place, or manner of speaking.

3. BASIS FOR RECOMMENDATION:

United States Court of Appeals for the Ninth Circuit decided *Comite de Jornaleros de Redondo Beach v. City of Redondo Beach,* 657 F.3d 936 (9th Cir. 2011), cert. denied, ___S.Ct.___(Feb. 21, 2012).

Strategic Plan Initiative:

Not specifically identified within the City Strategic Plan.

4. FISCAL IMPACT / BUDGET AMENDMENT: None

5. CITY MANAGER'S COMMENTS: Recommend approval.

6. ENVIRONMENTAL DETERMINATION: N/A

7. ALTERNATIVES: None

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF REPEALING TURLOCK MUNICIPAL CODE TITLE 4, CHAPTER 7, ARTICLE 9, SECTION 03, ENTITLED "SOLICITATION OF MOTORISTS PROHIBITED"	}	**ORDINANCE NO. -CS**

WHEREAS, the United States Court of Appeals for the Ninth Circuit has ruled that an ordinance similar to this is a facially unconstitutional restriction on speech because it does not constitute a reasonable regulation of the time, place, or manner of speaking.

BE IT ORDAINED by the City Council of the City of Turlock as follows:

SECTION 1. REPEAL: Title 4, Chapter 7, Article 9, Section 03 is hereby repealed in its entirety:

~~**4-7-903 Solicitation of Motorists Prohibited.**~~
~~No person shall stand on any public or private parking lot, street, or highway, or any sidewalk or other area adjacent to any parking lot, street, or highway, and solicit or attempt to solicit employment, business, or contributions from occupants of a vehicle.~~

SECTION 2. VALIDITY: If any section, subsection, sentence, clause, word, or phrase of this ordinance is held to be unconstitutional or otherwise invalid for any reason, such decision shall not affect the validity of the remainder of this ordinance. The Turlock City Council hereby declares that they would have passed this ordinance, and each section, subsection, sentence, clause, word, or phrase thereof, irrespective of the fact that one or more section, subsection, sentence, clause, word, or phrase be declared invalid or unconstitutional.

SECTION 3. ENACTMENT: Prior to the expiration of fifteen (15) days from the passage and adoption thereof, this ordinance shall be published in a newspaper of general circulation printed and published in the County of Stanislaus, State of California, together with names of the members of the City Council voting for and against the same.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this __ day of _____, 2012, by the following vote:

AYES: Councilmembers
NOES:
ABSTAIN:
NOT PARTICIPATING:
ABSENT:

Signed and approved this ___ day of _____, 2012.

_____
JOHN S. LAZAR, Mayor

ATTEST:

_____
Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California

8A

Council Synopsis

April 24, 2012

From: Allison Van Guilder, Parks, Recreation and Public Facilities Manager

Prepared by: Erik Schulze, Parks, Recreation and Public Facilities Superintendent

Agendized by: Roy Wasden, City Manager

1. ACTION RECOMMENDED:

OPTION 1:

Resolution: Accepting the report regarding the status of the Turlock City Arts Commission, and effective June 1, 2012, disbanding the Commission and rescinding Resolution No. 97-112, which set forth the Turlock City Arts Commission bylaws, with the intent of entering into a Memorandum of Understanding between the City of Turlock and the Carnegie Arts Center to provide public art in the City Hall Gallery

OR

OPTION 2:

Motion: Accepting the report regarding the status of the Turlock City Arts Commission and maintaining the current role of the Turlock City Arts Commission

2. DISCUSSION OF ISSUE:

Over the last 14 months the Turlock City Arts Commission has only held 6 meetings due to their inability to achieve a quorum. The Commission is down to 6 members out of a possible 25, with many of the vacancies open due to past members resigning to volunteer for the Carnegie Arts Center. Due to the lack of meetings, the Commission has struggled greatly in fulfilling its charge of encouraging and promoting cultural enrichment for the City of Turlock.

The Commission's inability to meet on a monthly basis has forced them to cancel several planned events including the Arts Under the Stars, a photography show with the Turlock Historical Society and the Youth Spring Juried Art Show. One of the major functions of the Commission is to plan and prepare exhibits at the City Hall Gallery.

The lack of regularly scheduled meetings has impacted this program resulting in a lack of public art in the gallery for several months at a time. In addition, every month staff time is spent preparing and posting the Commission agenda only to have the meeting canceled due to the lack of a quorum. These facts have brought into question the future of the Commission and whether or not the Commission should be disbanded.

Staff met with Commission Chair, Candace Klaschus, to discuss the current state of the Commission and the struggle to maintain regular participation. Focusing on the goal of continuing to promote arts in the community, an idea to enter into a partnership with the Carnegie Arts Center was developed during that discussion. In order to continue promoting arts in the community and to provide public art in the City Hall Gallery, with Council approval, the City could choose to enter into an agreement with the Carnegie Arts Center to display complementary art exhibits to those showing at the Carnegie Arts Center. The value in establishing a partnership with the Carnegie Arts Center will come in the form of their volunteers and their ability to ensure the City's gallery will be used to display art on a regular basis. This idea was also discussed at the Arts Commission meeting on March 8, 2012 and City staff discussed the idea with Rebecca Phillips Abbott, Executive Director of the Carnegie Arts Center. Ms. Phillips Abbott is open to this idea of a partnership with the City in order to continue promoting art in the community by regularly displaying art in the City Hall Gallery. This partnership has the potential to further strengthen the City's relationship with the Carnegie Arts Center leading to additional cultural enrichment opportunities.

3. BASIS FOR RECOMMENDATION:

In the past, the Turlock City Arts Commission was highly active in developing and promoting arts in our community. A large volunteer base and a full time City employee played a significant role in their ability to do so. The inconsistent levels of commissioner participation and staffing changes appear to have adversely impacted the vitality of the Arts Commission.

The Turlock City Arts Commission is unable to meet the minimum requirements as per their by-laws. Under section 101 (a): Powers and Duties states the Commission shall encourage, stimulate, promote and foster programs for the cultural enrichment of the City and thereby contribute to the quality of life in Turlock and to develop an awareness in the business community, in local government and in the general public of the value of the arts in Turlock.

Given the factors listed above, it is staff's recommendation that the Turlock City Arts Commission disband and that the City of Turlock enter into a Memorandum of Understanding with the Carnegie Arts Center to provide public art in the City Hall Gallery. This would create the opportunity for the City to participate in promoting arts in the community in a much more manageable and consistent manner.

STRATEGIC PLAN:

Strategic Plan Initiative:
Goal(s): C. Cultural Arts and Tourism
i) Partner with community stakeholders to promote Turlock as a tourist destination for the arts, sports, facilities and special events

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: None

Budget Amendment: N/A

5. CITY MANAGER'S COMMENTS:

Recommend approval

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

1) If Council decides not to disband the Arts Commission, they may also consider reducing the number of positions on the Commission to a more manageable number.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF ACCEPTING THE REPORT REGARDING THE STATUS OF THE TURLOCK CITY ARTS COMMISSION, AND EFFECTIVE JUNE 1, 2012, DISBANDING THE COMMISSION, AND RESCINDING RESOLUTION NO. 97-112, WHICH SET FORTH THE TURLOCK CITY ARTS COMMISSION BYLAWS WITH THE INTENT OF ENTERING INTO A FUTURE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF TURLOCK AND THE CARNEGIE ARTS CENTER TO PROVIDE PUBLIC ART IN THE CITY HALL GALLERY	}	**RESOLUTION NO. 2012-**

WHEREAS, the Turlock City Arts Commission by-laws were established by Turlock City Council Resolution No. 97-122; and

WHEREAS, the Turlock City Arts Commission has, over the last 14 months, held 6 meetings due to their inability to establish a quorum. The Commission is down to 6 members out of a possible 25 members, with many of the vacancies open due to members resigning to volunteer for the Carnegie Arts Foundation; and

WHEREAS, the Commission's inability to meet on a monthly basis has forced them to cancel several planned events such as "Arts Under the Stars," a photography show with the Turlock Historical Society, and the Youth Spring Juried Art Show; and

WHEREAS, the City has the opportunity to partner with the Carnegie Arts Center to provide complementary art exhibits in the City Hall Gallery; and

WHEREAS, the Turlock City Arts Commission is unable to meet the minimum requirements as per their by-laws, which under Section 101 (a): Powers and Duties states, the Commission shall encourage, stimulate, promote and foster programs for the cultural enrichment of the City and thereby contribute to the quality of life in Turlock and to develop an awareness in the business community, in local government and in the general public of the value of the arts in Turlock.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby accept the report regarding the status of the Turlock City Arts Commission, and effective June 1, 2012, disbands the Commission and rescinds Resolution No. 97-112 which set forth the Turlock City Arts Commission by-laws, with the intent of entering into a Memorandum of Understanding between the City of Turlock and the Carnegie Arts Center to provide public art in the City Hall Gallery.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk
City of Turlock, County of
Stanislaus, State of California

8B

Council Synopsis

April 24, 2012

From: Roy Wasden, City Manager

Prepared by: Maryn Pitt, Interim Assistant City Manager
Mike Pitcock, Director Development Services

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Motion: Providing direction to staff with regard to the feasibility of a transportation funding options local ballot measure.

2. DISCUSSION OF ISSUE:

On April 10, 2012, the City Council held a Roads Workshop to receive information regarding the conditions of the City's streets and the current funding levels dedicated to street maintenance. The City Engineer detailed how the City applies for and receives funds for transportation/streets projects.

Specifically, funding for transportation plans and projects comes from a variety of sources including the federal government, state governments, special authorities but is not limited to public or private revenues, local assessment districts, local government general fund contributions (such as local property and sales taxes) and impact fees.

However, federal funding—transferred to the state and later distributed to metropolitan areas—is typically the primary funding source for major plans and projects. Federal transportation funding is made available through the Federal Highway Trust Fund and is supplemented by City funds. It is important to remember that most FHWA sources of funding are administered by the state Department of Transportation (DOT). The state DOT then allocates the money to urban and rural areas based on state and local priorities and needs.

Federal funds are made available through a specific process:

- **Authorizing Legislation:** Congress enacts legislation that establishes or continues the existing operation of a federal program or agency, including the amount of money it anticipates to be available to spend or grant to states, Metropolitan Planning Organizations (MPOs), and transit operators. Congress generally reauthorizes federal surface transportation programs over multiple

years. The amount authorized, however, is not always the amount that ends up actually being available to spend.

- **Appropriations:** Each year, Congress decides on the federal budget for the next fiscal year. As a result of the appropriation process, the amount appropriated to a federal program is often less than the amount authorized for a given year and is the actual amount available to federal agencies to spend or grant.

- **Apportionment:** The distribution of program funds among states and metropolitan areas (for most transit funds) uses a formula provided in law called an apportionment. An apportionment is usually made on the first day of the federal fiscal year (October 1) for which the funds are authorized. At that time, the funds are available for obligation (spending) by a state, in accordance with an approved State Transportation Improvement Program (STIP). In many cases, the state is the designated recipient for federal transportation funds; in some cases, transit operators are the recipient.

- **Determining Eligibility:** Only certain projects and activities are eligible to receive federal transportation funding. Criteria depend on the funding source.

- **Match:** Most federal transportation programs require a non-federal match. State or local governments must contribute some portion of the project cost. This matching level is established by legislation. For many programs, the amount the state or local governments have to contribute is 20 percent of the capital cost for most highway and transit projects.

Transportation Sales Tax

Transportation sales taxes are important revenue sources to the funding of regional transportation improvements throughout California. Transportation sales taxes increase the combined sales and use tax rate within the counties that approve them. These transportation sales taxes are actually a kind of transactions and use tax. Under California law, transactions and use taxes may be approved locally and added to the combined state and local sales and use tax rate. The statewide sales and use tax, currently at 7.375%, including portions that go to the state general fund, to several specific state funds including some for local allocation and use, and to the cities and counties essentially based on the location of the purchase.

Although collected along with the statewide base sales and use tax, transactions and use taxes differ somewhat in application and allocation from the sales and use tax. Transactions and Use Taxes generally apply to merchandise that is delivered in a jurisdiction which imposes such a tax. In practice the tax application and allocation for most retail sales will not differ from the sales and use tax. But there are some differences. Importantly, in the case of a sale or

lease of a vehicle, vessel, or aircraft, a transaction and use tax is charged and allocated based on the location in which the property will be registered.

Transportation Transactions (Sales) and Use Taxes.
There are currently twenty counties with transactions and use taxes for public transportation or transit. Nineteen of these counties are so-called "self-help counties," in which the tax is used to fund a long term transportation improvement plan and thereby garner state and federal matching funds. All but two of these taxes are at the ½ percent rate. Sonoma County's Transportation Tax is ¼ percent. Los Angeles County voters have approved three ½ percent transportation sales taxes for a combined rate of 1.5%.

Election Outcomes of Transportation Sales Taxes
Since 1995, local voters have considered 47 countywide transportation sales tax measures. Twelve of the 47 were to extend existing transportation sales taxes; the remaining 35 involved a sales tax increase for a new countywide transportation or transit funding program. In addition to transportation sales tax proposals, voters have considered 218 other sales tax add-on proposals since 1995.

The record of transportation sales tax elections demonstrates how difficult two-third voter approval is to achieve. Among the 34 measures for new taxes, just seven garnered 66.67% of the vote for passage. Sonoma County's success in November 2004 came after failure in March 2000. The Los Angeles and Santa Clara measures were for additional rates on top of existing transportation sales taxes. The Madera measure restored a rate that had expired years earlier. Measures to continue an existing sales tax have fared far better with 14 out of 17 proposals succeeding. Moreover, all three failing measures succeeded in later attempts. Alameda County failed to get voter approval for an extension in June 1998 but succeeded in a second attempt in November 2000. Fresno County failed in November 2002 to extend that county ½ cent transportation sales tax that would have expired June 30, 2007. But county voters said yes to a renewal measure in November 2006. Madera County's failure in November 2002 led to the expiration of its previous ½ cent transportation sales tax in September 2005, but the tax was restored by the voters in November 2006 with a record yes vote for a transportation sales tax measure.

There are currently three different strategy options available to the City of Turlock.

a. Test the electorate using an outside firm to conduct a survey to ascertain the current will of the community regarding different types of local sales taxes (e.g. General or transportation/public safety/restricted). Staff is at present determining the cost of such a survey. The City of Turlock could seek to place

a local sales tax in either the November 2012 or November 2014 General election.

b. Advocate for a countywide local sales tax designation for Stanislaus County.

c. Wait until the outcome of ACA 23 is determined before a course of action, if any is determined.

3. BASIS FOR RECOMMENDATION:

A) Included with this staff report is Attachment A, it provides a historical perspective on the issues related to alternative methods of local government participating in transportation financing.

B) The Council has asked for further information as to alternatives to address the condition of Turlock's streets and roads.

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: Unknown at his time.

Strategic Plan Initiative B. FISCAL RESPONSIBILITY

Goal(s): b. Identify smart revenue opportunities including but not limited to grants and outside sources of funding.

c. ensure the most efficient use of resources and maximize value within department budgets and develop value-added partnerships with public and private agencies, industry, and educational institutions, such as California State University Stanislaus

5. CITY MANAGER'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

A. Leave transportation to StanCog and seek grant funds to fix local streets.

ATTACHMENT A

LOCAL TRANSPORTATION SALES TAXES: CALIFORNIA'S EXPERIMENT IN TRANSPORTATION FINANCE

by

Amber E. Crabbe, Rachel Hiatt, Susan D. Poliwka, and Martin Wachs

LOCAL TRANSPORTATION SALES TAXES:

CALIFORNIA'S EXPERIMENT IN TRANSPORTATION FINANCE

by

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Submitted to PUBLIC BUDGETING AND FINANCE

February 19, 2005

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Amber E. Crabbe, Rachel Hiatt, and Susan D. Poliwka were Research Assistants at the Institute of Transportation Studies at the University of California, Berkeley, where they are all completed dual Masters Degrees in City and Regional Planning and Transportation Engineering. Crabbe is now Project Coordinator at the Transportation and Land Use Coalition in Oakland, CA. Hiatt is now a Transportation Planner with the San Francisco County Transportation Authority. Poliwka is a Fulbright Fellow in Urban Development Planning at the Lviv Polytechnic National University in Ukraine. Martin Wachs is Director of the Institute of Transportation Studies and Carlson Distinguished Professor of Civil & Environmental Engineering and Professor of City and Regional Planning at the University of California, Berkeley.

ABSTRACT

Over the last 25 years, voters in 20 California counties approved "local transportation sales taxes" to pay for transportation projects. A growing source of revenue, they generate roughly $2.5 billion per year. Four features explain their popularity: they require direct voter approval; funds are raised and spent within the counties that enact them, so voters experience benefits directly; most automatically expire; and they usually specify the improvements to be financed. These taxes are an important revenue source, but tend to favor capital investments over operations and maintenance. They have enhanced local governments' decision-making authority, but may have made regional transportation planning in multi-county regions more difficult to achieve.

Key Words: Transportation Finance, Sales Taxes, California, Revenue, Public Works

INTRODUCTION

During the last 25 years, residents of 20 California counties voted to raise sales taxes for defined periods to pay for transportation improvements. Collectively, these "local transportation sales taxes" (LTSTs), generate roughly $2.5 billion per year for the support of capital investments in new highways and transit systems and the maintenance and operation of existing ones. Since their inception, these taxes have been the fastest-growing source of revenue for transportation in California. They also enable local civic and political leaders to bypass obstacles in the state's existing system of transportation finance and decision-making.

The state, its counties, regional transportation planning agencies, and ultimately the voters of California face critical decisions about the role these taxes should play in transportation finance and decision-making over the coming decades. Despite the importance of these taxes, there has been little systematic evaluation of their impact on the state's transportation system. We have examined what their contributions and implications have been. Our study is intended to inform policy-making by providing an overview of the history, benefits, problems, and policy issues associated with them.

It is important that policymakers carefully consider the consequences of these measures, because the California transportation sales taxes are typical of a national trend. During the 90s, federal and state elected officials have been unwilling to raise motor fuel taxes, and in response ballot measures to enact local transportation taxes are becoming increasingly common across the country[1]. In calendar year 2002 alone, there were 44 ballot measures in which voters were asked to raise taxes for transportation. Of these measures, only nine were statewide votes, and the rest were county or municipal measures. The vast majority involved local sales taxes, but a few proposed local fuel, property, income taxes, and payroll taxes. A majority of the measures were approved. Some of those approved were revised versions of measures that had failed in earlier elections, while some of the failed measures will give rise to additional attempts in the future [2, 3].

HISTORY OF CALIFORNIA'S LOCAL TRANSPORTATION SALES TAXES

Motor-fuel taxes have been the principal source of state highway funding in California since the early 20th century. Viewed by many as "user fees" more than as traditional taxes, motor-fuel taxes function somewhat like tolls. Those who use the roads most often and drive the greatest distances provide through motor-fuel taxes most of the revenues needed to build,

operate, and maintain those highways. Because fuel taxes do not charge for the use of roads exactly at the time and place of travel, they are thought by many to be "second best" or "approximate" user fees, favored because fuel taxes are typically much less costly to administer than tolls[4]. State and federal governments levy motor-fuel taxes, and they have together financed most major state highways and the interstate system. For more than 30 years, public transit systems have also derived a substantial proportion of their revenue from motor-fuel taxes. A portion of the federal fuel tax is designated for the support of transit capital grants and operating subsidies, and sales taxes paid on gasoline provide California's principal source of subsidy to transit operations.

Motor-fuel taxes have important drawbacks as well as unique strengths for transportation finance. In recent years, they have failed to produce sufficient revenues and have had to be augmented by other funds. Because motor-fuel taxes are enacted on the basis of cents per gallon, they do not rise automatically with inflation and must be raised periodically by the legislature. However, Congress and California's state legislature have been reluctant to raise motor-fuel taxes in recent decades and have actually debated the possibility of *lowering* the per-gallon fuel tax. Compounding this are federal regulations that require automobile manufacturers to achieve certain rates of vehicle fuel economy. Since the energy crisis of the 1970s, fuel-economy rates have improved from between 10 or 12 miles per gallon to well over 20 miles per gallon today, meaning that road users pay far lower fuel taxes than they did 30 years ago, when measured in inflation-adjusted dollars per mile of driving. Fuel-efficient cars and gas guzzlers impose similar costs on the highway system but contribute different amounts of money to support their construction and maintenance. At the same time that fuel-tax revenues have been threatened, the costs of land and construction have grown faster than the cost of goods and services in general[5, 6].

In the meantime, public-transit districts pioneered the use of local transportation sales taxes in California. Los Angeles had sought a source of funding for a rapid-transit system since the 1920s, without success. The creation of the Southern California Rapid Transit District (SCRTD) in 1964 enabled a regional transit system to be financed with a countywide sales tax. In the first vote of its kind in the state, Los Angeles County voters rejected a sales tax proposed in 1968 to fund construction of the system. The following year, the state legislature imposed a sales tax in three Northern California counties to cover debt service and operating costs of the

Bay Area Rapid Transit (BART) system, then already under construction. Soon, surrounding areas began to seek sales taxes to finance bus services. Over roughly the next decade, as summarized in Table 1, voters approved permanent sales taxes to fund transit operations and capital improvements in San Mateo, Santa Clara, and Santa Cruz counties. After two more failed attempts in 1974 and 1976, Los Angeles finally gained voter approval for a permanent sales tax to fund a rail system in 1980.

Table 1—Transit District Taxes

Year	Transit District	Method of Passage	Also an LOST administered by TA?
1969	BART District (Alameda, Contra Costa, San Francisco)	Legislatively Enacted	Yes (in each county)
1976	Santa Clara	Voter Approved	Yes
1978	Santa Cruz	Voter Approved	No
1980	Los Angeles	Voter Approved	Yes
1982	San Mateo	Voter Approved	Yes

Source: Data compiled by authors from transportation-authority expenditure plans and annual reports.

Faced with the difficulty of increasing the statewide gasoline tax, local governments in California and around the country began to seek authority to levy taxes of their own to fund new transportation investments. Early in the 1980s, the state saw a brief wave of ballot proposals to fund road projects through local gasoline taxes of one or two cents per gallon. However, none of these measures was able to muster the two-thirds majority needed for approval. In the late 1980s, the California transportation program faced a financial crisis, and it appeared that traditional sources of funding would provide insufficient revenue in the future to fund the State Transportation Improvement Program (STIP). The voters of California approved a fuel-tax increase in the early 1990s, but the tax rate has not been adjusted since, and there is today little political will for further increases in fuel taxes.

Sales taxes rose to greater prominence in the mid-1980s, as the legislature began authorizing sales taxes for transportation projects in individual counties. Under this legislation, counties and cities would cooperatively establish new "transportation authorities" to administer the tax proceeds in keeping with voter-approved expenditure programs. In 1984, voters in Santa Clara County approved the first such sales tax in California. The legislature soon gave all counties the power to adopt these taxes, prompting a deluge of new ballot proposals. As shown in Figure 1, 17 counties adopted these taxes by 1990. Some sales tax revenues are used for current expenses to cover maintenance and operations of transportation facilities. In other cases, revenue bonds have been issued to cover the capital costs of new projects, with future sales tax

revenues earmarked for the retirement of the debt.

Figure 1—Counties with temporary Local Option Sales Taxes

Source: Compiled by the authors
Notes: Transit-district taxes are not included on this map. The LTSTs in Los Angeles do not expire.

The proliferation of transportation sales taxes was soon halted, however, as the antitax movement gained speed. In 1986 voters passed Proposition 62, which required that these measures be approved by a supermajority of two-thirds of those voting. Proponents of the

transportation sales taxes challenged the measure in court, and its impact was not fully felt until the early 1990s, after the measure was upheld by a state appellate court. Voters in Santa Clara County had approved by a simple majority a new sales tax to succeed the expiring tax originally passed in 1984. The measure had not, however, achieved the two-thirds supermajority required by Proposition 62, and for several years the issue was left unresolved by suits and appeals. Finally, the appellate court's "Guardino decision" made it clear that two-thirds majorities are required, and the adoption of such taxes slowed in the 1990s as proponents feared that the attainment of a supermajority was virtually impossible.

More recently, local transportation sales taxes have seen a revival. In November of 2000, Alameda and Santa Clara counties achieved the supermajorities necessary to renew their existing transportation sales taxes for another generation. The overwhelming degree of voter support for these measures challenged conventional wisdom regarding the impossibility of winning approval from two-thirds of the voters and lent encouragement to other counties in which sales taxes soon will expire. Between 2002 and 2004 the counties of Riverside, San Francisco, Contra Costa, Marin, Sacramento, San Bernardino, San Diego, San Mateo and Sonoma all mustered the two-thirds supermajorities to pass or "reauthorize" their transportation taxes, in most cases extending the life of previous sales taxes or increasing the rates of taxation.

The popularity of this strategy for raising transportation revenues is impressive in the midst of a political climate that is generally averse to new taxes. This success is associated with four important characteristics of LTSTs: 1) the taxes must be approved directly by the voters; 2) the funds are raised and spent within the counties that enact them, so that voters experience the benefits of their tax expenditures directly in their own communities; 3) most of the LTSTs are temporary (typically lasting 15 or 20 years), after which they automatically expire or "sunset," unless specifically reauthorized by another vote of the citizenry; and 4) the measures that the voters have approved most often contain lists of specific transportation projects to be financed with the proceeds of the taxes.

In combination, these provisions give citizens more direct control over transportation investments than has typically been the case with motor fuel taxes. That control is clearly a factor in the success of the sales tax program. In addition, the sales taxes have proven more popular than alternative sources of revenue because their broad tax base enables large amounts of revenue to be raised with relatively low tax rates[7]. In terms of potential income productivity, a

general countywide sales tax of 1 percent would produce as much revenue as would a motor fuel tax of 20 to 30 cents per gallon, and polls have shown that voters prefer a broader tax base with a lower rate to a fuel tax at a higher rate[8].

POLICY QUESTIONS RELATED TO LTSTs

Many regard the LTSTs as successful, but important questions about them remain. Both the fuel tax and the sales tax are regressive in that poorer citizens pay a larger proportion of their income in these taxes than do the rich. The regressivity of the fuel tax, however, is tempered by the fact that it approximates a user fee, and people of low income who pay also benefit directly from the projects and programs that it finances. The sales tax is borne by all citizens, whether they travel extensively or not, and the poor who travel little may not receive as much benefit from it as the rich. In addition, the fuel tax to at least some extent induces traveler behavior that tends to maximize the efficiency with which the transportation system is used. For example, higher fuel taxes tend to promote the use of public transit, carpooling, and more fuel-efficient vehicles, while general sales taxes do not affect travel behavior in these beneficial ways.

Many useful transportation projects have been built in California with the support of LTSTs, yet it is not completely clear whether or not most of the projects undertaken with this funding would have been built using funding sources that were available prior to the enactment of the measures. Did LTSTs permit the expansion of transportation investment programs into new areas, or was their major result the substitution of a new source of financial support for projects that would otherwise have been built? And, while it appears that LTSTs have increased the ability of counties to plan and deliver transportation projects, did concentration of increased transportation resources at the county level serve to weaken the regional transportation programs of metropolitan planning organizations (MPOs)? Are counties willing to spend their LTST funds on projects of statewide or regional benefit, or do they concentrate their expenditures on projects that produce benefits primarily for the local community?

Other questions of a more practical and immediate nature arise with respect to the future viability of LTSTs. Have the funds raised been expended in accordance with the expenditure plans included in the ballot measures, and have the funds allowed a majority of the projects included in the expenditure plans to actually be undertaken? What has happened when, for a variety of technical or political reasons, projects included in the expenditure plans have run into

widespread opposition, have caused unanticipated environmental mitigation problems, or experienced unexpected cost increases? What difficulties arise when economic recessions cause tax revenues to fall short of earlier projections?

METHODOLOGY

In order to evaluate California's LTSTs, data were collected on successful and failing measures from each of the counties that attempted to pass them. The data included information presented to the voters (ballot language, enacting ordinances, arguments made for and against the measures, and expenditure plans). In-person interviews were conducted with 35 people who are active in California transportation policy-making. Interviewees included county transportation officials and representatives of the Bay Area's Metropolitan Transportation Commission, the California State Association of Counties, and the California Association of Councils of Government. Senior administrators of county measures were selected for interview. Newspaper articles were used to identify leading proponents and opponents of the measures who were also contacted for interviews. Finally, each interviewee was asked to identify others whom they thought should be interviewed, and people suggested frequently were contacted in order to be sure that complete information was obtained. An interview guide contained several dozen questions, but the interviews were open ended so that issues that came up in discussion could easily be incorporated. Statements made in confidence during these interviews are not attributed to specific interviewees in the text of this report. The Self-Help Counties Coalition, an organization that represents the common interests of the counties that have enacted LTSTs, was particularly helpful to this project as a source of information, documents, and policy insights.

For purposes of analysis, this study divides California's counties into three broad groups: urban, suburban, and rural, because there are wide variations among programs as a function of which type of county they typify. In practice, many counties include areas that exhibit more than one of these characteristics, so it is difficult to find a fully satisfactory way to classify them. Despite this, the division of counties into groups is a helpful tool for illustrating key patterns across the state. This study examined transportation sales taxes adopted in 17 counties between 1984 and 1990. While there are many differences, they share a common focus on financing a transportation expenditure plan administered by a special transportation authority. This study does not examine the earlier transit-district taxes, which are important, but tend to involve less

significant year-to-year decisions about how they are to be used.

WHAT ARE LTSTs SUPPORTING?

In fiscal years 1998–2001, local entities in California raised through locally enacted transportation sales taxes about 17 percent of the state's total transportation revenues[9]. Given that LTSTs are playing such an important role in California's system of transportation finance, the question of what these taxes are supporting becomes important.

Location of Sales-Tax Counties

Twenty counties, as shown in Table 2, have adopted LTSTs, some more than once. So far, San Benito County's sales tax has been the only measure to expire without being renewed. As seen in Table 3, the counties with sales taxes divide roughly evenly among urban, suburban, and rural counties. At least 10 other counties have unsuccessfully attempted to pass similar measures, some of them several times. Most have been in rural areas. Several counties have seen multiple unsuccessful attempts over the years, most notably Sonoma County, where voters defeated LTST proposals four times before passing one in 2004.

Table 2—Local Option Sales Taxes

1984	Santa Clara	1/2%	10 years	in addition to TDT
1986	Alameda	1/2%	15 years	in addition to BART
1986	Fresno	1/2%	20 years	
1987	San Diego	1/2%	20 years	
1988	San Benito	1/2%	10 years	expired
1988	San Mateo	1/2%	20 years	in addition to TDT
1988	Contra Costa	1/2%	20 years	in addition to BART
1988	Riverside	1/2%	20 years	
1988	Sacramento	1/2%	20 years	
1989	Imperial	1/2%	20 years	expired
1989	San Bernardino	1/2%	20 years	
1989	San Francisco	1/2%	20 years	in addition to BART
1989	Santa Barbara	1/2%	20 years	
1990	Madera	1/2%	15 years	
1990	Los Angeles	1/2%	permanent	in addition to TDT
1990	Orange	1/2%	20 years	
1990	San Joaquin	1/2%	20 years	
1996	Santa Clara (A+B)	1/2%	9 years	in addition to TDT
2000	Alameda	1/2%	20 years	in addition to BART
2000	Santa Clara	1/2%	30 years	in addition to TDT
2002	Riverside	1/2%	30 years	
2003	San Francisco	1/2%	30 years	
2004	Contra Costa	1/2%	25 years	

2004	Marin	1/2%	20 years	
2004	Sacramento	1/2%	30 years	
2004	San Bernardino	1/2%	30 years	
2004	San Diego	1/2%	40 years	
2004	San Mateo	1/2%	25 years	
2004	Sonoma	1/4%	20 years	

TDT: transit-district tax.

Source: Data compiled by the authors from county transportation-authority expenditure plans and annual reports.

Table 3 – LTSTs in Urban, Suburban, and Rural Counties

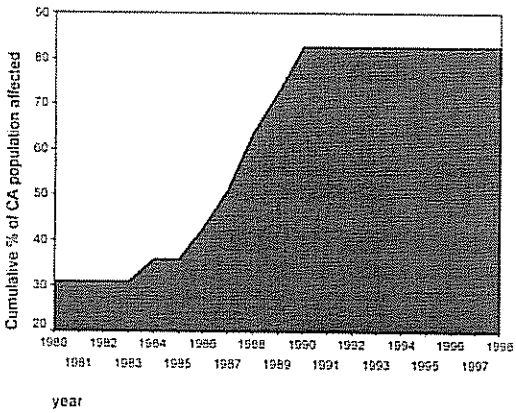
	Counties with LTSTs	Counties That Have Tried and Failed to Adopt LTSTs
Urban	Alameda	
	Los Angeles	
	Sacramento	
	San Diego	
	San Francisco	
	Santa Clara	
	Sacramento	
Suburban	Contra Costa	Ventura
	Orange	
	Riverside	
	San Bernardino	
	San Mateo	
	Santa Barbara	
	Marin	
	Sonoma	
Rural	Fresno	Kern
	Imperial	Monterey
	Madera	Nevada
	San Benito	Placer
	San Joaquin	Sutter
		Tuolumne
		Yuba
		El Dorado (**uncertain**)
		Lassen (**uncertain**)

Source: Data compiled by the authors from county transportation-authority expenditure plans and annual reports.

Although fewer than half of the state's 58 counties have LTSTs, these contain more than 87 percent of the state's population. The growing proportion of the state's population that has been paying LTSTs is shown in Figure 2. Similarly, the annual amount of money raised by the

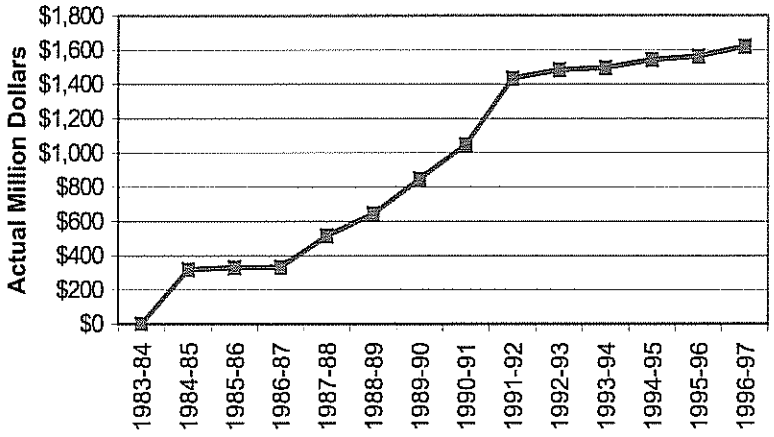
taxes rose during the 1980s, but more recently the rate of increase has declined. Figure 3 shows the actual revenues, and Figure 4 shows the revenues in constant 1990 dollars[10]. The revenues level off after 1990 (when adjusted for inflation), because most counties approving taxes since that date have been "reauthorizing" or extending existing taxes. Revenues have also been affected by the recent economic downturn. Taxable sales, for example, in the nine-county San Francisco Bay Area were in the year 2001 a hefty 12.5 percent below those in the year 2000; and sales in 2002 remained about two percent below those for the year 2000[11].

Figure 2—% of Population Paying a Local Option Sales Tax



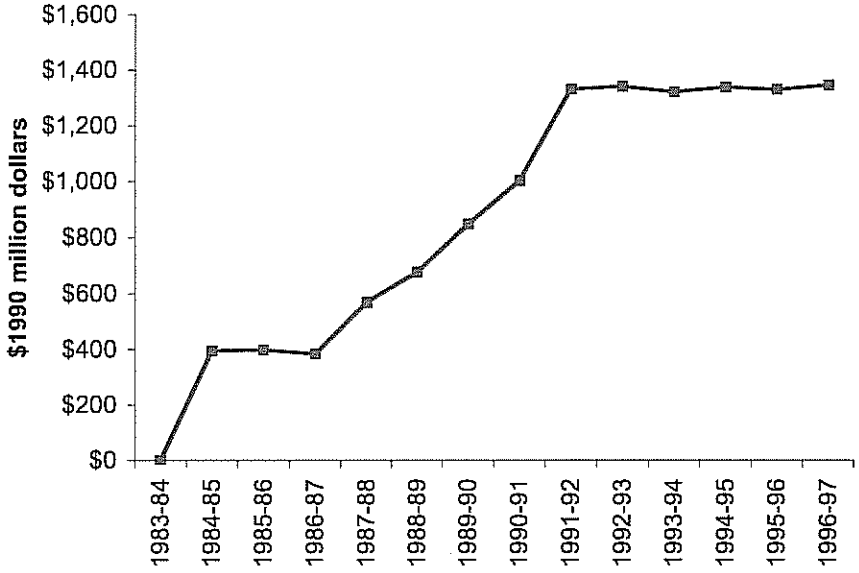
Source: Compilation of data from Public Policy Institute of California, Brown, et al. (1998) & Todd Goldman, (1999)

Figure 3 Actual Local Sales Tax Revenues, 1983-1996



Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

Figure 4--Local Sales Tax Revenues 1983-1996

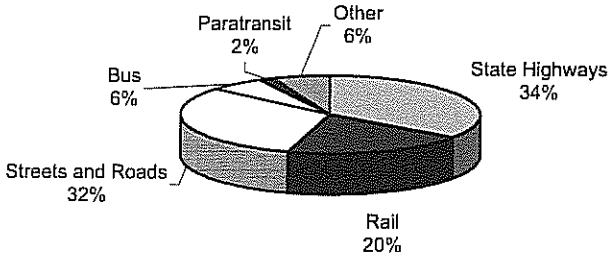


Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

Uses of Revenues

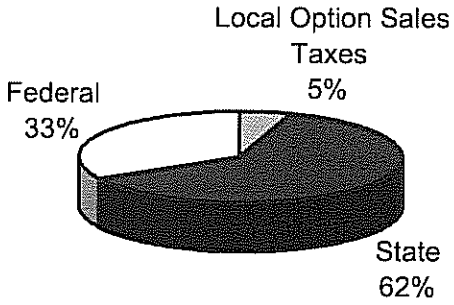
The Self-Help Counties Coalition has analyzed expenditures from the LTSTs. It has shown that the measures have supported a wide variety of projects, with a fairly even split between highways, local roads, and transit (Figure 5). Figures 6 through 9 respectively show the contributions of the LTSTs to funding highways, local streets and roads, transit capital projects, and transit operations[12].

Figure 5 What Local Option Sales Taxes Are Spent On



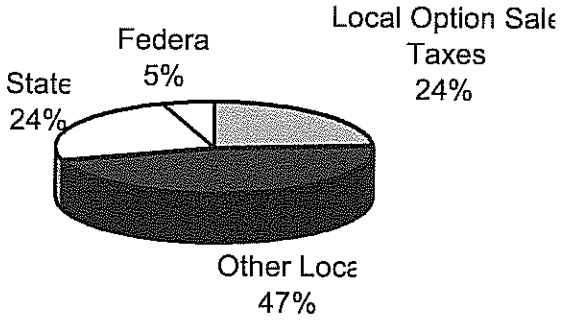
Source: Self-Help Counties Coalition.

Figure 6
Principal Highway Revenue Sources, 1998-1999



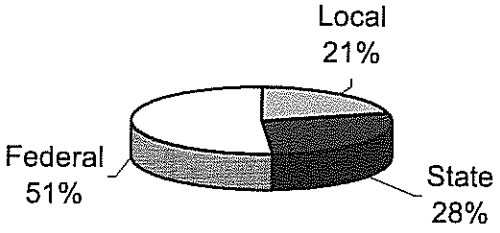
Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

Figure 7**Funding for Local Streets and Roads, 1997**



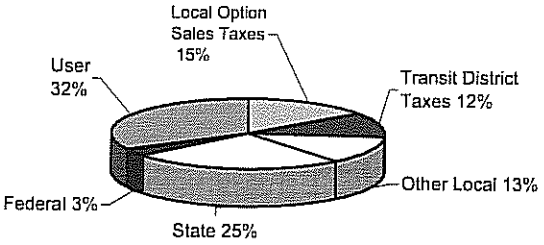
Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

Figure 8--Sources of Transit Capital Acquisitions (1997-1998)



Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

Figure 9--Sources of Transit Operating Revenue (1997-1998)



Source: California State Controller, *Transportation Planning Agencies Annual Report*, various years.

These broad patterns mask large variations across the state. The LTST expenditure plans specified in the ballot measures vary widely from county to county and measure to measure, reflecting differences in local priorities. For example, Santa Clara's 1984 measure allocated all revenues for specific highway projects, but the measure it approved in 2000 calls for all proceeds to be used on transit projects.

Support of Local Transportation

LTSTs support local transportation in two ways: by providing money for use on local streets and roads, and by devolving control over the programming of the money to local jurisdictions. Table 4 shows the percentage of each county's expenditure plan devoted to local streets and roads, and Table 5 demonstrates the percentage of LTST funds that has been returned to local jurisdictions by each of the Self-Help Counties.

Table 4 - Percent Expenditure Plan Designated for Local Streets and Roads

	High (> 70%)	Med (69% - 26%)	Low (< 25%)
Urban		San Diego - 33%	Alameda (1986) - 20% Alameda (2000) - 22% San Francisco - 25% Santa Clara (1984) - none Santa Clara (1996) - 9%
Suburban	Santa Barbara - 70%	Contra Costa - 43% Orange - 33% Riverside - 54%	San Bernardino - 21% San Mateo - 20%
Rural	Imperial - 95% Madera - 76%	San Joaquin - 33%	Fresno - 25% San Benito - 23%
Unknown	Los Angeles, Sacramento, Santa Clara (2000)		

Source: Data compiled by authors from county transportation-authority expenditure plans and annual reports.

Table 5 - Percent Expenditure Devolved to Local Control

	High (> 70%)	Med (69% - 26%)	Low (< 25%)
Urban		Sacramento - 64% San Diego - 33%	Alameda (1986) - 22% Alameda (2000) - 19% San Francisco - none Santa Clara (1984) - none
Suburban	Santa Barbara - 70%	Riverside - 54%	Contra Costa - 19% Orange - 15% San Bernardino - 19% San Mateo - 20%
Rural	Imperial - 95% Madera - 100%	San Benito - 55% San Joaquin - 33%	Fresno - 25%
Unknown	Los Angeles, Riverside, Santa Clara (1996), Santa Clara (2000)		

Source: Data compiled by authors from county transportation-authority expenditure plans and annual reports.

Table 5 suggests that rural counties are the most likely to devolve the control of LTST revenues to their local jurisdictions. None of the urban counties spends more than a third of their sales-tax money on these projects, while the two highest percentage expenditures are by rural counties—Imperial and Madera. Suburban counties are likely to spend revenues on local streets and roads, but tend to maintain county-level control over programming of road projects rather than devolving control to local jurisdictions as rural counties do. In both Contra Costa and Orange counties, this is a result of countywide interest in expansion of arterial road networks.

Support of Non-Automobile Modes

Another clear distinction between expenditure plans of the rural and urban counties is their support of infrastructure for modes other than the automobile. As shown in Table 6, rural counties in California are more likely to spend their LTST revenues on highways or local streets and roads, while urban counties seem increasingly more likely to support transit. In November of 2000, Alameda and Santa Clara counties both renewed sales-tax measures, with significant increases in the proportion of the sales-tax revenue going to support non-automobile modes of transportation. As already noted, Santa Clara's 1984 measure was used for highway capital projects. Its 1996 measure promised 61 percent of the revenue raised to non-automobile modes, and the 2000 measure is being used exclusively for transit. Alameda's 1986 measure promised 32 percent of the revenues to non-automobile modes, and its 2000 measure increased this proportion to 61 percent.

Table 6 - Percent Expenditure in Support of Non-Automotive Modes

	High (> 60%)	Med (59% - 26%)	Low (< 25%)
Urban	Alameda (2000) - 61% Los Angeles - 100% San Francisco - 75% Santa Clara (1996) - 61% Santa Clara (2000) - 100%	Alameda (1986) - 32% Sacramento - 37% San Diego - 33%	Santa Clara (1984) - none
Suburban		Contra Costa - 40% San Mateo - 50%	Orange - 25% Riverside - 15% San Bernardino - 16% Santa Barbara - 10%
Rural			Fresno none Imperial - none Madera - none San Benito - none San Joaquin - 13%

Source: Data compiled by authors from county transportation-authority expenditure plans and annual reports.

Support of Operations and Maintenance versus Capital Expenditures

With a few exceptions, operations and maintenance have received less funding than new capital projects. Table 7 shows the percentage of each measure earmarked for operations and maintenance of either highways or transit. Urban, suburban, and rural counties are generally similar in their degree of support for operations and maintenance. However, urban counties are still more likely to use this money to support transit, and rural counties are more likely to spend on streets and roads.

Table 7 - Percent to Operations and Maintenance

	High (> 50%)	Med (49% - 21%)	Low (< 20%)
Urban		Alameda (1986) - 32% Alameda (2000) - 32% Sacramento - 28% San Diego - 40% San Francisco - 24%	Santa Clara (1984) - none Santa Clara (1996) - 9%
Suburban	Santa Barbara - 56%	Riverside - 49% San Bernardino - 25% San Mateo - 25%	Contra Costa - 9% Orange - 15%
Rural	Imperial - 95%	San Joaquin - 33% Fresno - 25%	Madera - none San Benito - none
Unknown	Los Angeles, Santa Clara (2000)		

Source: data compiled by authors from county transportation-authority expenditure plans and annual reports.

The California State Association of Counties argued that new funds are needed for road maintenance statewide, particularly in rural counties where many county roads are ineligible for

state support[13]. However, these priorities are not reflected in the expenditure plans of most counties, and it is the county itself that decides how to allocate its sales-tax funds. In fact, San Benito and Madera, two of the most rural counties with LTSTs, spend nearly 100 percent of their revenues on capital improvements to the state and local road systems.

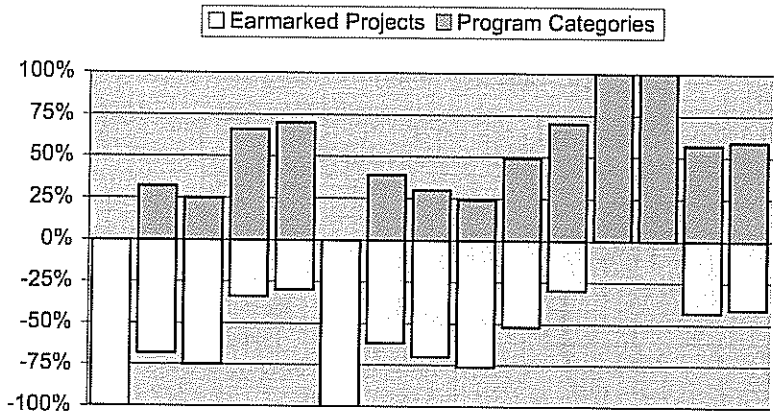
The expenditure plans do not address the need to secure future funds for operating and maintaining the new facilities to be built with LTSTs. While San Diego and Imperial counties include provisions in their plans that assign responsibility to the California Department of Transportation (Caltrans) for future maintenance of highway capital projects, few other counties make similar provisions. These provisions, incidentally, do not bind Caltrans to provide operating and maintenance support, but rather set priorities for the use of funds distributed by Caltrans to the counties on the basis of a formula. No county has set aside sales-tax revenues for future recurring maintenance needs of the projects it builds.

Support of Project Lists versus Program Categories

Items in the LTST expenditure plans can be classified into two groups: earmarked projects and program categories. Funds are earmarked when they are committed to *specific projects*. Santa Clara's 1984 measure listed three highway improvement projects to be funded by LTST funds, giving the county a clear mandate for what it had to accomplish during the life of the sales tax. Program categories commit revenues to support a specific type of investment, but refrain from earmarking money for specific projects.

Figure 10 shows the balance over time between these two types of programming. While earlier measures generally earmarked projects, later measures have more often used less explicit program categories. This shift may have been in response to difficulties resulting from revenue shortages. Earmarking money for specific projects as opposed to program categories resulted in decreased ability to alter spending in response to unexpected circumstances, such as revenue shortfalls.

Figure 10 - % of EP to Earmarked Projects and Program Categories



Note: Fresno didn't actually have an EP when the measure was passed but its first EP was of this proportion.
Unknown: Los Angeles (1990), Riverside (1988), San Joaquin (1990), Santa Clara (1996), Santa Clara (2000)
Source: Data compiled by the authors from county transportation-authority expenditure plans and annual reports.

ROLES AND RELATIONSHIPS OF SALES-TAX AUTHORITIES

California's local transportation sales taxes are administered by independent transportation authorities, which enable joint oversight by city and county governments. As the significance of LTST revenue grows, these authorities have increasing roles in transportation planning. This section discusses the roles and responsibilities that TAs assume, how TAs relate to the other transportation decision-making agencies in the state, and the implications of the increasing prominence of *county-level* decision-making.

Institutional Structures of Transportation Authorities

Each county that collects and administers a LTST has a designated transportation authority. These agencies were created either in anticipation of or as a result of passing a sales-tax measure in that county. Each transportation authority has a board of directors comprised of elected officials representing incorporated cities and county government. In rural counties, the transportation-authority board is often the same as the board of an existing county council of governments. Aside from the administration of transportation sales taxes, county and regional agencies have a variety of other policy and service roles. Some of these transportation authorities are also:

Comment [1]: 22 Which counties? How many?

- *Transit operators:* operating line-haul transit services as well as specialized services for elderly and disabled people.
- *Metropolitan planning organizations* (MPOs): regional agencies charged under federal law with conducting a "continuing, cooperative, and comprehensive" planning process to determine the allocation of federal transportation funds.
- *Councils of governments* (COGs): regional agencies, originally created to coordinate the delivery and planning of federal housing and environmental and social services programs.
- *Congestion-management agencies* (CMAs): county-level agencies established in 1990 by Proposition 111 to establish performance standards for roadways and transit services, and to develop seven-year plans for achieving these standards through demand management, capital improvements, and coordination with land-use agencies.

Most counties with sales taxes lie within the boundaries of metropolitan planning organizations that serve larger, multicounty metropolitan regions. Only five counties are served by single-county metropolitan planning organizations.

Table 8—Regional Transportation Agencies

	TA's	MPO/ RTPA	CMA	Caltrans Dist	TA operates transit?	COG
Alameda	ACTA	MTC	ACCMA	4		ABAG
Contra Costa	CCTA	MTC	CCTA	4		ABAG
Fresno	Fresno TA (under umbrella of COFCG)	COFCG	COFCG	6		COFCG
Imperial	Imperial County Local TA	SCAG	none	11		IVCOG
LA	LACMTA	SCAG	LACMTA	7	Yes	SGVCOG[1]
Madera	MCTA	MCTA	none	6		MCOG
Orange	OCTA	SCAG	OCTA	12 (only one)	Yes	OCCOG
Riverside	RCTC	SCAG	RCTC	8		WRCOG, CVAG[2]
Sacramento	STA	SACOG	STA	3		SACOG

[1] San Gabriel Valley Council of Governments
[2] Western Riverside Council of Governments and Coachella Valley Association of Governments

San Benito	Council of San Benito County Gov'ts (CSBCG)	AMBAG	none	5	Yes	CSBCG
San Bernardino	San Bernardino Associated Gov'ts (SANBAG)	SCAG	SANBAG	8		SANBAG
San Diego	SANDAG	SANDAG	SANDAG	11		SANDAG
San Francisco	SF County TA	MTC	SFTA	4		ABAG
San Joaquin	SJCOG	SJCOG	SJCOG	10		SJCOG
San Mateo	SMCTA	MTC	SM City/County Assn. of Gov'ts	4		ABAG
Santa Barbara	Santa Barbara County Assoc. of Gov'ts. (SBCAG)	SBCAG	SBCAG	5		SBCAG
Santa Clara	Valley Transportation Authority	MTC	VTA	4	Yes	ABAG
Santa Cruz	n/a	AMBAG	SCCRTC	5	n/a	AMBAG

Source: Compiled by authors from county transportation-authority expenditure plans and annual reports.

Transportation Authority Roles in Regional Transportation Planning

Federal transportation legislation passed in 1991 (the Intermodal Surface Transportation Efficiency Act, or ISTEA) concentrated greater authority in metropolitan planning organizations. These organizations were given greater control over the programming of federal transportation funds, but were required to develop fiscally constrained plans and ensure consistency with regional air-quality plans. This federal requirement was a significant step in devolving transportation planning and resource allocation to a level of government more closely linked to transportation problems. With LTSTs, however, the ability of individual counties to perform transportation planning, raise revenue, and allocate resources is reinforced. One major question of LTSTs is how these county authorities relate to the regional transportation planning bodies.

Before ISTEA and before the creation of the LTSTs, the state transportation department (Caltrans) dominated most decision-making about transportation funding. Local governments saw the sales tax as a unique opportunity to address local deficiencies resulting from statewide general taxation limits imposed by Proposition 13 and funding distribution and project delivery problems that they associated with Caltrans. Thus, counties were predisposed to allocate much of their sales-tax revenue to local projects. Once they were given the opportunity, counties quickly

embraced this greater role in transportation decision-making. Significantly, the creation of county transportation authorities (to administer the sales taxes) increased the ability of county-level agencies to plan and deliver transportation projects. The transportation authorities prepare expenditure plans and strategic plans in addition to serving as accountants and administrative bodies—these are all functions that were previously performed exclusively by Caltrans but could now be assumed at the local level.

Stronger county-level decision-making resulting from the establishment of transportation authorities has counteracted efforts to strengthen California's urban, multicounty metropolitan planning organizations, despite their new powers under ISTEA. For example, several representatives of Bay Area county transportation authorities told us that they did not develop their expenditure plans based solely on the Metropolitan Transportation Commission's Regional Transportation Plan, and do not feel constrained by the Regional Transportation Plan when prioritizing projects. Instead, counties consider "regional" projects to mean larger projects within their boundaries. According to Metropolitan Transportation Commission staff, counties seeking to complement their local sales-tax revenues often use state and federal funds to complete county funding packages rather than projects prioritized by the Metropolitan Transportation Commission.

One of the inescapable dilemmas of planning infrastructure improvements at the county level is that regional travel patterns cross county boundaries. The most common examples of intra-county coordination have centered on transit service. In Southern California, every Self-Help County contributes to the capital and operating costs of MetroLink, a regional commuter rail system. Santa Clara County has established Regional Transit Partnerships and contributes to the Capital Corridor Service (an Amtrak service to Sacramento), the Dumbarton bus service, and the Altamont Commuter Express (ACE) train service. Although examples of successful intercounty coordination abound, county transportation authorities told us that they are less willing to improve congested roads that are considered "feeders" to or from other counties. In Northern California, Contra Costa County worries about increased traffic from Solano County, while Alameda County must contend with increased congestion due to traffic originating in Contra Costa. Sacramento County is aware of emerging commute patterns and subsequent congestion from neighboring Placer County, but is reluctant to prioritize money for this corridor before addressing other needs within the county. When county priorities differ, there is no established

procedure or incentive to ensure coordination, and there is no forum to advance regional goals. Another disadvantage from the regional (multicounty) perspective is the imbalance created when certain counties have sales taxes and their neighbors do not. According to the Metropolitan Transportation Commission, this situation not only raises problems with regional projects, but also affects the overall state transportation program because the "haves" become increasingly disinterested in raising the motor-fuel tax or taking other steps to correct some of the inadequacies of the state transportation-finance system.

Coordination of Transportation Investment with Growth

The integration of land-use planning with county-level transportation planning is not an explicit goal or responsibility of transportation authorities administering transportation sales taxes. However, growth-management concerns have motivated rapidly developing counties to incorporate traffic-impact fees into their ballot measure language. The failure of sales-tax measures in certain counties was often attributed to voters' fear that the resulting transportation investment would subsidize new development. As a result, counties included the mandate that local entities impose impact fees on new development in reaction to public concern that growth pay for itself. This was the case with Contra Costa's failed measure in 1986. The subsequent measure (passed in 1988) featured a Growth Management Program that became the model for the state's Congestion Management Program (1991). The inclusion of growth-related provisions in sales-tax measures was prevalent in counties that have experienced the most growth since the 1980s, such as Santa Clara, Orange, San Joaquin, and Contra Costa. In general, growth-management language in those sales-tax measures intended not so much to guide the location of growth, as to assure that the future residential, business, and commercial growth pays for the facilities required to meet the demands resulting from growth[14].

PROJECT SELECTION, PRIORITIZATION, AND DELIVERY

County transportation authorities are responsible for administering and spending the sales-tax revenue. Their roles include selecting and prioritizing transportation projects, managing the delivery of those projects, and reallocating revenues and revising plans in response to changing economic and political circumstances. The importance of this planning capability grows as LTSTs grow in significance. This section documents the abilities of TAs to select and prioritize improvements, deliver projects, and respond to changing economic and political circumstances.

Project Selection and Prioritization

The ballot measures specify the intended uses of the revenues over the duration of the tax. All but five of California's local transportation sales-tax measures earmark a large proportion of their revenue for specific projects, limiting the power of transportation authorities to reprioritize once the tax is approved. This situation holds throughout the life of the sales-tax measure, which is typically 20 years or more. For example, Santa Clara County's 1984 Measure A earmarked all of its revenues for three highway capital expansion projects, and stipulated that no funds could be spent on any other projects unless those three were completed or could not be completed due to legal or other constraints[15].

Many of the most important decisions about which transportation projects get funded are made long before a sales-tax proposal reaches the ballot. Sales-tax expenditure plans typically are drafted by commissions appointed by local political leaders or working groups of business and civic leaders. In many cases, economic-development interests, such as chambers of commerce and real-estate development and construction firms, have been the primary sponsors of efforts to develop expenditure plans and build support for them. They employ polling to gauge the public's interest in various potential projects to receive sales tax dollars.

Many of the public officials who were interviewed stated that in order to get the necessary votes, they worked hard to insure that their proposals contained earmarked projects that appealed to a variety of interest groups, including environmental interests and transit advocates. In places where these groups have demonstrated an ability to defeat sales-tax proposals, they are increasingly being invited to participate early in the planning process. Issues of "fair share" and geographic equity also play major roles in project selection. Ultimately, a "double majority" of city councils (a majority of cities, representing a majority of the county's population) must approve the proposed ballot measure before the board of supervisors can place it on the ballot. Winning their approval often means letting local areas choose their own investment priorities.

Using this process to earmark LTST revenues for specific projects on the ballot raises a number of policy concerns. High profile capital improvements are put on the ballot to win votes and passage of the tax. Many of these capital expansion projects are very expensive, and entail substantial operating and maintenance costs. Furthermore, projects that have "voter appeal" may not be the most efficient nor effective long-term solutions. One county transportation authority's director stated that its board prioritized projects that will constitute "monuments" to the sales-tax

measure, not necessarily the most needed transportation spending according to technical criteria. Another county transportation authority's director commented that:

> The real decision-maker about what gets on the ballot measures are professional pollsters who interpret their polls and analyze focus group data. There is no question that the need to get a favorable vote means that technical analysis and performance criteria diminish in importance—especially with the two-thirds vote requirement.

The legal constraint of a ballot list of projects severely limits flexibility over many years. This is widely deemed to be attractive to the voters and likely to contribute to the passage of the measures, but it precludes reallocating revenues among uses or modifying project scopes to adapt to changing political or economic circumstances, or even to communities' changing transportation needs and priorities. Often, plans can be modified only if approved by a majority vote at a countywide election, or by a vote of the board of supervisors and a double majority of city councils. These concerns are exacerbated by the trend toward sales taxes with longer lives. For instance, Santa Clara's Measure A, which passed in November 2000, will begin in 2006 and continue for 30 years[16].

Many of the measures have given rise to a tension between the specificity of the ballot language, seen as politically attractive at the time the measure appears on the ballot; and the flexibility that is useful later during implementation of the measure. An extreme example is provided by a lawsuit against the Alameda County Transportation Authority. Their 1986 measure's expenditure plan described the construction of a highway connecting routes 580 and 880, and proposed a route "along Mission Boulevard then down along Route 84." Since then, Alameda County Transportation Authority and Caltrans have found that routing infeasible and have instead pursued a routing through the Hayward hills. This option was politically unattractive during the development of the original expenditure plan, and the Hayward Area Planning Association has sued the Alameda County Transportation Authority over the decision to proceed with the new routing without due public process[17]. The litigation continues, but the courts have already recognized that the voter-approved expenditure plan has legal merit. Whether or not the Alameda County Transportation Authority will be obligated to construct the project as described in the original expenditure plan is yet to be determined, but the ruling will have clear implications about the flexibility with which transportation authorities can interpret

their original promises to the public.

To counter the rigidity of the earmarked lists of projects some flexibility is encouraged by allowing uses of some LTST revenue to be selected on an ongoing basis *after* the passage of a ballot measure. All but two of the county measures provide that some of the funds flow directly to city and county governments or other local agencies such as transit agencies. Funds are usually allocated by formulas that take into account population, road miles, or other factors. In these cases, local agencies select and prioritize projects independently of the transportation authority and according to their own local planning processes. However, transportation authorities restrict how local jurisdictions may spend this revenue through annual audits to confirm that local expenditures comply with ballot measure requirements; by requiring local jurisdictions to prepare expenditure plans for approval by the transportation authority prior to receiving funds; or by requiring that funds be spent in compliance with local growth management standards.

Another device by which some of the measures provide for a modicum of flexibility is through the use of "program categories." In addition to listing many specific projects on which funds must be expended, nearly all of the measures employ broad categories, such as "public transit operating expenditures" or "highway maintenance." Although in these cases the specific projects are not determined at the ballot box, the measures often do provide explicit direction as to how program category funds are to be spent, or they specify in quite some detail ways in which the allocations should be made after passage of the measures. For example, San Mateo County's ballot measure defines a specific formula for prioritizing among the potential railway grade-crossing removal projects, based on measures of traffic volume and construction cost[18]. San Francisco's measure requires street resurfacing priorities to be determined using the city's existing pavement management system, which examines pavement condition, transit use, and car and truck traffic. About one-third of Orange County's sales-tax revenue is awarded to local agencies through a competitive grant program. Project proposals are accepted and screened biannually for five-year funding cycles. Transportation authority staff and a technical advisory committee rank projects with respect to criteria that have been adopted by the board, and grant recipients must be approved by the transportation authority board.

The California measures all require counties to establish "priority" projects in their expenditure plans[19]. Some counties have circumvented this requirement by identifying all

projects as "priority 1." Other counties have developed explicit criteria used by the transportation authority board and staff to prioritize projects. These prioritization criteria may be used to select from a "wish list" of projects included in the ballot measure, or they may be applied as part of a periodic strategic plan update to determine which ballot projects should be immediate priorities in the short run. In a few counties, ballot measures formally define the criteria for selecting or prioritizing projects, and a process for decision-making. The transportation authorities in a few other counties have adopted project prioritization criteria after the passage of the sales-tax ballot measure. The most common project selection/prioritization criteria are leveraging, geographic distribution, growth management/traffic impacts, and countywide significance.

Many of the public officials who were interviewed reported that counties prioritize projects that have the greatest potential to "leverage" additional sources of state and federal funds. Counties often give highest priority to projects that can use LTST revenue as a local "match" for funds from other sources. Counties also include priority projects in their expenditure plans with the intent of bargaining for the state and federal funding needed to complete them. Most counties' expenditure plans use the potential of leveraging outside funding sources as a fiscal and political tool for gaining support for the ballot expenditure plans, but some counties are more explicit about prioritizing those projects that leverage other sources.

Where leveraging state and federal sources of funding is a significant project selection and prioritization criterion, the planning process for measure money often occurs concurrently with the programming of these other sources. San Bernardino and Fresno counties develop short-term strategic plans for LTST revenue that correspond with the cycle of state and federal fund availability. A few counties, however, avoid funding many projects with a combination of sales-tax and state funds, preferring a "firewall" between their measure money and other sources in order to retain control over project delivery.

For obvious political reasons, counties set project priorities so that geographic subregions all receive some direct benefit from the sales-tax revenue. For example, the Contra Costa Transportation Authority works with four sub-county "regional transportation planning committees," comprised of city and county representatives from the sub-areas, as part of its process to determine funding priorities. When selecting top-priority projects, Santa Barbara County attempted to ensure that one project in each subregion of the county was included as a top priority. San Bernardino County's expenditure plan provides for a distinct account of LTST

revenue that is spent only in the "mountain-desert" region of the county.

Many counties also use growth management goals as a way to select among or approve projects to be funded with sales-tax dollars. In Contra Costa, Sacramento, and Orange counties, for instance, local agencies are not eligible to receive sales-tax dollars unless they meet growth-management requirements adopted as part of the sales-tax measure. These requirements range from the imposition of traffic mitigation fees for new development projects to more complex requirements that up-grade road capacity in congested areas.

In a few cases, the countywide significance of a potential project is considered in project selection/prioritization. For example, San Mateo County's formula for prioritizing grade-crossing projects attempts to measure the significance of any one crossing relative to others in the region. Orange County's primary evaluation criterion for its competitive grant program is consistency with the county's highway master plan. In this way, Orange County prioritizes projects that have already been endorsed by a countywide planning process. However, project selection and prioritization are not always truly consistent with these criteria. For instance, despite the specific formula outlined in San Mateo's ballot measure, grade-crossing projects actually built have not been those ranked highest according to objective criteria. Instead, they have been located in areas without opposition to the projects, or where local governments have been willing to manage the delivery of the projects.

Project Delivery

After the TA decides which projects will be funded, the complex process of developing and delivering the projects follows. Because they control the sales-tax revenues that make these projects possible, county transportation authorities enjoy a great deal of influence over the engineering and construction of transportation projects.

This was not always the case. The California Department of Transportation, widely known as Caltrans, is a large and complex statewide transportation agency. Under it's interpretation of state law, Caltrans controlled delivery of projects on the state highway system if more than 50 percent of the funding came from state or federal gas tax-revenues. Before sales taxes became a viable financing option local governments could not fund projects themselves, so they deferred to Caltrans in the design and construction of highway projects. However, after counties started adopting LTSTs, they were able to control projects if they provided more than half of the funds. They soon gained valuable expertise in engineering, contracting, and other

aspects of managing large construction projects—skills that most local governments did not previously have. Some county TAs have asserted that this newfound project delivery expertise was essential to successful implementation of their expenditure plans.

Expedited project delivery, in fact, has been one of the motivations for a county to consider passing a local transportation sales tax. This follows the success of Santa Clara's 1984 measure, which capitalized on the transportation authority's ability to contract with the private sector when Caltrans could not, allowing the TA to have greater control over the construction of the measure's highway projects. When developing its 1988 measure, Contra Costa also expressed the desire to control the development and construction of its sales-tax projects, promising that the transportation authority would "take the lead whenever we can." As one county official stated rather proudly:

> Caltrans's original estimate of how long it would take to build all these projects was over 17 years. The transportation authority managed to get most of them built in 10 –a very aggressive schedule, but we did it in a very community-sensitive way.

Other counties developed their sales-tax measures with the expectation that Caltrans would continue to implement their highway projects. But, Caltrans suffered difficulties with the additional workload that sales-tax projects generated in the mid-1990s, so Santa Barbara, Fresno, and other counties turned to contractors to help with the increased responsibilities. Even though it had not initially intended to develop project delivery expertise, the Fresno County Transportation Authority found that its decision to hire a private firm to manage its state highway projects "set the stage [for] innovative approaches to program/project management and financing to dramatically accelerate delivery of construction projects."[20]

County transportation authorities claim a number of advantages over Caltrans in developing and delivering transportation projects. A county agency may be more likely to understand what the citizens of the county will find acceptable in a highway design. For example, when a project was faced with local controversy over the lack of a soundwall, Contra Costa's transportation authority was able to negotiate between Caltrans, the county, and the City of Pittsburg in order to expedite the project's completion.

Counties believe they have less institutional inertia and can more easily change directions in the project development process when absolutely necessary. While developing its plan for the

routes101/154 interchange, Santa Barbara was able to account for an unexpected development:

> The original project scope called for a bridge at the existing interchange with a standard diamond ramp configuration. Preliminary field investigation revealed sensitive archaeological resources at this site. That would have involved delays and could have been a project killer, so we moved the interchange half a mile north. If Caltrans were administering that, we'd be still waiting for it today. We spent time researching the site, but once it was determined that it was an important resource, we came up with a different plan.

Counties claim that they can simultaneously pursue different phases of project delivery, which they believe leads to saving time. Caltrans has traditionally approached project phasing sequentially; a bottleneck at one stage in the process could entirely stall a project. Despite frequent claims by counties that they could deliver projects faster than Caltrans, a study by Hecht and Niemeier found no significant differences in project development efficiencies between Caltrans and county transportation authorities for projects on the state highway system.[21]

While some cities had the expertise and manpower to deliver projects, others were unable to complete the projects without reliance upon the transportation authority. The City of Lafayette in Contra Costa County hired more staff to deal with increasing demands on its public works department. The Contra Costa Transportation Authority believes that this has improved the city's ability to manage its own projects. Local jurisdictions often appeared to be more adept at managing street and road repair monies than any of the other program category funds.

Despite pride in their ability to deliver projects more effectively than Caltrans, transportation authorities have encountered many obstacles to the delivery of promised projects: insufficient external matching funds, cost overruns, unforeseen environmental barriers, litigation, rising energy and labor costs, and inter-jurisdictional disagreements. The most common motivation for altering expenditure plans was deviations from anticipated revenue streams as California's economy was hit hard by the recession in the early 1990s, and the resulting dip in retail activity weakened sales-tax proceeds. These circumstances were occasionally exacerbated by the legacy of using optimistic revenue forecasts to make expenditure plans more appealing to voters. When faced with declining sales-tax revenues, counties must either find extra money elsewhere, or risk breaking promises made in their expenditure plans. While some counties such as Contra Costa looked for money elsewhere (it required all their local jurisdictions to apply for

State-Local Partnership Funds in order to receive return-to-source money), other counties looked for ways to change their expenditure plans or looked for flexibility within their own measures. For example, in Fresno County these problems compounded, as project-cost underestimates, unanticipated earthquake retrofit requirements, increases in the costs of labor and resources, and lagging tax revenues occurred simultaneously in the early years of the program. The shortage of funds was exacerbated by the fact that Fresno County had issued bonds based upon overly optimistic revenue forecasts to expedite their highway projects. Fresno County responded to these economic difficulties by scaling back its project list and decreasing funds to its program categories. Between 1998 and 2000, the economy in Fresno County began to show signs of recovery, but they will be unable to meet the expectations set forth in their 1988 expenditure plan.[22]

CONCLUSIONS

The four most important factors in the popularity of LTSTs outlined in the introduction - specific lists of transportation projects; control over revenues by the counties in which the tax is collected; finite lives; and direct approval by voters - also pose major challenges to relying so heavily on LTSTs as a major transportation-finance mechanism.

Specific lists of transportation projects on the LTST ballots support a wide variety of modes in both the state and local systems. This research supports the conclusion that LTSTs have expanded transportation investment programs into new or underfunded areas. In some counties, LTSTs have greatly expanded the availability of funding for alternative modes of transportation, and all major transit systems in the state have come to depend upon LTSTs as a significant source of operating revenue. In other counties, investment in local roads and streets has won a significant new source of revenue. Indeed, investment in local transportation systems is one important opportunity afforded by LTSTs. Unlike motor-fuel taxes, sales taxes are not a user fee, rendering them especially appropriate for spending on local transportation systems, where the primary benefit is *access* rather than long-distance mobility. In this regard, sales taxes function to certain extent as a "benefit tax."

Furthermore, our findings suggest that LTSTs did not simply substitute a new source of financial support for projects that would have been built anyway. Many of the capital projects are too costly to have been built without the sales-tax revenue. However, elected officials and

interest groups that craft sales-tax ballot measures are readily drawn to capital projects - for example new lanes or transit services. The resulting emphasis on "monumental" capital projects leaves a relatively small share for maintenance and operations of these new investments. Most county transportation authorities presume that Caltrans will allocate resources for operations and maintenance in the future for any projects built by counties on the state highway system. However, this presumption and the resulting emphasis on new construction risk overcapitalizing California's transportation system, expanding the network of facilities without providing adequate resources for their ongoing management. Rather than decreased emphasis on earmarked funds for high-profile projects, we observe a trend toward sales taxes with longer lives that include both monumental projects and less-explicit program categories.

Sales taxes administered at the county level are politically palatable because they ensure that tax dollars are not diverted to build projects in distant counties. In crafting sales-tax expenditure plans, leaders in many counties have sought to take this a step farther, by giving each local area its "fair share" of the revenues, and letting them determine how they are used. From the division of power between mayors and supervisors on transportation authority governing boards, to the share of funds allocated to city governments, negotiating local/regional tensions is an important part of the LTST design process. A key challenge in the development of sales tax proposals is balancing local control with regional needs, as is the coordination of interjurisdictional projects. When individual counties are part of a multicounty metropolitan planning organization, county transportation authorities tend to see these organizations as obstacles to the successful completion of projects they have been charged with building, rather than as agencies charged with ensuring that transportation investments genuinely meet the needs of a region's residents. Even in single-county metropolitan transportation organizations, interjurisdictional plans are an exception. Much of LTST revenue is devolved to individual cities, which lack incentive to coordinate the use of this revenue for solving transportation problems that cross jurisdictional boundaries.

While LTSTs have increased the ability of cities and counties to plan and deliver transportation projects, the concentration of increased transportation resources at the county level further decreases the capacity of metropolitan planning organizations to set priorities regionally. Transportation programming in California has historically focused on the county level, but the legislative mandate of ISTEA intended to shift that focus to regional agencies. The evolution of

LTSTs has furthered the tendency to focus on county programming of major projects, rather than increasing the programming authority of metropolitan planning organizations. Where regional priorities differ from the priorities of an individual county within a multicounty metropolitan planning organization, the regional agency continues to be limited in its ability to assert regional priorities. Individual counties' voter-approved ballot measures and the independent revenue source that LTSTs provide can weaken the regional agency's claims of programming authority.

Local transportation sales taxes have evolved from a revenue source by which a few high-profile capital projects would be delivered, into a funding source to serve ongoing transportation needs, such as maintenance of local streets and roads, paratransit services, and transit operations. As a result, transportation authorities play increasingly central roles in funding the ongoing operations of communities' transportation systems throughout the state. And, current interest in extending the sales tax statewide and in reducing passage requirements to a simple majority or a majority of 55 percent reflect many counties' desires to retain these sales taxes as permanent parts of the transportation finance landscape.

Unless they are specifically given other responsibilities, county transportation authorities are generally accountable only for implementing the projects specified in the expenditure plan in a manner that expedites the delivery of those projects. The expenditure of sales-tax dollars need not be coordinated with other revenue sources nor with the activities of other transportation planning agencies. Nor are those crafting and delivering sales tax expenditure plans expected to coordinate transportation investments across jurisdictional borders. The implications of LTST projects for land use or energy consumption need not today be considered, and there is presently no expectation among those who program sales-tax dollars that these transportation investments be coordinated with the efforts of other agencies who must plan for and respond to such externalities.

However, considerations such as land use and energy consumption are becoming a necessary part of transportation investments, and many believe they will yield solutions to the state's transportation problems. If efforts to make LTSTs a permanent part of California's transportation finance landscape are successful, then local transportation sales-tax ballot measures will continue to be powerful determinants of the state's transportation investment priorities. Transit agencies and local jurisdictions are already coming to depend upon the planning and programming decisions of county sales-tax transportation authorities, as the latter

increasingly fund their ongoing operating expenses. Sales tax agencies must, therefore, begin to consider interrelationships with energy consumption and land-use impacts in funding and programming decisions. Although many transportation authorities are accountable in their role as project-delivery agencies, the constraints currently built into local transportation sales taxes may limit the ability of transportation authorities to take leadership on these issues.

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8C

Council Synopsis

April 24, 2012

From: Roy W. Wasden, City Manager

Prepared by: Maryn Pitt
Interim Assistant City Manager

Agendized by: Roy W. Wasden, City Manager

1. ACTION RECOMMENDED:

Resolution: Supporting ACA 23, an amendment to the California Constitution, lowering the voter threshold to fifty-five (55%) percent for local transportation sales tax

2. DISCUSSION OF ISSUE:

ACA 23 would lower the constitutional vote requirement for approval of a special tax to provide funding for local transportation projects from two-thirds to a 55 percent majority.

California's infrastructure funding mechanisms are falling significantly short of meeting even the costs of current system maintenance. According to a report released in 2009 by The Road Information Program (TRIP) and the American Association of State Highway Transportation Officials (AASHTO):

- California's major urban roadways are the roughest in the nation, costing the average state driver at least $590 annually in extra vehicle operating costs.
- Thirty-five percent of major urban roads in California are in poor condition and seven cities in California with populations greater than 250,000 have roadway systems where more than 50 percent of pavements are considered to be in "poor" condition.
- More than two-thirds of California roads are rated poor to mediocre.
- Today, local governments and transportation agencies are meeting new demands for cleaner air, reduced congestion, and improved transit opportunities while facing uncertain state funding sources.

ACA 23 would provide local government and residents with the ability to make vital investments in local transportation projects while providing economic stimulus to their region. Further, in order to renew or establish new funding sources, local governments face the daunting task of obtaining a two-thirds approval of voters. Despite having the support of a strong majority of the community, these measures are at the mercy of a small minority of the voters and often fail by narrow margins.

3. BASIS FOR RECOMMENDATION:

According to the American Public Transportation Association:

- Every $1 invested in public transportation generates approximately $4 in economic returns.
- Every $1 billion invested in public transportation creates or supports 36,000 jobs.
- Every $10 million in capital investment in public transportation yields $30 million in increased business sales.
- Every $10 million in operating investment yields $32 million in increased business sales.
- Public transportation not only gets people to work it puts people to work.

Strategic Plan Initiative B. FISCAL RESPONSIBILITY

Goal(s): b. Identify smart revenue opportunities including but not limited to grants and outside sources of funding.

c. ensure the most efficient use of resources and maximize value within department budgets and develop value-added partnerships with public and private agencies, industry, and educational institutions, such as California State University Stanislaus

4. FISCAL IMPACT / BUDGET AMENDMENT:

Fiscal Impact: Constitutional requirements for voter approval of tax measures were initiated with the passage of Proposition 13 in 1978, and solidified with the passage of Proposition 218 in 1996. The latter measure clarified that general taxes for general governmental purposes require approval of a majority of voters, while special taxes for any specified purposes must be approved by two-thirds of

voters. Proposition 39, which was narrowly approved by 53 percent of California voters in 2000, provided an exception to the two-thirds vote requirement for special taxes by authorizing the passage of local school bond measures by approval of fifty-five (55) percent of the voters.

The City of Turlock or the County of Stanislaus and its local government jurisdictions could seek a countywide transportation tax measure that could bring millions of dollars for transportation infrastructure to our regional and local roads.

5. CITY MANAGER'S COMMENTS:

Recommend approval

6. ENVIRONMENTAL DETERMINATION:

Not applicable

7. ALTERNATIVES:

Council could choose not to take action on this legislation.

BEFORE THE CITY COUNCIL OF THE CITY OF TURLOCK

IN THE MATTER OF SUPPORTING ACA 23, AN AMENDMENT TO THE CALIFORNIA CONSTITUTION, LOWERING THE VOTER THRESHOLD TO FIFTY-FIVE (55) PERCENT FOR LOCAL TRANSPORTATION SALES TAX MEASURES	**RESOLUTION NO. 2012-**

WHEREAS, maintaining transportation and transit infrastructure is in the interest of all Turlock residents; and

WHEREAS, local sales tax measures help make our roads safer and reduce traffic by improving mass transit, highways and local roads; and

WHEREAS, Assembly Constitutional Amendment 23, which would amend California's Constitution to lower the voter threshold to fifty-five (55) percent for local transportation sales tax measures, is based on the principle that taxes paid at the gas pump should be used for transportation purposes; and

WHEREAS, with our neglected transportation system needing attention, California has the third worst deteriorated roads in the nation, and more than more than 6,000 of the state's bridges and overpasses and structurally deficient or no longer meet highway safety or design standards; and

WHEREAS, local transportation sales taxes provide a stable and ongoing source of transportation funding that will make it possible to plan for our future transportation needs; and

WHEREAS, ACA 23 will help provide funds for cities and counties to help fix potholes, repair dangerous road conditions and improve the safety of children walking or biking to school; and

WHEREAS, such an amendment will help speed up highway safety and traffic relief projects, and expand and improve mass transit systems; and

WHEREAS, local sales tax measures are subject to an annual audit and standard accounting practices to ensure the projects they provide are delivered on time and on budget; and

WHEREAS, by speeding up transportation projects thousands of new construction and other jobs will be created, our economy will be stimulated and every dollar invested in our highways will result in almost six times that in economic benefits.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Turlock does hereby enact as follows:

SECTION 1. That the City Council of the City of Turlock endorses and promotes the objectives and projected outcomes of an amendment to California's Constitution lowering the voter threshold to fifty-five (55) percent for local transportation sales tax measures, and:

SECTION 2. That City Council of the City of Turlock seeks the endorsement and support of all other city, county and state elected officials within Stanislaus County for ACA 23, and;

SECTION 3. That the City Council of the City of Turlock formally urges citizens of the City of Turlock and Stanislaus County voters to support an amendment to California's Constitution lowering the voter threshold to fifty-five (55) percent.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Turlock this 24th day of April, 2012, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California