

CALIFORNIA

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

CITY OF PORTERVILLE,
CALIFORNIA

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA C. BEMIS

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FOR THE FISCAL YEAR ENDED
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Introductory Section



Maria Bemis
Finance Director
(559) 782-7435



291 North Main Street
Porterville, CA 93257

December 27, 2011

Honorable Mayor and City Council
John Lollis, City Manager
City of Porterville, California

The comprehensive annual financial report of the City of Porterville for the year ended June 30, 2011, is hereby submitted in accordance with Sections 24 and 59 of the City Charter. These ordinances require that the City issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Gallina LLP, a firm of licensed certified public accountants, have issued an unqualified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Porterville was part of the broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Porterville's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Porterville, incorporated on May 7, 1902, is located in the southeastern portion of California's San Joaquin Valley, the most diverse agricultural area in the world. The City currently occupies a land area of 16 square miles and serves a population of 54,165. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII A of the California Constitution (Proposition 13), which limits ad valorem taxes on real property to 1.0 percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1,

1978. The County of Tulare is responsible for the assessment, collection and apportionment of property taxes. Porterville is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Porterville has operated under the council-manager form of government since 1927. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and four other members. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three members elected during one election and two during the next. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both Porterville's manager and attorney. The city manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the city, and for appointing the heads of the various departments.

The City of Porterville provides a full range of services through its general fund, including general administration and finance; police and fire protection; public works (engineering, building inspection, streets, roads and other infrastructure construction and maintenance); planning, zoning, and economic development; and parks maintenance and community services, library, and adult and youth recreational activities. Transit, water, sewer, and solid waste disposal services are provided through enterprise funds, as are airport, golf course, and the Pearl Zalud Estate museum operations.

The annual budget serves as the foundation for the City of Porterville's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager who uses these requests as the starting point for developing a proposed budget. The City Manager presents this proposed budget to the council for review prior to June 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, by department (e.g., public works) and by function (e.g., streets maintenance). The City Manager is authorized to transfer budgeted amounts between departments within the general fund. Department heads may make transfers of appropriations within a department.

Under Article XIIB of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes. If appropriations from proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These statements for major funds can be found in the Required Supplementary Information section. Nonmajor funds budgetary information is located in the Supplemental Statements category.

Local economy

The City of Porterville's economy is a thriving mixture of agri-business, light industry and commercial enterprise. Local factories produce products such as electronic medical instruments, printed forms and specialty documents, food products, carpet yarn, machine products, aircraft parts, and lumber. Several public facilities are also located here including the Porterville Developmental Center, Sequoia National Forest Headquarters, the Army Corps of

Engineers Lake Success Facility, and the Porterville College campus of the Kern Community College District.

The City's unemployment rate remains high at 14.3 percent at June 30, 2011 but during the year, the City experienced a 5 percent increase in sales and use tax revenues primarily from new autos, department stores and service stations sales. Retail recruitment remains a high priority for the City. Recruitment activities resulted in the construction of a new PetSmart slated to open early in 2012. In addition, announcements have been made of new businesses coming into the City including Marshalls, Famous Footwear, rue21, and Dickey's BBQ, all expected to open in 2012. These establishments would provide job opportunities for both skilled and semi-skilled workers in the community. The City continues to partner with Buxton Company for retail development, access to retailers and access to buying pattern data to assist local merchants with inventory and marketing. The City is also awaiting the Governor's signature for the final designation of the Sequoia Valley Enterprise Zone which will provide tax credits to all businesses located within the Zone allowing for small and large businesses to increase their bottom line.

With the imminent construction of the South County Justice Center, the City is partnering with the Porterville Chamber of Commerce in developing a program to promote downtown for retail, professional and entertainment uses.

The City is also actively engaging a number of industrial and manufacturing entities to choose the Porterville Airport industrial area for their new sites. If successful, these companies would provide substantial local job opportunities.

Long-term financial planning

The City of Porterville is currently working on an ordinance that would create a General Fund Reserve Policy so as to assist in mitigating the effects of economic and financial crisis, enable the City to manage unforeseen emergencies, address future community needs, and ensure that there will be adequate liquid resources to serve as a financial cushion.

In January 2011, the City refinanced its 1997 Sewer System Certificates of Participation which had an outstanding balance of \$9,470,000 and issued \$19,743,587 (maturity value of \$19,870,000) of Sewer Revenue Bonds, 2011 Series A. \$7,000,000 of the proceeds will finance the construction of facilities and improvements to the City's sewer system and extend sewer service to the areas annexed to the City in 2006.

Cash management policies and practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Government agencies, the State Treasurer's local agency investment pool (LAIF) and other investment pools. The maturities of the investments range from 1 day to 5 years. At June 30, 2011, the City's investment pool had a weighted average maturity of 878 days and an average yield of 2.058 percent. Investment income includes depreciation in the fair value of investments. Decreases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Major initiatives

The much awaited construction of the new Superior Court to be located at the old Fairgrounds site has been delayed due to the State's inability to sell construction bonds. Construction is now scheduled to begin in February 2012. This new Superior Court will serve both limited and unlimited jurisdiction cases. The project includes the construction of a 95,000 square foot building and surface parking on approximately 7.41 acres with the estimated construction cost of \$90 million. The development of the South County Justice Center will serve as a community centerpiece and economic force for years to come. It is estimated that the new facility will be staffed by over 100 employees to support the additional courtrooms, new judgeships, drug court, growth in family court services, and a greater number of cases.

Several street projects which will enhance connectivity to downtown are in different stages of planning and design. The Plano Street Bridge widening project which involves the widening of the existing bridge from two to four lanes, construction of sidewalks and addition of specialized treatments and lighting, originally scheduled to begin construction in 2011 has been delayed due to additional environmental review and study required by the State. Construction is now slated to begin in the summer of 2012. The estimated cost of the project is over \$7.6 million, a majority of which will be funded by a federal grant from the Highway Bridge Replacement and Rehabilitation program. This project will provide access from Highway 190 to Olive Avenue for the new courthouse. The widening of the Jaye Street Bridge is currently under design and construction is projected to begin in 2013. The City's Highway 190 corridor interchange project is currently under review by Caltrans and with Measure R Regional funds is anticipated to commence construction by 2015.

The Jaye Street and Montgomery Avenue Roundabout project is currently undergoing environmental review. This project estimated to cost approximately \$1,300,000 will improve traffic conditions in the immediate area by addressing mobility and safety issues. Funding for this project includes a federal grant award of \$1,115,000. Construction is anticipated to begin in 2012 and completed in 2013.

Also in progress is the circulation of a new Super Walmart Environmental Impact Report which will pave the way for the construction of the 43,000 square foot retail giant at the Riverwalk Marketplace and greatly impact downtown revitalization.

The City is actively pursuing the acquisition of the Porterville Hotel. The City continues to negotiate the terms of acquisition with the owner of the hotel and with the Department of Housing and Community development for the City to assume the loan and the affordability covenants. The City plans to demolish the hotel which was formerly an affordable housing complex, replace the affordable housing units and then market the site to a developer for a possible mixed used development consisting of both retail and office space. The Villa Sienna apartment project which would replace the housing units lost in the vacation of the Porterville Hotel was completed in the fall of 2011. The project also revitalized a former blighted area in downtown Porterville.

Construction on the Scranton Avenue and Indiana Street widening project is just about complete. This project which involved adding new lanes connects Highway 65 with Porterville's industrial area and eases the pressure along the highway. Funding for this project was made from Tulare County's Regional Measure R funds, a one-half cent sales tax approved by the voters of Tulare County in 2006 to support road improvements and repair, transit and other transportation projects.

The design of a new Public Safety Station to be located on Jaye Street, south of Highway 190 is currently in progress with construction scheduled in 2013. The station will provide for quicker response time for residents and industrial development in the southern portion of the community.

The rehabilitation of Runway 12-30 is nearing completion. The Federal Aviation Administration had awarded the City grant funds amounting to \$2,158,000 for the project. The runway improvements will assure support for the heavy aircraft tankers that utilize the runways during fire season.

Property for the Chase Avenue Park has been purchased from the \$2.5 million grant awarded by the California State Parks to the City under the Sustainable Communities and Climate Change Reduction Account of Proposition 84. Design for the project which will include a walking trail, a multi-purpose playing field, playgrounds, and picnic pavilions will be awarded in the early part of 2012. Construction is scheduled to begin in the summer of 2012 and completed in 2013.

The design for the sewer system facilities and improvements for several annexed areas of the City is currently underway with construction anticipated to commence in 2012. The project would extend sewer services to approximately 1,200 residents in the annexed areas.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Porterville for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-first consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of the report. Credit also must be given to the Mayor and governing Council, and the City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Porterville finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Maria Bemis".

Maria Bemis
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Porterville
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Sandison

President

Jeffrey R. Enner

Executive Director



CITY OF PORTERVILLE

CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES

As of June 30, 2011

City Council and Redevelopment Agency Board

Term Expires

Ronald L. Irish	Mayor and Chairperson	June 2012
Cameron Hamilton	Vice Mayor and Vice-Chairperson	June 2012
Pete V. McCracken	Council Member and Agency Member	June 2014
Brian Ward	Council Member and Agency Member	June 2012
Greg Shelton	Council Member and Agency Member	June 2014

City Manager and Department Directors

John D. Lollis	City Manager/City Clerk
Bradley Dunlap	Community Development Director
Mario Garcia	Fire Chief
Charles McMillan	Police Chief
Milt Stowe	Parks and Leisure Services Director/Deputy City Manager
Baldo Rodriguez	Public Works Director
Maria Bemis	Finance Director
Patrice Hildreth	Administrative Services Manager

Library & Literacy Commission

Ellen Nichols, Chairperson
Joe Moreno, Vice Chairperson
Catherine May, Member
Stephanie Cortez, Member
Mary Leavitt, Member
Rebecca Grayson, Member
Joseph Carter, Member

Parks and Leisure Services Commission

Charles Webber, Chairperson
Monte Moore, Vice Chairperson
Case Lok, Member
Rick Vafeades, Member
Rocco Calantone, Member
Donald W. Beardsley, Member
Leticia Lupio, Member
Gary Ingraham, Member

Arts Commission

Deanna Worthington, Member
Rebecca Grayson, Member
Joan Claire Givan, Member

Financial Section





INDEPENDENT AUDITOR'S REPORT

To the City Council
Porterville, 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 Porterville, California (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Porterville, as of June 30, 2011, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated December 29, 2011, on our consideration of the City of Porterville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual and the Schedules of Funding Progress, as listed in the table of contents, 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 made for the purpose of forming opinions on the financial statements that collectively comprise the City of Porterville's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Gallina LLP

Roseville, California
December 29, 2011

Management's Discussion and Analysis

As management of the City of Porterville, we offer readers of the City of Porterville's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 5 of this report. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets of the City of Porterville exceeded its liabilities at the close of the most recent fiscal year by \$448,721,658. Of this amount, \$22,795,541 (*unrestricted net assets*) is available to be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3,589,627 from a combination of a decrease of \$1,018,248 in the governmental activities and an increase of \$4,607,875 in the business-type activities.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$35,732,984.
- At June 30, 2011, unassigned fund balance for the general fund was \$4,917,827, or 23 percent of total general fund expenditures.
- Long-term debt of the City of Porterville shows an increase of \$7,307,418 (11%) in the current fiscal year. The City had advance refunded its 1997 Sewer System Refinancing Certificates of Participation to finance the extension of sewer service to several areas annexed to the City.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Porterville's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Porterville's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Porterville is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Porterville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, planning and economic development, public works, and parks and recreation. The business-type activities of the City include the Zalud Estate, Public Transit, Sewer, Solid Waste, Airport, Golf, and Water operations.

The government-wide financial statements can be found on pages 24 - 25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Porterville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Porterville maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Safety Sales Tax Fund, Community Development Block Grant Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining and individual statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 27 - 30 of this report.

Proprietary funds. The City of Porterville maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the Zalud Estate, Public Transit, Sewer, Solid Waste, Airport, Golf and Water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for equipment maintenance and risk management. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water and Solid Waste operations, all of which are considered to be major funds of the City. The remaining enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements, as well as both internal service funds. Individual fund data for each of these nonmajor enterprise funds and the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32 – 34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Porterville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 - 67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Porterville's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.

The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison schedules for the General Fund and the major special revenue funds have been provided to demonstrate compliance with these budgets.

Required supplementary information can be found on pages 68 - 72 of this report.

The combining and individual statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds, internal service funds, and fiduciary fund are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77 - 103 of this report.

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Porterville, assets exceeded liabilities by \$448,721,658 at June 30, 2011.

By far, the largest portion of the City's net assets, \$397,803,125 (89 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Porterville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Porterville's Net Assets						
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 58,793,115	\$ 58,280,248	\$ 36,635,536	\$ 30,278,190	\$ 95,428,651	\$ 88,558,438
Capital assets	374,364,402	375,025,220	71,961,618	66,625,995	446,326,020	441,651,215
Total assets	433,157,517	433,305,468	108,597,154	96,904,185	541,754,671	530,209,653
Long-term liabilities outstanding	36,097,969	36,475,001	39,146,484	31,462,034	75,244,453	67,937,035
Other liabilities	16,260,349	15,117,149	1,528,211	2,127,567	17,788,560	17,244,716
Total liabilities	52,358,318	51,592,150	40,674,695	33,589,601	93,033,013	85,181,751
Net assets:						
Invested in capital assets, net of related debt	351,796,976	351,421,810	46,006,149	35,163,961	397,803,125	386,585,771
Restricted	11,680,687	14,383,239	16,442,305	8,931,506	28,122,992	23,314,745
Unrestricted	17,321,536	15,908,269	5,474,005	19,219,117	22,795,541	35,127,386
Total net assets	\$ 380,799,199	\$ 381,713,318	\$ 67,922,459	\$ 63,314,584	\$ 448,721,658	\$ 445,027,902

An additional portion of the City of Porterville's net assets, \$28,122,992 (6 percent) represents resources that are subject to external restrictions on how they may be used. \$17,606,194 is restricted for capital projects and \$5,489,936 is restricted for debt service.

The remaining balance of *unrestricted net assets*, \$22,795,541 (5 percent) may be used to meet the City's ongoing obligation to citizens and creditors.

At June 30, 2011, the City of Porterville is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Statement of Activities

As stated earlier, the statement of activities shows how the City's net assets changed from year to year. For the year ended June 30, 2011, the City's net assets increased by \$3,589,627.

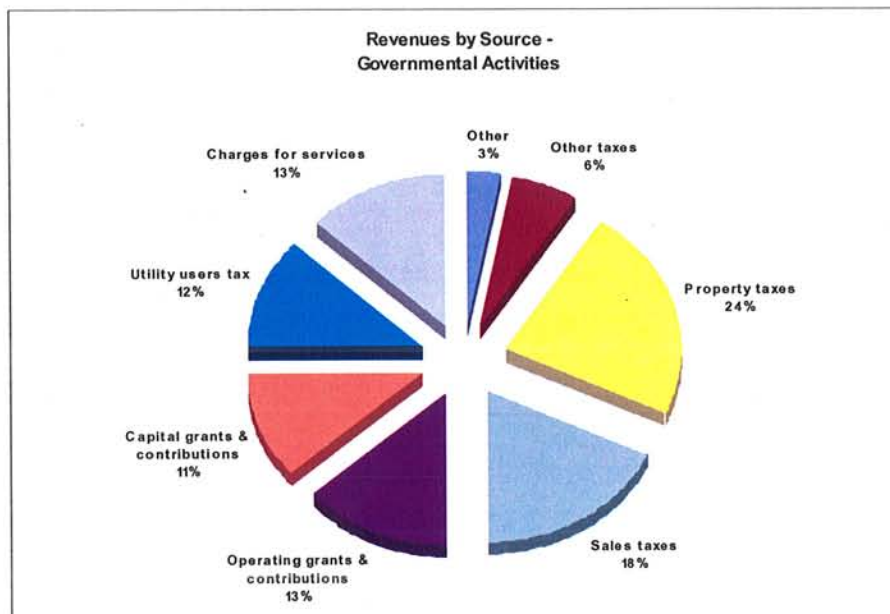
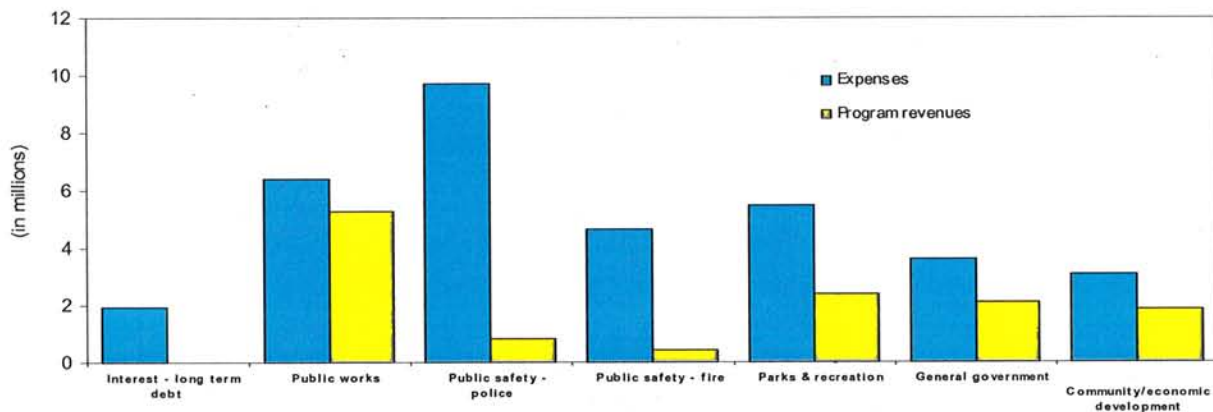
City of Porterville's Changes in Net Assets

	Governmental Activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 4,454,644	\$ 4,337,312	\$ 19,098,812	\$ 18,377,977	\$ 23,553,456	\$ 22,715,289
Operating grants and contributions	4,563,001	3,831,693	1,496,710	1,327,162	6,059,711	5,158,855
Capital grants and contributions	3,858,223	4,602,881	3,885,764	1,403,707	7,743,987	6,006,588
General revenues:						
Property taxes	7,776,735	7,644,246	--	--	7,776,735	7,644,246
Other taxes	12,198,427	11,958,923	--	--	12,198,427	11,958,923
Other	1,027,945	3,066,675	396,287	569,205	1,408,167	3,635,880
Total revenues	33,878,975	35,441,730	24,877,573	21,678,051	58,740,483	57,119,781
Expenses:						
Community/economic development	3,070,634	3,283,858	--	--	3,070,634	3,283,858
General government	3,613,328	4,924,487	--	--	3,613,328	4,924,487
Parks and recreation	5,448,651	5,528,384	--	--	5,448,651	5,528,384
Public safety - fire	4,645,542	4,409,729	--	--	4,645,542	4,409,729
Public safety - police	9,724,885	9,746,482	--	--	9,724,885	9,746,482
Public works	6,391,738	5,447,841	--	--	6,391,738	5,447,841
Interest on long-term debt	1,934,450	1,942,367	1,944,118	1,709,235	3,878,568	3,651,602
Airport	--	--	1,260,139	963,340	1,260,139	963,340
Golf course	--	--	375,717	386,090	375,717	386,090
Sewer	--	--	4,866,182	4,934,213	4,850,117	4,934,213
Solid waste	--	--	5,358,438	5,310,156	5,358,438	5,310,156
Transit	--	--	2,150,821	2,017,040	2,150,821	2,017,040
Water	--	--	4,353,707	4,504,521	4,353,707	4,504,521
Zalud estate	--	--	28,571	23,978	28,571	23,978
Total expenses	34,829,228	35,283,148	20,337,693	19,848,573	55,150,856	55,131,721
Increase (decrease) in net assets before transfers	(950,253)	158,582	4,539,880	1,829,478	3,589,627	1,988,060
Transfers	(67,995)	103,252	67,995	(103,252)	--	--
Increase (decrease) in net assets	(1,018,248)	261,834	4,607,875	1,726,226	3,589,627	1,988,060
Net assets - July 1	381,713,318	381,451,484	63,314,584	61,588,358	445,027,902	443,039,842
Prior period adjustment	104,129	--	--	--	104,129	--
Net assets - June 30	\$ 380,799,199	\$ 381,713,318	\$ 67,922,459	\$ 63,314,584	\$ 448,721,658	\$ 445,027,902

Governmental activities. Revenue in governmental activities decreased by \$1,562,755 or 4 percent, mainly from the sale of capital assets in the prior year. Property taxes show a slight increase of \$132,489, a 2 percent increase from the prior year. Sales taxes are higher by \$337,081 in the current fiscal year, an increase of 6 percent from the prior year. Investment earnings are down 34 percent and proceeds from the sale of capital assets decreased by \$1,745,457.

There was a decrease of \$453,920 in total expenses in governmental activities, primarily in the general government. In the prior year, general government expenses included financial assistance provided by the City to the Tulare County Junior Livestock Show and Community Fair for the purpose of relocating the fairgrounds. Expenses in the community and economic development department also show a decrease due the completion of the redevelopment project area amendment. There was an increase in the public works department which reflects the additional cost of on-going maintenance projects.

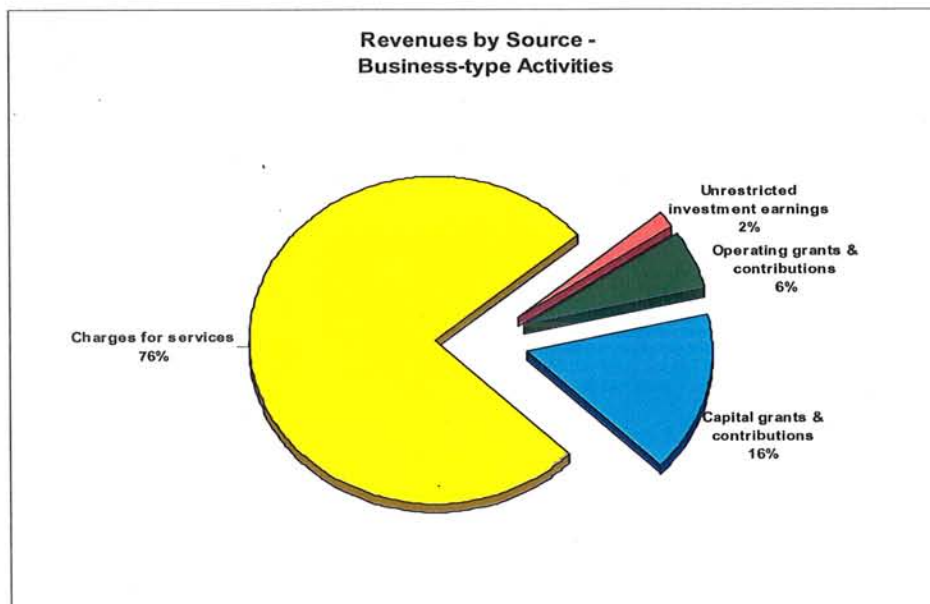
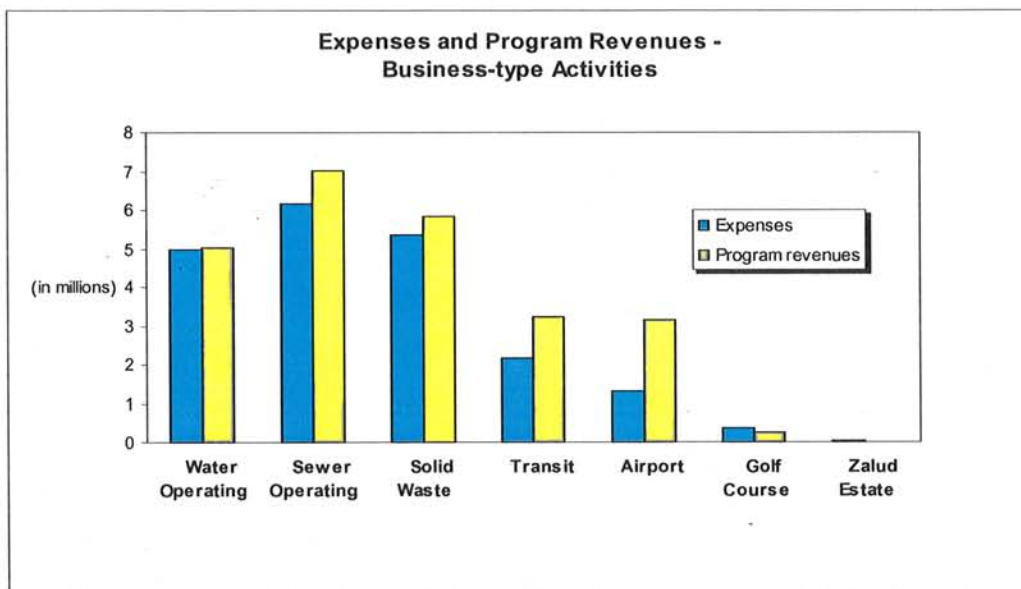
**Expenses and Program Revenues -
Governmental Activities**



Business-type activities. Business-type activities increased the City of Porterville's net assets by \$4,607,875. Overall revenues for business-type activities show an increase of \$3,199,522 from prior year, and total expenses increased by \$489,120.

The Airport Fund reports an increase in fuel sales with a corresponding increase in fuel purchases. During the year, the Airport Fund received \$1,850,015 in federal grant awards compared to \$477,544 in the prior year. The grants funded the Airport Lighting Project and the Rehabilitation of Runway 12-30.

Federal grants in the Transit Fund were also a major revenue source. The City received \$1,647,202 from the Federal Transit Administration, 72 percent of which was utilized to purchase three CNG (compressed natural gas) buses.



Financial Analysis of the Government's Fund

As noted earlier, the City of Porterville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Porterville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the City of Porterville's governmental funds reported combined ending fund balances of \$35,732,984. Of this total amount, \$988,796 (3 percent) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. *Assigned fund balance* and *committed fund balance* which represent those amounts that are constrained by the City's intended use amounts to \$17,869,240 and \$2,644,395 respectively. \$8,399,983 is classified as *nonspendable* and not available for spending in the current period. This includes the long-term portion of loans receivable. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed (1) to pay debt service, \$2,238,646, (2) for use on capital projects by bond covenants, \$2,700,805, or (3) for a variety of other restricted purposes, \$3,535,514.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2011, unassigned fund balance of the general fund was \$4,917,287, while total fund balance reached \$21,841,056. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 103 percent of that same amount.

The fund balance of the City of Porterville's general fund increased by \$3,135,157 during the current fiscal year primarily due to prior-period adjustments made during the year to write-off prior years' accrued interest in the amount of \$406,975 that had been added to the principal of the original advance from the City of Porterville to the Porterville Redevelopment Agency. In addition, the City and the Agency entered into a Public Improvement Cost Reimbursement Agreement wherein the Agency agreed to reimburse \$4,221,223 in costs incurred by the City for public improvements constructed between the years 2000 to 2010 within or contiguous to the Redevelopment Project Area. These adjustments increased the fund balance in the General Fund by \$3,918,377.

As of June 30, 2011, the public safety sales tax fund has a total fund balance of \$3,691,349 which is restricted for police and fire protection and related capital projects and for literacy programs.

The community development block grant fund has a total fund balance of \$85,290, all of which is reserved for housing projects for low and moderate income families and for the business assistance program.

The capital projects fund has a total fund balance of \$2,700,805 that is all reserved to finance various capital improvement projects. This balance represents the funds available from the issue of the 2005 Infrastructure Financing Project Certificates of Participation.

Proprietary funds. The City of Porterville's proprietary funds provide the same type of information fund in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Operations fund at June 30, 2011, amounted to \$5,975,874. In the Water Operations fund, a major portion of its net assets, \$18,122,890 or 82 percent is invested in capital assets. \$6,189,337 is restricted for capital projects and \$699,402 for debt service which leaves an unrestricted fund balance of negative \$2,964,428. In the Solid Waste fund, the amount of unrestricted net assets at June 30, 2011 is \$2,628,768.

General Fund Budgetary Highlights

During the year, there was an increase of \$145,138 in appropriations between the original budget and the final amended budget. The main components of these changes are as follows:

- \$46,629 supplemental appropriation in the City Clerk's Division for expenditures for the 2010 primary elections.
- \$16,477 supplemental appropriation in the City Council's budget for the annual dues to the League of California Cities.
- \$15,000 appropriation approved by City Council for expenditures for the very first annual Freedom Fest and Fireworks Show.
- \$15,276 supplemental appropriation for the purchase of early literacy workstations for the library.
- \$18,488 appropriation for library expenditures equivalent to the amount of grant funds awarded to the City.

Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments in addition to measures taken by the departments to lower spending per the direction given by City Council.

During the year, the City experienced a positive variance of \$660,299 in revenues compared to budgetary estimates. Property taxes, sales taxes and utility users taxes show positive variances mainly due to the conservative approach the City has taken in the budget process. There was a sizeable shortfall (37 percent) in motor vehicle in-lieu tax amounting to \$143,806. Due to the decline in the State of California's vehicle license fee (VLF) revenue collections, the City of Porterville did not get its annual allocation of VLF in-lieu of property tax for the annexations.

Capital Asset and Debt Administration

Capital assets. The City of Porterville's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$446,326,020 (net of accumulated depreciation). This investment in capital assets includes land, distribution

and collection systems, buildings, improvements, machinery and equipment, works of art and historical collections, park facilities, roads, highways and bridges. The total increase in Porterville's investment in capital assets for the current fiscal year was \$4,674,805.

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

- Purchase of a 2.28-acre parcel of land in the amount of \$217,486 for the construction of the Chase Avenue Park.
- Completion of the Airport electrical upgrade a total cost of \$562,272.
- Purchase of a 3.9-acre property across from Murry Park in the amount of \$252,646 for future projects.
- The installation of a natural gas leak detection system at the City shop was completed during the year at a total cost of \$220,754.
- Completion of the bar screen replacement and auger conveyor project for the Wastewater Treatment Facility in the amount of \$382,803.
- Completion of several water projects including the construction of Well #31, water main trunk line at Morton Ave and Matthew St, and on Olive Ave, from Plano to 2nd St. The total cost of these projects was \$2,490,141.
- New HVAC systems were installed at City Hall and at the Police Building for \$962,950.
- Various vehicles and equipments were purchased during the year including 13 vehicles for the police department amounting to \$341,671, an electrician's truck with aerial lift for \$105,119 and 6 CNG pick-up trucks for several departments amounting to \$214,467.

City of Porterville's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 268,900,046	\$ 268,366,492	\$ 4,938,508	\$ 4,938,508	\$ 273,838,554	\$ 273,305,000
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	9,226,234	9,286,987	3,648,173	3,684,189	12,874,407	12,971,176
Improvements other than buildings	6,056,287	5,784,205	52,026,086	50,202,322	58,082,373	55,986,527
Machinery and equipment	5,082,914	4,147,358	5,693,952	4,683,948	10,776,866	8,831,306
Infrastructure	82,126,587	83,982,507	--	--	82,126,587	83,982,507
Construction in progress	2,788,396	3,273,733	5,654,899	3,117,028	8,443,295	6,390,761
Total	\$ 374,364,402	\$ 375,025,220	\$ 71,961,618	\$ 66,625,995	\$ 446,326,020	\$ 441,651,215

Additional information on the City's capital assets can be found in Note 1-E-5 and Note 4-E on pages 41 - 42 and pages 52 - 53 this report.

Long-term debt. At the end of the current fiscal year, the City of Porterville had total debt outstanding of \$75,039,612.

City of Porterville's Outstanding Debt

	Governmental activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ 8,000,000	\$ 8,105,000	\$ 19,870,000	\$ --	\$ 27,870,000	\$ 8,105,000
Certificates of participation	22,035,000	22,725,000	8,870,000	19,675,000	30,905,000	42,400,000
Notes payable	3,232,350	3,611,489	13,032,262	13,181,661	16,264,612	16,793,150
Total	<u>\$ 33,267,350</u>	<u>\$ 34,441,489</u>	<u>\$ 41,772,262</u>	<u>\$ 32,856,661</u>	<u>\$ 75,039,612</u>	<u>\$ 67,298,150</u>

The City's total debt increased by \$7,741,462 during the current fiscal year. The key factor in this increase was the advance refunding of the 1997 Sewer System Refinancing Project Certificates of Participation. The City issued \$19,743,587 of Sewer Revenue Bonds, 2011 Series A to finance the extension of sewer service to several annexed areas of the City (\$7,000,000), in addition to the refunding of the 1997 Certificates (\$9,669,000), funding of a reserve fund for the new bonds (\$1,786,931), and paying the costs of the issuance of the bonds.

Standard & Poor's Ratings Services ("S&P") has assigned the rating of BBB+ to the 2008 tax allocation refunding bonds and the rating of AA to the 2011 sewer revenue bonds.

Additional information on the City's long-term debt can be found in Note 4-G on pages 55 - 60 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Porterville at the end of the current fiscal year is 14.3 percent which is just slightly lower than the rate of 14.4 percent a year ago. This compares favorably to the county's rate of 15.6 percent.
- No significant improvement in General Fund revenues is anticipated in the coming year. Property tax revenues for the upcoming year are projected at the same level as the 2010-2011 revenues. A slight growth in sales tax revenues is estimated for the next fiscal year but this is offset by a decrease in utility users tax due to AT&T discontinuing collection of the tax on charges for wireless services providing Internet access.
- For fiscal year 2011-2012, operating expenditures in the General Fund are estimated to be approximately 9 percent higher than the 2010-2011 expenditures, in the most part due to the increase in Public Employees Retirement System (PERS)

pension cost. The City is continuing to work with the employee groups to address this and reduce the City's pension costs.

- It is anticipated that the construction of the 3 million-gallon Martin Hill reservoir, the 500 thousand-gallon Rocky Hill reservoir and the Veteran's Park booster pump will be completed in the coming fiscal year. A total of \$5,745,495 has been budgeted for these projects in fiscal year 2011-2012 with funds from the California Infrastructure and Economic Development Bank loan.
- The Sewer Fund budget includes an appropriation of \$2,350,000 to begin construction of sewer system improvements on several annexed areas within the City that are lacking in sewer facilities. This is part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A and refunding of the 1997 Sewer System Refinancing Project Certificates of Participation.
- The City is expecting \$1,115,032 from the Department of Transportation for the construction of the Montgomery St roundabout and \$796,102 for the shoulder stabilization project at Newcomb Ave and Beverly St.
- Other street projects have been budgeted including \$1,210,000 for the rehabilitation of Henderson Ave from Indiana to Jaye St, \$1,075,000 for the rehabilitation of Olive Ave (between Cobb and 'H' St), and the reconstruction of North Grand Ave (east of Hwy 65) for \$363,000. Appropriations for on-going projects like the Scranton Ave/Indiana St widening (\$2M) and Jaye St extension (\$975,812) had been carried forward to fiscal year 2011-2012. Funding for these projects is a combination of Special Gas Tax and Local Transportation Funds, Prop 1B funds and Measure R sales tax.

At the end of the 2010-11 fiscal year, the unassigned fund balance in the general fund has a balance of \$4,917,827. The City of Porterville has appropriated \$450,000 of this amount for spending in the 2011-12 fiscal year for operating and capital assistance.

Requests for Information

This financial report is designed to provide a general overview of the City of Porterville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Division, City of Porterville, 291 North Main Street, Porterville, CA 93257-3737.

**Basic
Financial Statements**



City of Porterville
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 338,186	\$ 169,227	\$ 507,413
Investments	33,254,933	16,757,138	50,012,071
Receivables - utility (net of allowance for uncollectibles)	-	2,192,657	2,192,657
Receivables - misc (net of allowance for uncollectibles)	1,646,805	433,307	2,080,112
Receivables - housing (net of allowance for uncollectibles)	11,470,892	-	11,470,892
Inventories	-	186,332	186,332
Prepays	15,440	-	15,440
Internal balances	390,436	(390,436)	-
Restricted assets - intergovernmental	599,413	241,831	841,244
Restricted assets - cash and cash equivalents	-	5,285	5,285
Restricted assets - investments	4,786,237	16,442,305	21,228,542
Restricted assets - assets held for resale	212,218	-	212,218
Notes receivable	5,256,667	-	5,256,667
Certs of Participation issue costs (net of accumulated amortization)	821,888	597,890	1,419,778
Capital assets - land, construction in progress, works of art and collections	271,872,380	10,593,407	282,465,787
Capital assets- other, net of accumulated depreciation	102,492,022	61,368,211	163,860,233
Total assets	433,157,517	108,597,154	541,754,671
LIABILITIES			
Accounts payable and other current liabilities	3,245,287	952,596	4,197,883
Accrued interest payable	614,170	575,615	1,189,785
Unearned revenue	12,400,892	-	12,400,892
Non-current liabilities - due in 1 year	2,426,068	1,524,615	3,950,683
Non-current liabilities - due in more than 1 year	33,671,901	37,621,869	71,293,770
Total liabilities	52,358,318	40,674,695	93,033,013
NET ASSETS			
Invested in capital assets, net of related debt	351,796,976	46,006,149	397,803,125
Restricted for capital projects	4,415,179	-	4,415,179
Restricted for debt service	2,238,646	3,251,290	5,489,936
Restricted for self-insurance	4,135,743	-	4,135,743
Restricted for grant programs	891,119	-	891,119
Unrestricted	17,321,536	18,665,020	35,986,556
Total net assets	\$ 380,799,199	\$ 67,922,459	\$ 448,721,658

The notes to the financial statements are an integral part of this statement.

City of Porterville
Statement of Activities
For the Fiscal Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 3,070,634	\$ 262,861	\$ 1,576,376	\$ -	\$(1,231,397)	\$ -	(1,231,397)
General government	3,613,328	1,613,401	475,603	-	(1,524,324)	-	(1,524,324)
Parks and recreation	5,448,651	1,890,713	199,011	281,959	(3,076,968)	-	(3,076,968)
Public safety - fire	4,645,542	22,619	304,426	100,000	(4,218,497)	-	(4,218,497)
Public safety - police	9,724,885	461,238	308,301	84,553	(8,870,793)	-	(8,870,793)
Public works	6,391,738	203,812	1,699,284	3,391,711	(1,096,931)	-	(1,096,931)
Interest on long-term debt	1,934,450	-	-	-	(1,934,450)	-	(1,934,450)
Total governmental activities	34,829,228	4,454,644	4,563,001	3,858,223	(21,953,360)	-	(21,953,360)
Business-type Activities:							
Airport	1,286,560	1,288,281	20,000	1,850,015	-	1,871,736	1,871,736
Golf course	375,717	225,378	-	-	-	(150,339)	(150,339)
Sewer operating	6,170,439	6,963,704	-	50,847	-	844,112	844,112
Solid waste	5,358,438	5,417,857	6,322	421,176	-	486,917	486,917
Transit	2,150,821	356,803	1,470,388	1,387,202	-	1,063,572	1,063,572
Water operating	4,967,147	4,841,675	-	176,524	-	51,052	51,052
Zalud estate	28,571	5,114	-	-	-	(23,457)	(23,457)
	20,337,693	19,098,812	1,496,710	3,885,764	-	4,143,593	4,143,593
Total primary government	\$ 55,166,921	\$ 23,553,456	\$ 6,059,711	\$ 7,743,987	(21,953,360)	4,143,593	(17,809,767)
General revenues:							
					7,776,735	-	7,776,735
					6,121,968	-	6,121,968
					4,048,106	-	4,048,106
					1,485,182	-	1,485,182
					242,142	-	242,142
					301,029	-	301,029
					703,908	386,085	1,089,993
					197,649	10,202	207,851
					126,388	-	126,388
					(67,995)	67,995	-
					20,935,112	464,282	21,399,394
					(1,018,248)	4,607,875	3,589,627
					381,713,318	63,314,584	445,027,902
					104,129	-	104,129
					\$ 380,799,199	\$ 67,922,459	\$ 448,721,658

The notes to the financial statements are an integral part of this statement.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The original Charter of the City established the General Fund. Activities financed from this fund include general government, financial services, police protection, street and storm drain maintenance, planning, engineering, building regulation, community promotion, fire, parks and recreation, and library services. The sales and use tax, property tax, utility users tax, motor vehicle in-lieu tax, and traffic fines are the major revenue sources for this fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are required by statute, charter provisions, or local ordinance to finance particular activities of the City of Porterville.

Public Safety Sales Tax Fund

This fund was established as a result of the voters approval of a one-half cent increase in sales tax on the November 8, 2005 Special Consolidated Election ballot. This fund is used to account for revenues received from this district tax, which are restricted for police and fire protection services and for literacy programs.

Community Development Block Grant Fund

This fund was created to account for all financial transactions having to do with the Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development. The programs are used for low-interest housing rehabilitation and mortgage assistance loans.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects not being financed by proprietary funds.

General Government Fund

This fund was created to account for all resources used in the acquisition or construction of capital facilities and operating capital outlays by the City of Porterville.

**City of Porterville
Balance Sheet
Governmental Funds
June 30, 2011**

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 142,264	\$ 35,906	\$ -	\$ 17,280	\$ 78,347	\$ 273,797
Investments	13,841,475	3,557,852	-	1,712,224	7,763,223	26,874,774
Receivables - misc (net):						
Interest	118,314	-	-	112	10,479	128,905
Taxes	870,697	181,100	-	-	189,058	1,240,855
Other	207,809	-	-	-	12,356	220,165
Receivables - housing (net)	-	-	11,154,037	-	316,855	11,470,892
Intergovernmental receivables	42,177	-	194,594	6,182	356,460	599,413
Interfund receivable	-	-	-	-	924,923	924,923
Prepaid items	15,440	-	-	-	-	15,440
Assets held for resale	-	-	212,218	-	-	212,218
Advances receivable	4,057,876	-	-	-	-	4,057,876
Restricted - cash/fiscal agent	-	-	-	2,699,924	2,086,313	4,786,237
Notes receivable	4,326,667	-	-	-	930,000	5,256,667
Total assets	\$ 23,622,719	\$ 3,774,858	\$ 11,560,849	\$ 4,435,722	\$ 12,668,014	\$ 56,062,162
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 285,308	\$ 9,986	\$ 212,443	\$ 1,688,699	\$ 8,470	\$ 2,204,906
Payroll payable	571,120	73,523	7,336	46,218	15,655	713,852
Interfund payable	30,482	-	101,743	-	-	132,225
Deferred revenue	-	-	11,154,037	-	1,246,855	12,400,892
Advances payable	894,753	-	-	-	3,982,550	4,877,303
Total liabilities	1,781,663	83,509	11,475,559	1,734,917	5,253,530	20,329,178
Fund balances:						
Nonspendable	8,399,983	-	-	-	-	8,399,983
Restricted						
Capital projects	-	-	-	2,700,805	-	2,700,805
Debt service	-	-	-	-	2,238,646	2,238,646
Grant programs	517,869	-	-	-	373,250	891,119
Committed						
Capital projects	1,031,674	-	-	-	-	1,031,674
Contingency	1,154,000	-	-	-	-	1,154,000
Debt service	458,721	-	-	-	-	458,721
Assigned	5,360,982	3,691,349	85,290	-	8,731,619	17,869,240
Unassigned	4,917,827	-	-	-	(3,929,031)	988,796
Total fund balances	21,841,056	3,691,349	85,290	2,700,805	7,414,484	35,732,984
Total liabilities and fund balances	\$ 23,622,719	\$ 3,774,858	\$ 11,560,849	\$ 4,435,722	\$ 12,668,014	\$ 56,062,162

The notes to the financial statements are an integral part of this statement

City of Porterville
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds	\$ 35,732,984
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(34,369,844)
Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	5,330,147
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	374,105,912
Net assets of governmental activities	\$ <u>380,799,199</u>

The notes to the financial statements are an integral part of this statement.

City of Porterville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 6,830,654	\$ -	\$ -	\$ -	\$ 946,081	\$ 7,776,735
Sales taxes	3,494,454	2,627,514	-	-	-	6,121,968
Utility users tax	4,048,106	-	-	-	-	4,048,106
Franchise tax	1,485,182	-	-	-	-	1,485,182
Motor vehicle in-lieu tax	242,142	-	-	-	-	242,142
Transient occupancy tax	301,029	-	-	-	-	301,029
Licenses and permits	824,499	-	-	-	-	824,499
Intergovernmental	655,225	-	1,536,309	6,182	4,545,710	6,743,426
Charges for services	3,645,764	-	198,689	-	-	3,844,453
Special assessments and fees	8,428	-	-	-	1,023,538	1,031,966
Fines and forfeitures	54,926	-	-	-	185,383	240,309
Investment earnings	404,988	62,509	27,202	4,729	202,983	702,411
Miscellaneous	84,790	-	-	-	135,512	220,302
Total revenues	<u>22,080,187</u>	<u>2,690,023</u>	<u>1,762,200</u>	<u>10,911</u>	<u>7,039,207</u>	<u>33,582,528</u>
EXPENDITURES						
Current:						
Community and economic development	707,782	-	1,923,875	71,482	261,179	2,964,318
General government	2,795,383	-	-	647,630	5,820	3,448,833
Parks and recreation	4,318,958	306,429	-	91,665	170,479	4,887,531
Public safety - fire	3,358,174	795,466	-	10,628	140,265	4,304,533
Public safety - police	7,460,910	1,183,732	-	17,897	185,959	8,848,498
Public works	2,091,503	-	-	1,685,726	-	3,777,229
Debt service:						
Principal	-	-	156,000	-	818,139	974,139
Interest and administrative charges	2,278	-	175,439	-	1,716,199	1,893,916
Capital outlay	606,154	-	-	2,148,506	-	2,754,660
Total expenditures	<u>21,341,142</u>	<u>2,285,627</u>	<u>2,255,314</u>	<u>4,673,534</u>	<u>3,298,040</u>	<u>33,853,657</u>
Excess (deficiency) of revenues over expenditures	<u>739,045</u>	<u>404,396</u>	<u>(493,114)</u>	<u>(4,662,623)</u>	<u>3,741,167</u>	<u>(271,129)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,483,522	3,736	-	4,619,428	1,959,454	8,066,140
Transfers out	(3,203,436)	(406)	(175,289)	-	(4,748,892)	(8,128,023)
Sale of capital assets	197,649	-	-	-	-	197,649
Total other financing sources and uses	<u>(1,522,265)</u>	<u>3,330</u>	<u>(175,289)</u>	<u>4,619,428</u>	<u>(2,789,438)</u>	<u>135,766</u>
Net change in fund balances	<u>(783,220)</u>	<u>407,726</u>	<u>(668,403)</u>	<u>(43,195)</u>	<u>951,729</u>	<u>(135,363)</u>
Fund balances - beginning	18,705,899	3,283,623	753,693	2,744,000	10,277,003	35,764,218
Prior period adjustment	3,918,377	-	-	-	(3,814,248)	104,129
Fund balances - ending	<u>\$ 21,841,056</u>	<u>\$ 3,691,349</u>	<u>\$ 85,290</u>	<u>\$ 2,700,805</u>	<u>\$ 7,414,484</u>	<u>\$ 35,732,984</u>

The notes to the financial statements are an integral part of this statement.

City of Porterville
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances --total governmental funds \$ (135,363)

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (481,558)

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets. (251,549)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,174,139

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (485,509)

Internal service funds are used by management to charge the costs of risk management and equipment management to individual funds. The net revenue of the internal service funds is reported with governmental activities. (838,408)

Change in net assets of governmental activities \$ (1,018,248)

The notes to the financial statements are an integral part of this statement.

MAJOR PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that provide goods or services to the general public on a continuing basis and are financed primarily through user charges.

Sewer Operating Fund

Three funds have been established to account for sewer-related endeavors and are combined for reporting purposes. The Sewer Operating Fund is used to account for the activities associated with operating the sewer collection system. The Sewer Revolving Fund is used to account for the collection system acreage fees and the use of those resources. The Wastewater Treatment Plant Capital Reserve Fund is used to account for the treatment plant acreage fees and the use of those resources.

Solid Waste Fund

This fund was established to account for the activities associated with refuse collections and recycling.

Water Operating Fund

Two funds have been established to account for water-related endeavors and are combined for reporting purposes. The Water Operating Fund was established to account for the activities associated with the City's water pumping and distribution system. The principal source of revenue is water sales. The Water Replacement Fund is used to account for the water acreage fees and the use of those resources.

City of Porterville
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds					Governmental
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	Activities - Internal Service funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 116,148	\$ 25,762	\$ 20,897	\$ 6,420	\$ 169,227	\$ 64,389
Investments	11,506,888	2,611,743	2,070,660	567,847	16,757,138	6,380,159
Receivables - utility (net of allowance for uncollectibles)	794,191	720,484	677,982	-	2,192,657	-
Receivables - misc (net of allowance for uncollectibles)	168,210	42,651	104,018	118,428	433,307	56,880
Intergovernmental receivables	-	-	-	241,831	241,831	-
Interfund receivable	-	-	-	-	-	30,482
Inventories	-	-	-	186,332	186,332	-
Temporarily restricted assets, cash with fiscal agent	5,285	-	-	-	5,285	-
Total current assets:	<u>12,590,722</u>	<u>3,400,640</u>	<u>2,873,557</u>	<u>1,120,858</u>	<u>19,985,777</u>	<u>6,531,910</u>
Noncurrent assets:						
Advances receivable	285,186	265,894	-	-	551,080	343,673
Capital assets:						
Land	3,142,404	318,092	-	1,478,012	4,938,508	-
Construction in progress	86,909	2,698,716	440,198	2,429,076	5,654,899	-
Distribution and collection systems	43,654,334	34,192,144	-	-	77,846,478	-
Buildings and equipment	4,355,535	1,800,758	5,663,366	8,854,916	20,674,575	841,915
Improvements other than buildings	-	-	-	7,665,741	7,665,741	6,639
Less accumulated depreciation	(19,533,974)	(14,743,768)	(4,388,669)	(6,152,172)	(44,818,583)	(590,064)
Restricted assets, cash with fiscal agent	9,553,566	6,888,739	-	-	16,442,305	-
COP issuance costs (net of accumulated amortization)	597,890	-	-	-	597,890	-
Total noncurrent assets:	<u>42,141,850</u>	<u>31,420,575</u>	<u>1,714,895</u>	<u>14,275,573</u>	<u>89,552,893</u>	<u>602,163</u>
Total assets	<u>54,732,572</u>	<u>34,821,215</u>	<u>4,588,452</u>	<u>15,396,431</u>	<u>109,538,670</u>	<u>7,134,073</u>
LIABILITIES AND FUND BALANCES						
Current liabilities:						
Accounts and other payables	51,016	167,309	128,205	314,005	660,535	300,907
Payroll payable	42,114	40,085	53,761	12,051	148,011	25,622
Interfund payable	-	-	-	823,180	823,180	-
Accrued claims	-	-	-	-	-	1,490,336
Compensated absences payable	26,554	38,014	62,823	16,659	144,050	30,071
Accrued interest payable	376,562	196,217	-	2,836	575,615	-
Loans, bonds, leases and certificates of participation payable	919,922	595,203	-	9,490	1,524,615	-
Total current liabilities:	<u>1,416,168</u>	<u>1,036,828</u>	<u>244,789</u>	<u>1,178,221</u>	<u>3,876,006</u>	<u>1,846,936</u>
Noncurrent liabilities:						
Advances payable	-	-	-	75,326	75,326	-
Loans, bonds, leases and certificates of participation payable	28,232,000	11,942,297	-	73,350	40,247,647	-
Unamortized premium on bonds	67,172	62,730	-	-	129,902	-
Unamortized discount on bonds	(981,704)	-	-	-	(981,704)	-
Deferred charge on refunding	(1,506,135)	(267,841)	-	-	(1,773,976)	-
Total noncurrent liabilities:	<u>25,811,333</u>	<u>11,737,186</u>	<u>-</u>	<u>148,676</u>	<u>37,697,195</u>	<u>-</u>
Total liabilities	<u>27,227,501</u>	<u>12,774,014</u>	<u>244,789</u>	<u>1,326,897</u>	<u>41,573,201</u>	<u>1,846,936</u>
NET ASSETS						
Invested in capital assets, net of related debt	11,975,631	18,122,890	1,714,895	14,192,733	46,006,149	258,490
Restricted for capital projects	-	-	-	-	-	682,700
Restricted for debt service	2,551,888	699,402	-	-	3,251,290	-
Restricted for self-insurance	-	-	-	-	-	4,135,743
Unrestricted	12,977,552	3,224,909	2,628,768	(123,199)	18,708,030	210,204
Total net assets	<u>\$ 27,505,071</u>	<u>\$ 22,047,201</u>	<u>\$ 4,343,663</u>	<u>\$ 14,069,534</u>	<u>67,965,469</u>	<u>\$ 5,287,137</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(43,010)	
Net assets of business-type activities					<u>\$ 67,922,459</u>	

The notes to the financial statements are an integral part of this statement.

City of Porterville
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	
Operating revenues:						
Charges for services	\$ 6,323,393	\$ 4,656,443	\$ 5,332,229	\$ 1,714,322	\$ 18,026,387	\$ 6,562,236
Connection fees	461,041	5,990	-	-	467,031	-
Other revenues	179,270	179,242	85,628	161,254	605,394	692,580
Total operating revenues	6,963,704	4,841,675	5,417,857	1,875,576	19,098,812	7,254,816
Operating expenses:						
Cost of sales and services	2,343,508	1,759,898	4,424,551	2,711,422	11,239,379	8,171,716
General and administrative	1,310,895	1,707,392	645,887	480,748	4,144,922	204,377
Depreciation/amortization	1,125,344	835,292	223,163	622,042	2,805,841	32,830
Total operating expenses	4,779,747	4,302,582	5,293,601	3,814,212	18,190,142	8,408,923
Operating income (loss)	2,183,957	539,093	124,256	(1,938,636)	908,670	(1,154,107)
Nonoperating revenues (expenses):						
Intergovernmental revenues	-	-	-	1,193,532	1,193,532	-
Federal grants	-	31,645	421,176	3,534,073	3,986,894	-
State grants and reimbursements	-	-	6,322	-	6,322	-
Investment earnings	227,736	99,628	36,593	22,128	386,085	134,443
Interest expense	(1,304,257)	(613,440)	-	(26,421)	(1,944,118)	-
Gain on sale of capital assets	-	-	-	10,202	10,202	-
Loss on disposal of capital assets	(16,065)	-	-	-	(16,065)	-
Total nonoperating revenue (expenses)	(1,092,586)	(482,167)	464,091	4,733,514	3,622,852	134,443
Income before contributions and transfers	1,091,371	56,926	588,347	2,794,878	4,531,522	(1,019,664)
Capital contributions, developer fees	50,847	144,879	-	-	195,726	-
Transfers in	1,362	1,270	-	156,637	159,269	-
Transfers out	(53,449)	-	(18,363)	(19,462)	(91,274)	(6,112)
Change in net assets	1,090,131	203,075	569,984	2,932,053	4,795,243	(1,025,776)
Total net assets - beginning	26,414,940	21,844,126	3,773,679	11,137,481		6,312,913
Total net assets - ending	\$ 27,505,071	\$ 22,047,201	\$ 4,343,663	\$ 14,069,534		\$ 5,287,137
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(187,368)	
Change in net assets of business-type activities					\$ 4,607,875	

The notes to the financial statements are an integral part of this statement.

**City of Porterville
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds					Governmental
	Sewer Operations	Water Operations	Solid Waste	Other Proprietary Funds	Total Proprietary Funds	Activities - Internal Service funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customer	\$ 6,940,942	\$ 4,743,521	\$ 5,431,099	\$ 1,940,625	\$ 19,056,187	\$ 7,248,637
Payments to employees	(1,157,420)	(1,039,372)	(1,488,090)	(394,217)	(4,079,099)	(648,237)
Payments to suppliers and others	(2,533,358)	(2,506,047)	(3,583,551)	(2,704,653)	(11,327,609)	(7,329,039)
Net cash provided (used) by operating activities	3,250,164	1,198,102	359,458	(1,158,245)	3,649,479	(728,639)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash from interfund	-	-	-	497,942	497,942	-
Intergovernmental - operating assistance	-	-	-	428,504	428,504	-
Subsidy from federal and state grants	-	-	6,322	340,000	346,322	-
Transfers in from other funds	-	-	-	156,637	156,637	-
Transfers to other funds	(53,449)	-	(18,363)	(19,462)	(91,274)	(6,112)
Net cash provided (used) by noncapital financing	(53,449)	-	(12,041)	1,403,621	1,338,131	(6,112)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances for capital projects	-	-	-	-	-	948
Construction and other capital projects	(325,111)	(3,250,402)	-	(2,224,950)	(5,800,463)	-
Contributed capital, developer's fees	50,847	144,879	-	-	195,726	-
Interest paid on long-term debt and advances	(1,062,349)	(583,261)	-	(26,421)	(1,672,031)	-
Principal payments on long-term debt	(1,070,728)	(405,000)	-	(30,432)	(1,506,160)	707,573
Purchase of capital assets	(144,553)	(71,810)	(475,942)	(1,656,379)	(2,348,684)	(105,120)
Proceeds from financing	8,791,965	-	-	-	8,791,965	-
Proceeds from sale of capital assets	-	-	-	11,578	11,578	-
Subsidy from federal and state grants	-	31,645	421,176	3,115,689	3,568,510	-
Net cash provided (used) by capital and related financing activities	6,240,071	(4,133,949)	(54,766)	(810,915)	1,240,441	603,401
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	227,736	99,628	36,593	22,129	386,086	134,443
Net cash provided by investing activities	227,736	99,628	36,593	22,129	386,086	134,443
Net Increase (decrease) in cash and cash equivalents	9,664,522	(2,836,219)	329,244	(543,410)	6,614,137	3,093
Balances - beginning of year	11,517,365	12,362,463	1,762,313	1,117,677	26,759,818	6,441,455
Balances - end of the year	\$ 21,181,887	\$ 9,526,244	\$ 2,091,557	\$ 574,267	\$ 33,373,955	\$ 6,444,548
As shown on the proprietary statement of net assets:						
Cash and cash equivalents	\$ 116,148	\$ 25,762	\$ 20,897	\$ 6,420	\$ 169,227	\$ 64,389
Investments	11,506,888	2,611,743	2,070,660	567,847	16,757,138	6,380,159
Temporarily restricted cash with fiscal agent	5,285	-	-	-	5,285	-
Restricted assets, cash with fiscal agent	9,553,566	6,888,739	-	-	16,442,305	-
Balances - end of year	\$ 21,181,887	\$ 9,526,244	\$ 2,091,557	\$ 574,267	\$ 33,373,955	\$ 6,444,548
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,183,957	\$ 539,093	\$ 124,256	\$ (1,938,636)	\$ 908,670	\$ (1,154,107)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	1,125,344	835,292	223,163	622,042	2,805,841	32,830
Changes in assets and liabilities:						
Accounts payable	(32,245)	(83,616)	(1,707)	169,094	51,526	72,340
Accrued claims payable	-	-	-	-	-	327,481
Compensated absences	(5,464)	3,958	2,972	(5,057)	(3,591)	475
Customer receivables	(22,762)	(98,154)	13,242	65,049	(42,625)	(6,179)
Inventory	-	-	-	(66,931)	(66,931)	-
Salaries and benefits payable	1,334	1,529	(2,468)	(3,806)	(3,411)	(1,479)
Net cash provided by operating activities	\$ 3,250,164	\$ 1,198,102	\$ 359,458	\$ (1,158,245)	\$ 3,649,479	\$ (728,639)

The notes to the financial statements are an integral part of this statement.

AGENCY FUNDS

Agency funds are purely custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds.

Special Deposits Fund

This fund was established to account for monies received by the City acting as an agent. Examples of these transactions are construction bonds, utility service deposits and asset seizure.

City of Porterville
Statement of Assets and Liabilities
Agency Fund
June 30, 2011

		<u>Special Deposits</u>
ASSETS		
Cash and cash equivalents	\$	16,453
Investments at fair value		<u>1,630,320</u>
Total assets	\$	<u><u>1,646,773</u></u>
LIABILITIES		
Accounts and other payables	\$	43,560
Refundable deposits, utilities		336,406
Refundable deposits, miscellaneous		619,035
Other deposits, safety		<u>647,772</u>
Total liabilities	\$	<u><u>1,646,773</u></u>

The notes to the financial statements are an integral part of this statement.

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**Notes to
Financial Statements**



CITY OF PORTERVILLE
Notes to the Financial Statements
June 30, 2011

NOTE 1 - Summary of significant accounting policies

A. Reporting entity

The City of Porterville is a municipal corporation governed by a five-member council, one of which is appointed mayor. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units, although legally separate entities, are, in substance, part of the government's operation. As such, their operations are "blended" with the City's.

Blended component units. The Porterville Redevelopment Agency was established in March of 1981 pursuant to the California Community Redevelopment Laws contained in Section 33000 Et. Seq. of Division 24 of the Health and Safety Code. The primary purpose of the Agency is to revitalize targeted areas of blight and deterioration within the city limits so as to eliminate or mitigate existing and potential physical, social, and economic liabilities in the interest of the health, safety, and welfare of all its citizens. A board consisting of the City's elected council governs the Agency.

The Porterville Public Improvement Corporation is a nonprofit public benefit company incorporated on September 1, 1988, and is organized under the Nonprofit Public Benefit Corporation Law for the purpose of financing certain public building, sewer and water capital projects. The Corporation's board is comprised of the City's council members.

Complete financial statements for each of the individual component units may be obtained from the City of Porterville Finance Department, 291 North Main Street, Porterville, CA 93257-3737.

B. Government-wide and fund financial statements

The government-wide financial statements (e.g., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. The statement of activities presents a comparison between program expenses and program revenues for each segment of business-type activities of the City and for each function of the City's governmental activities. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include:

- 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and
- 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as well as the proprietary fund financial statements. The agency funds financial statements report only assets and liabilities and have no measurement focus but use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *public safety sales tax fund* was established as a result of the voters approval of a one-half cent increase in sales tax on the November 8, 2005 Special Consolidated Election ballot. This fund is used to account for revenues received from this district tax, which are restricted for police and fire services and for literacy programs.

The *community development block grant fund* accounts for all financial transactions having to do with the Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development for low-interest housing rehabilitation and mortgage assistance loans.

The *general government capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital projects not being financed by proprietary funds.

The City reports the following major proprietary funds:

The *sewer operations fund* accounts for the activities of the sewage pumping stations, treatment plant, and laboratory.

The *water operations fund* accounts for the activities of the water distribution system.

The *solid waste fund* accounts for the activities of the refuse collection, recycling, and graffiti abatement programs.

Additionally, the government reports the following fund types:

Internal service funds account for fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis, and risk management services related to self-insurance.

The *agency fund* is used to account for refundable deposits collected for public works projects, utilities, asset forfeiture and school impact fees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exceptions to this general rule are the fleet management and the risk management charges to the enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include:

- 1) charges to customers or applicants for goods, services, or privileges provided;
- 2) operating grants and contributions; and
- 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. 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.

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under the provisions of the City's investment policy and California Government Code Section 53601, the City Treasurer is authorized to invest in negotiable certificates of deposit, obligations of the U.S. Treasury, banker's acceptances, certain federal agency obligations, commercial paper, guaranteed investment contracts (GIC), and the California Local Agency Investment Fund (LAIF). The policy does not permit investment in Repurchase Agreements, or borrow funds through the use of Reverse-Repurchase Agreements. The collateral underlying investments must be "delivered" to the city. If U.S. Treasury Bills are used as the underlying collateral, delivery may be made by book entry only. For all other collateral, the security must be physically delivered either to the city or to a third-party custodial agent. All investments are reported at fair value. All investments are reported at fair value. Fair values are obtained by using quotations obtained from independent published sources.

California banks and savings and loan associations are required to secure a city's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110 percent of a city's deposits. The City Treasurer, at his or her discretion, may waive the 110 percent collateral requirement for deposits that are insured up to the \$250,000 by the FDIC. It is the City's policy to waive the collateral requirement in order to receive a higher interest yield on its deposits.

California law allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150 percent of a city's total deposits. It is the City of Porterville's policy not to accept this form of collateral.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (e.g., the current portion of interfund loans) or "advances receivable/payable" (e.g., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form and not available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance is equal to 3 percent of outstanding amounts due at June 30, 2011.

3. Inventories and prepaid items

Governmental funds inventories are valued at average cost using the first-in/first-out (FIFO) method and are recorded as expenditures when consumed rather than when purchased. Business-type inventories are stated at cost using the FIFO method, and consist of expendable materials and supplies.

Any payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Fund balance is reserved for inventories and prepaids, if any, to indicate that a portion of fund balance is not available for appropriation and not expendable, available financial resources.

4. Restricted assets

Certain proceeds of debt issued are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spend in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 to 50
Improvements other than buildings	20 to 50
Infrastructure	30 to 50
Machinery and equipment	5 to 20

6. Compensated absences

It is the City of Porterville's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. No liability for unpaid accumulated sick leave is reported.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund equity

In the fund financial statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – This includes amount that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

Restricted fund balance – This includes amounts with constraints placed on their use by those external to the City, including creditors, grantors, contributors, or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – This includes amounts that can only be used for specific purposes determined by formal action of the City Council and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – This includes amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for that purpose.

Unassigned fund balance – This is the residual classification that included amounts not contained in the other classifications.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

9. Property taxes

Tulare County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. The property tax calendar for the City is as follows:

Lien date	January 1
Levy dates	July 1 through June 30
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31.

The City is permitted to levy property taxes in accordance with Article XIII A of the California Constitution (Proposition 13), which limits ad valorem taxes on real property to 1.0 percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the basis and limits annual increases to the cost of living, not to exceed 2.0 percent, for each year thereafter. Property may also be reassessed to full fair value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of 66.67 percent of the qualified electors.

10. Utility Users Tax

The City is permitted by Chapter 22, Article V, of the Porterville Municipal Code to collect a utility users tax on certain types of utility services. The tax imposed is set by City Council resolution and was established at a 6.0 percent tax rate beginning July 1, 1970.

11. Transactions and Use Tax for Public Safety, Police and Fire Protection (Measure H)

On December 6, 2005, the City adopted Ordinance No. 1684 adding Article IIA to Chapter 22 of the Porterville Municipal Code to provide for an additional one-half of one percent transactions and use tax to fund public safety, police and fire protection services and related capital projects. The ordinance was approved by a two-thirds majority of eligible voters at the November 8, 2005 election and became effective on April 1, 2006.

NOTE 2 - Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$34,369,844 difference are as follows:

Bonds payable	\$ 30,035,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(838,616)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(821,888)
Less: Issuance discount (to be amortized as interest expense)	(120,227)
Plus: Issuance premium (to be amortized over life of debt)	166,716
Notes payable	3,232,350
Accrued interest payable	614,170
Net postemployment benefits obligation	1,161,580
Compensated absences	<u>940,759</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ <u>34,369,844</u>

Another element of that reconciliation explains that "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 are included in governmental activities in the statement of assets." The details of this \$5,330,147 difference are as follows:

Net assets of the internal service funds	\$ 5,287,137
Less: Internal payable representing charges in excess of cost to business-type activities – prior years	(144,358)
Add: Internal receivable representing costs in excess of charges to business-type activities – current year	<u>187,368</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ <u>5,330,147</u>

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in government-wide statement of activities. One element of that reconciliation explains that "Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$481,558 difference are as follows:

Capital outlay	\$ 2,754,660
Depreciation expense	<u>(3,236,218)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(481,558)</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets is to decrease net assets." The details of this \$251,549 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 2,909
The statement of activities reports losses arising from disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets.	(254,458)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (251,549)</u>

Another element of that reconciliation states that "The issuance of long-term debt provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,174,139 difference are as follows:

Principal repayments:	
Certificates of participation	\$ 690,000
Tax allocation refunding bonds	105,000
Notes payable	379,139
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,174,139</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$485,509 difference are as follows:

Other postemployment benefits	\$ 386,894
Compensated absences	19,528
Accrued interest	(14,680)
Amortization of deferred charge on refunding	69,892
Amortization of issuance costs	31,037
Amortization of bond discounts	4,256
Amortization of bond premiums	(11,418)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 485,509</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds is reported with governmental activities." The details of this \$838,408 difference are as follows:

Change in net assets of the internal service funds	\$ 1,025,776
Loss from charges to business-type activities	(187,368)
	<hr/>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>838,408</u>

C. Explanation of certain differences between the proprietary fund statement of net assets and the government-wide statement of net assets

The proprietary fund statement of net assets includes a reconciliation between *net assets – total enterprise funds* and *net assets of business-type activities* as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$43,010 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior year	\$ 144,358
Internal payable representing costs in excess of charges to business-type activities – current year	<u>(187,368)</u>
	<hr/>
Net adjustment to decrease <i>net assets – total enterprise funds</i> to arrive at <i>net assets – business-type activities</i>	\$ <u>(43,010)</u>

NOTE 3 - Stewardship, compliance, and accountability

A. Budgetary information

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

On or before June 1 of each year, the City Manager submits a proposed budget to the city council for review. The council holds public hearings, and the final budget is adopted by resolution prior to July 1. Annual budgets are adopted and prepared on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The department heads may make transfers of appropriations within their respective departments. Transfers of appropriations between departments require the approval of the city manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The council made several supplemental budgetary appropriations throughout the year which were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. All annual appropriations lapse at fiscal year end.

B. Excess of expenditures over appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the Community Development Block Grant Fund by \$1,639,499. These expenditures are funded by federal and state grants and available fund balance.

C. Changes in reporting of beginning fund balances

Due to changes in fund activity, major fund classifications will change from year to year. Beginning fund balances are affected when a prior year-classified major fund does not meet the requirements of a major fund in the current reporting year. For the fiscal year ended June 30, 2011, no changes were made in major fund classifications.

NOTE 4 - Detailed notes on all funds

A. Cash and investments (GASB 40 – Segmented Time Distribution)

The City of Porterville follows the practice of pooling cash and investments of all funds except for those required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances. At year-end, the City's cash bank balance was \$520,582 and cash on hand was \$3,285.

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

Statement of net assets:		
Cash and investments	\$	50,519,484
Cash and investments with fiscal agent		21,233,827
Fiduciary funds:		
Cash and investments		<u>1,646,773</u>
Total cash and investments	\$	<u>73,400,084</u>

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

Cash on hand	\$	3,285
Deposits with financial institution		520,582
Investments		<u>72,876,217</u>
Total cash and investments	\$	<u>73,400,084</u>

Investments authorized by the California Government Code and the City of Porterville's Investment Policy

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

Authorized investment type	Maximum maturity	Maximum percentage of portfolio ¹	Maximum investment in one issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements ²	N/A	None	None
Reverse Repurchase Agreements ²	N/A	None	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA or other Investment Pools	N/A	None	None

¹ Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

² The City's investment policy does not permit investments in repurchase or reverse repurchase agreements.

Investments authorized by debt agreements

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

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Government Agencies Securities	None	None	None
Certificates of Deposit	360 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value will to changes in market interest rates. One of the ways that Porterville manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Porterville's investment policy states that investment decisions are made with the intention of retaining the investment until maturity, thereby negating the ill effects of market interest rate fluctuations.

Information about the sensitivity of the fair values of the City of Porterville's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment type		Remaining maturity (in months)			
		12 months or less	13-24 months	25-60 months	More than 60 months
Federal agency securities	\$ 16,980,830	\$ --	\$ --	\$ 16,980,830	\$ --
Certificates of Deposit	7,900,594	1,690,000	2,763,694	3,446,900	--
Corporate notes	109,968	109,968	--	--	--
Capital stock	59,050	59,050	--	--	--
Local Agency Investment Fund	11,980,936	11,980,936	--	--	--
Tulare County Investment Pool	8,335,918	8,335,918	--	--	--
CSJVRMA JPA Investment Pool	6,275,094	6,275,094	--	--	--
Held by bond trustees:					
Money market funds	16,893,903	16,893,903	--	--	--
Federal agency securities	4,307,012	--	1,410,195	2,896,817	--
Certificates of Deposit	32,912	32,912	--	--	--
Total	\$ 72,876,217	\$ 45,377,781	\$ 4,173,889	\$ 23,324,547	\$ --

Investments with fair values highly sensitive to interest rate fluctuations

Porterville's investment policy does not permit investments in instruments that are highly sensitive to interest rate fluctuations such as variable rate securities; therefore, the portfolio does not contain any such investments.

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, Porterville's investment policy, or debt agreements, and the actual rating as of June 30, 2011, for each investment type:

Investment type		Minimum legal rating	Exempt from disclosure	AAA	Aa	Not rated
Federal agency securities	\$ 16,980,830	N/A	\$ --	\$ 16,980,830	\$ --	\$ --
Certificates of Deposit	7,900,594	N/A	--	--	--	7,900,594
Corporate notes	109,968	A	--	--	109,968	--
Capital stock	59,050	A	--	--	--	59,050
Local Agency Investment Fund	11,980,936	N/A	--	--	--	11,980,936
Tulare County Investment Pool	8,335,918	N/A	--	--	--	8,335,918
CSJVRMA JPA Investment Pool	6,275,094	N/A	--	--	--	6,275,094
Held by bond trustees:						
Money market funds	16,893,903	A	--	--	16,893,903	--
Federal agency securities	4,307,012	N/A	--	4,307,012	--	--
Certificates of Deposit	32,912	N/A	--	--	--	32,912
Total	\$ 72,876,217		\$ --	\$ 21,287,842	\$ 17,003,871	\$ 34,584,504

Concentration of credit risk

The investment policy of the City of Porterville contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5 percent or more of the total City investments are as follows:

Issuer	Investment type	Reported amount
Federal Home Loan Bank	Federal agency securities	\$ 4,584,236
Federal Home Loan Mortgage Corp	Federal agency securities	\$ 8,596,476
Federal National Mortgage Association	Federal agency securities	\$ 7,093,296

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City of Porterville's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, \$270,582 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts. As of June 30, 2011, Porterville's investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment type	Reported amount
Federal agency securities	\$ 6,975,800

Investment in the State Investment Pool

The City of Porterville is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool

As a member city of the CSJVRMA, the City accepted the opportunity to participate in its sponsored investment pool. Four cities, Livingston, Atwater, Ripon and Porterville, participate with the RMA in this pool. The pool is managed by Chandler Asset Management who typically invests in agencies (e.g., FHLB debentures, FNMA and FHLMC notes), treasuries and high-grade corporate stock. Approved investment instruments are asset-backed securities, banker's acceptance, commercial paper and medium term notes, money market accounts, mutual funds, and negotiable certificates of deposit with mixed maturity dates not to exceed 5 years. Investment in repurchase agreements is authorized, but maturity is limited to 1 year maximum. The fair value of the City's investment in this pool is reported at amounts based upon the City's pro-rata share of the fair value provided by Chandler Asset Management for the entire CSJVRMA portfolio.

Tulare County Investment Pool

The City is a voluntary participant in the Tulare County Investment Pool that is managed by the County Treasurer. The pooled investments, which are governed by the California Government Code, include U.S. Treasuries, Federal agencies, medium term/corporate notes, municipals, repurchase agreements, commercial paper, money market funds and LAIF. The fair value of the City's investment in this pool is reported at amounts based upon the City's pro-rata share of the fair value provided by Tulare County for the entire investment portfolio.

B. Receivables

Receivables as of June 30, 2011, for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Sewer Operating
Receivables:					
Interest	\$ 118,314	\$ --	\$ --	\$ 112	\$ 7,215
Taxes	870,697	181,100	--	--	--
Other accounts receivable	207,809	--	11,154,037	--	979,749
Intergovernmental – restricted	42,177	--	194,594	6,182	--
Gross receivables	1,238,997	--	11,348,631	6,294	986,964
Less: allowance for uncollectibles	--	--	--	--	(24,563)
Net total receivables	\$ 1,238,997	\$ 181,100	\$ 11,348,631	\$ 6,294	\$ 962,401

	Water Operating	Solid Waste	Nonmajor and Other Funds	Total
Receivables:				
Interest	\$ 3,047	\$ --	\$ 10,479	\$ 139,167
Taxes	--	--	189,058	1,240,855
Other accounts receivable	782,371	802,969	504,519	14,431,454
Intergovernmental - restricted	--	--	598,291	841,244
Gross receivables	785,418	802,969	1,302,347	16,652,720
Less: allowance for uncollectibles	(22,283)	(20,969)	--	(67,815)
Net total receivables	\$ 763,135	\$ 782,000	\$ 1,302,347	\$ 16,584,905

C. Assets held for resale

On February 3, 2009, the City entered into a Joint Powers Agreement with Tulare County in order to access funds from the state allocated to the City under the Neighborhood Stabilization Program (NSP). This program was created by the Housing and Economic Recovery Act of 2008 under which states, cities and counties were eligible to receive a total of \$3.92 billion to rejuvenate neighborhoods and communities that are hardest hit by the foreclosure crisis. The total NSP funds allocated to the City of Porterville was \$700,699. In the first year of the program, the City purchased four foreclosed properties and rehabilitated them for sale to eligible household with 120% of median income or less. As of June 30, 2011, three of these properties were sold. The City also acquired another foreclosed property during the year. The total assets being held for resale at June 30, 2011 amount to \$212,218.

D. Notes receivable

On December 29, 2009, the City of Porterville entered into a loan agreement with Prospect-Henderson Partners, L.P., whereby the City provided funds in the amount of \$2,700,000 to Prospect-Henderson Partners, L.P. to assist in the revitalization effort and mitigate the loss of retail services within the City by enabling the developer to lease to Kohl's Department Stores, Inc, a 76,367 square foot building left vacant by the closing of the Mervyn's store, for the operation of a Kohl's store at the site. The loan is secured with a Promissory Note and Deed of Trust. The loan has a compound interest rate of 1.5 percent amortized over an initial 70 month term, and a compound interest rate of 3 percent over the second 60 month term. Monthly interest-only payments started in November 15, 2010 with the repayment of the principal and any remaining unpaid interest to be made in full no later than October 27, 2020. As of June 30, 2011, \$2,734,371 is owed in principal and accrued interest.

On April 7, 2009, the Porterville Redevelopment Agency entered into an Affordable Housing Agreement with Porterville Housing Partners, L.P. (PHP), to carry out and implement the Redevelopment Plan. Pursuant to the agreement, the Agency conveyed 2.7 acres of real property to PHP on February 3, 2010 for a purchase price of \$930,000 which constitutes a loan to be repaid from the residual receipts of ownership and operating of residential buildings to be constructed on the property. The term of the loan is 55 years after the date of the City's issuance of a certificate of occupancy with interest at the rate of 3 percent per annum, compounded annually, commencing upon the date of the promissory note dated February 1, 2010.

E. Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 268,366,492	\$ 533,554	--\$	--\$	268,900,046
Construction in progress	3,273,733	1,026,538	(1,353,149)	(158,726)	2,788,396
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	<u>271,824,163</u>	<u>1,560,092</u>	<u>(1,353,149)</u>	<u>(158,726)</u>	<u>271,872,380</u>
<u>Capital assets, being depreciated:</u>					
Buildings	14,073,209	234,743	(35,031)	--	14,272,921
Improvements other than buildings	7,647,797	477,520	(132,888)	--	7,992,429
Machinery and equipment	9,532,320	1,693,612	(452,444)	--	10,773,488
Infrastructure	<u>101,681,989</u>	<u>249,871</u>	<u>--</u>	<u>--</u>	<u>101,931,860</u>
Total capital assets, being depreciated	<u>132,935,315</u>	<u>2,655,746</u>	<u>(620,363)</u>	<u>--</u>	<u>134,970,698</u>
Less accumulated depreciation for:					
Buildings	(4,786,222)	(277,980)	17,515	--	(5,046,687)
Improvements other than buildings	(1,863,592)	(186,220)	113,670	--	(1,936,142)
Machinery and equipment	(5,384,962)	(699,057)	393,445	--	(5,690,574)
Infrastructure	<u>(17,699,482)</u>	<u>(2,105,791)</u>	<u>--</u>	<u>--</u>	<u>(19,805,273)</u>
Total accumulated depreciation	<u>(29,734,258)</u>	<u>(3,269,048)</u>	<u>524,630</u>	<u>--</u>	<u>(32,478,676)</u>
Total capital assets, being depreciated, net	<u>103,201,057</u>	<u>(613,302)</u>	<u>(95,733)</u>	<u>--</u>	<u>102,492,022</u>
Governmental activities capital assets, net	\$ <u>375,025,220</u>	\$ <u>946,790</u>	\$ <u>(1,448,882)</u>	\$ <u>(158,726)</u>	\$ <u>374,364,402</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 4,938,508	\$ --	\$ --	\$ --	4,938,508
Construction in progress	3,117,028	4,967,594	(2,425,198)	(4,525)	5,654,899
Total capital assets, not being depreciated	8,055,536	4,967,594	(2,425,198)	(4,525)	10,593,407
<u>Capital assets, being depreciated:</u>					
Buildings	5,302,163	67,377	(10,967)	--	5,358,573
Improvements other than buildings	81,830,450	3,702,808	(21,039)	--	85,512,219
Machinery and equipment	13,920,055	1,841,109	(445,163)	--	15,316,001
Total capital assets, being depreciated	101,052,668	5,611,294	(477,169)	--	106,186,793
<u>Less accumulated depreciation for:</u>					
Buildings	(1,617,974)	(102,845)	10,419	--	(1,710,400)
Improvements other than buildings	(31,628,128)	(1,863,528)	5,523	--	(33,486,133)
Machinery and equipment	(9,236,107)	(829,730)	443,788	--	(9,622,049)
Total accumulated depreciation	(42,482,209)	(2,796,103)	459,730	--	(44,818,582)
Total capital assets, being depreciated, net	58,570,459	2,815,191	(17,439)	--	61,368,211
Business-type activities capital assets, net	\$ 66,625,995	\$ 7,782,785	\$ (2,442,637)	\$ (4,525)	\$ 71,961,618

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Community and economic development	\$ 41,181
General government	149,987
Parks and recreation	342,699
Public safety – fire	131,324
Public safety – police	355,932
Public works	2,247,925
Total depreciation expense - governmental activities	\$ 3,269,048
Business-type activities:	
Zalud house	\$ 3,792
Transit	396,955
Sewer operating	1,115,606
Solid waste	223,163
Airport operations	194,502
Golf course	26,793
Water operating	835,292
Total depreciation expense - business-type activities	\$ 2,796,103

F. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Building construction	Golf course	\$ 436,383	Temporary operating loan
Building construction	Community Development Block Grant	101,743	Temporary operating loan
Local transportation funds	Transit	386,797	Temporary operating loan
Risk management	General	30,482	Current portion of advance for underground storage tank upgrade
Total		<u>\$ 955,405</u>	

Advances receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
		\$	
Sewer operating	General	285,186	Certificate forward purchase proceeds dedicated for sports park
Water operating	General	265,894	Certificate forward purchase proceeds dedicated for sports park
General	Capital projects	3,982,550	Public improvement cost reimbursement agreement with the Redevelopment Agency
General	Airport	75,326	Advance for the purchase of kit fox mitigation credits to release the designated preserve
Risk management	General	343,673	Advance for underground storage tank upgrade
Total		<u>\$ 4,952,629</u>	

Interfund transfers

Transfer out	Transfers In					
	General Fund	Public Safety Sales Tax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
General fund	\$ --	\$ 3,736	\$ 1,221,467	\$ 1,826,499	\$ 151,734	\$ 3,203,436
Public safety sales tax fund	--	--	406	--	--	406
Community development block grant fund	109,296	--	65,993	--	--	175,289
Nonmajor governmental funds	1,361,764	--	3,300,087	79,506	7,535	4,748,892
Enterprise funds	12,462	--	25,363	53,449	--	91,274
Internal service funds	--	--	6,112	--	--	6,112
Total	<u>\$ 1,483,522</u>	<u>\$ 3,736</u>	<u>\$ 4,619,428</u>	<u>\$ 1,959,454</u>	<u>\$ 159,269</u>	<u>\$ 8,225,409</u>

Transfers are used to move revenues from the funds with collection authorization to the capital projects fund to finance various capital outlays including several construction projects. General fund revenues were moved to the debt service fund as debt service principal and interest payments become due while funds from non-major funds were moved to the general fund to help pay for debt service. Transfers are also used to move grant revenue from

the Community Development Block Grant Fund to the General Fund to reimburse expenditures for the operation of the Youth Center. The Airport, the Golf Course and the Zalud Enterprise Funds received funds from the General Fund to aid in the operations of the funds.

G. Long-term debt

Certificates of Participation

The City has issued \$44,715,000 in Certificates of Participation, \$26,290,000 to support governmental activities and \$18,425,000 to support business-type activities. The governmental issues are entitled 2002 Public Buildings Refunding (formerly 1992 Public Buildings Project) and 2005 Infrastructure Financing Project (formerly 1998 Infrastructure Financing Project). Interest rates vary from 5.8 percent to 6.3 percent and 3.0 percent to 5.0 percent, respectively. The business-type issues are entitled 2002 Sewer System Refunding Project and 2002 Water System Refunding Project (both formerly 1992 Improvement Projects). Interest rates range from 5.8 percent to 6.3 percent.

On December 1, 2005, the City advance refunded its 1998 Infrastructure Financing Project Certificates for \$20,850,000 to provide funds to finance and refinance various public infrastructure improvements, fund a reserve fund through the purchase of a reserve fund surety bond and fund the costs of the transaction. \$14,563,018 of the proceeds plus additional funds of \$3,709,957 was deposited into an escrow bank for the payment of the principal and interest with respect to the 1998 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$266,110. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

In 1998, underwriters Lehman Brothers Special Financing, Inc., made an offer to advance refund the 1992 Public Buildings, Water System and Sewer System certificates in order to take advantage of current market conditions. The City accepted and on March 26, 1999, entered into a certificate forward purchase agreement, receiving \$169,471 for the Public Building issue, \$230,887 for the Sewer System issue, and \$215,503 for the Water System issue. The City elected to receive an amount net of estimated transaction costs associated with a refunding; in the event that the underwriters chose to complete the refunding process in 2002, the costs to the City would be greatly minimized. On August 1, 2002, the City was notified that Lehman Brothers wished to exercise the option to refund and generate new certificates.

Certificates of participation currently outstanding are as follows:

2002 Public Building Refunding Project	\$ 3,365,000
2005 Infrastructure Financing Project	18,670,000
2002 Sewer System Refunding Project	4,590,000
2002 Water System Refunding Project	<u>4,280,000</u>
	\$ <u>30,905,000</u>

Debt service requirements on Certificates of Participation are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 735,000	\$ 1,087,864	\$ 885,000	\$ 530,932
2013	770,000	1,051,016	945,000	473,288
2014	805,000	1,011,784	1,000,000	412,020
2015	845,000	970,022	1,065,000	346,972
2016	880,000	925,750	1,135,000	277,673
2017 – 2021	4,045,000	3,928,043	3,840,000	372,645
2022 – 2026	3,260,000	3,097,000	--	--
2027 – 2031	4,160,000	2,173,750	--	--
2032 – 2036	5,310,000	996,000	--	--
2037	1,225,000	30,625	--	--
Total	\$ 22,035,000	\$ 15,271,854	\$ 8,870,000	\$ 2,413,530

Revenue bonds

In September 2008, the City advance refunded its 2002 Tax Allocation Refunding Bonds. The refunding resulted in the issue of \$5,725,000 in non-taxable bonds with interest rates ranging from 2.6 percent to 5.7 percent, and \$2,750,000 in taxable bonds with interest rates ranging from 6.4 percent to 8.5 percent. The 2008 Tax Allocation Refunding Bonds are secured by tax increment revenues. The advance refunding was undertaken to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area, refund \$4,905,000 of the 2002 Revenue Bonds, fund a portion of the reserve account for the bonds, and provide for the costs of issuing the bonds. \$5,093,350 of the proceeds was deposited into an escrow account for all future debt service payments with respect to the 2002 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$728,052. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

In January of 2011, the City issued \$19,743,587 (maturity value of \$19,870,000) of Sewer Revenue Bonds, 2011 Series A and advance refunded the 1997 Sewer System Refinancing Certificates of Participation. Interest rates vary from 1 percent to 5.75 percent. The installment payments are secured by a pledge of and lien on the net revenues of the City's municipal sewer enterprise. The bonds were issued to finance the construction of certain improvements and facilities to the Sewer System, refund the remaining outstanding principal balance of the 1997 Certificates, fund a reserve fund for the bonds, and pay the costs of issuance. \$7,000,000 of the proceeds will be used to finance the sewer project which generally consists of the extension of sanitary sewer service to six separate areas annexed to the City in April 2006 and bring sewer service to various scattered areas lacking in sewer facilities throughout the City. \$9,470,000 of the proceeds was deposited into an escrow fund for the payment of principal and interest with respect to the 1997 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$1,306,684. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which was shorter than the life of the new debt issued.

Revenue bonds outstanding at June 30, 2011 are as follows:

2008 Tax Allocation Refunding Bonds	\$ 8,000,000
2011 Sewer Revenue Bonds	19,870,000
	<u>\$ 27,870,000</u>

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 115,000	\$ 512,555	\$ 315,000	\$ 1,052,382
2013	115,000	507,580	--	1,050,808
2014	125,000	502,380	--	1,050,808
2015	130,000	496,252	--	1,050,807
2016	135,000	489,579	--	1,050,808
2017 – 2021	800,000	2,328,323	1,010,000	5,239,517
2022 – 2026	1,065,000	2,060,200	4,205,000	4,617,614
2027 – 2031	1,435,000	1,678,880	5,460,000	3,310,041
2032 – 2036	1,975,000	1,138,150	7,190,000	1,530,844
2037 - 2040	2,105,000	371,980	1,690,000	47,531
Total	\$ 8,000,000	\$ 10,085,879	\$ 19,870,000	\$ 20,001,160

Notes payable

The City of Porterville Redevelopment Agency (Agency) entered into loan agreements for various redevelopment projects. In April 1991, a promissory note in the amount of \$300,000 was issued to the California Department of Commerce, Rural Economic Development Infrastructure Loan Program to partially finance street and storm drainage system infrastructure improvements. Repayment will be made over a 25-year term with an interest rate of 3.0 percent. Interest payments were deferred for the first five years, interest-only payments for the next five years, and principal and interest payments for the remaining 15 years. As of June 30, 2011, \$140,350 is owed in principal and deferred interest.

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under HUD's Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. The note was in a Variable/Fixed Rate format which was designed to convert from a variable rate note to a fixed rate note on its 'Conversion Date', which is a date after all advances had been made by the City. Funds were deposited in a trust account with Union Bank of California in May 2004 and the note was converted into a fixed rate note on June 30, 2004. Annual debt service payments began on February 1, 2005. Repayment will be made over a 20-year term with interest rates ranging from 2.42 percent to 6.13 percent. As of June 30, 2011, the outstanding balance of the note is \$3,092,000.

In September 2004, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank (I-Bank) in the amount of \$5,356,000 to fund the various capital projects needed to comply with Regional Water Quality Control Board's Cease and Desist Order and Water Discharge Requirements. The term of the agreement is 30 years with an interest rate of 2.98 percent per annum. The remaining balance of the note at June 30, 2011 is \$4,691,922.

On May 24, 2005, the City of Porterville executed a loan agreement with the State of California Department of Transportation for the sum of \$118,000 to purchase hangars at the Porterville Municipal Airport. The loan will extend for a period of 12 years at an annual interest of 4.4477 percent. As of June 30, 2011, \$82,840 is outstanding.

In April of 2008, a note secured by deed of trust was signed by the Porterville Redevelopment Agency promising to pay to the Porterville Civic Development Foundation the sum of \$200,000 used for the preparation of the Redevelopment Area Amendment and Master Plan. There is no interest on the loan until May 1, 2011. Thereafter, the unpaid principal balance shall accrue interest at the rate of 7 percent per annum. The entire balance of principal, interest or other charges on the note is due and payable on May 1, 2011. On August 17, 2010, the Porterville City Council approved the request by the Porterville Redevelopment Agency for the City to assume the note and pay the principal due on or before May 1, 2011. As of June 30, 2011, the note payable to the Porterville Civic Development Foundation has been paid full.

On July 1, 2009, the City entered into an Enterprise Fund Installment Sale Agreement with the California Infrastructure and Economic Development Bank (CIEDB) in the amount of \$6,757,500 to finance the Eastside Water Improvement Projects including the construction and installation of pipelines, booster pumps, and storage reservoir and well pump equipment and accessories. The term of the agreement is 30 years with an interest rate of 3.84 percent per annum. Interest only payments are in effect through July 31, 2011. The first principal payment will be due on August 1, 2011.

In addition, the City entered into a second Enterprise Fund Installment Sale Agreement with CIEDB for \$1,500,000. Proceeds from this loan will be used to finance the Rocky Hill Reservoir Project which involves the construction of a 550,000 gallon storage reservoir. The term of this agreement is 30 years with interest only payments through July 31, 2011 and principal payments beginning on August 1, 2011. The interest rate on the loan is 3.31 percent per annum.

Debt service requirements on notes payable are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 190,839	\$ 171,908	\$ 324,615	\$ 449,457
2013	202,559	162,773	336,122	438,229
2014	216,302	152,765	347,996	426,592
2015	230,066	141,855	360,251	414,533
2016	245,854	129,905	372,899	402,039
2017 – 2021	1,324,730	437,871	2,020,058	1,808,728
2022 – 2026	822,000	73,449	2,356,170	1,439,429
2027 – 2031	--	--	2,786,800	1,003,774
2032 – 2036	--	--	2,719,458	495,586
2037 – 2040	--	--	1,407,893	85,145
Total	\$ 3,232,350	\$ 1,270,526	\$ 13,032,262	\$ 6,963,512

Advances payable

On April 7, 1981, the City entered into Fund Advance Agreement No. 1 (Agreement) with the Porterville Redevelopment Agency. The agreement states that the City's General Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the planning, formation, adoption and execution of one or more redevelopment plans and project areas in the City. The Agency will reimburse all advances made by the City from whatever revenue sources it possesses, including future tax increment funds when these revenues become available. The agreement was modified on June 30, 1999, with respect to the interest rate applied to outstanding advance balances. The previous interest rate of 10.0 percent per annum was reduced to zero percent per annum, and became effective as of July 1, 1998. At that time, \$1,145,425 in principal and accrued interest was outstanding.

On November 12, 1997, the Redevelopment Agency entered into Fund Advance Agreement No. 2 with the City of Porterville. This agreement states that the City's Risk Management Fund will advance funds to the Agency for payment of expenses incurred by the Agency associated with the improvement of certain storm drain facilities located within Project Area #1. The Agency was to repay the advance made by the City from tax increment revenue as it becomes lawfully available at the interest rate of the Local Agency Investment Fund at June 30 of each year. At the beginning of the current fiscal year, the Agency owed the City \$165,398 in principal and interest under this agreement.

On May 1, 2007, the Porterville City Council passed Resolution #31-2007, approving the request by the Porterville Redevelopment Agency to provide funds to the Agency for the repayment of its existing debt to the County of Tulare, in the amount of \$195,000. The loan agreement between the City and the Agency has a term of 5 years

and an interest rate equivalent to the Local Agency Investment Fund rate as reported for the quarter ending March 31 each year. As of July 1, 2010, the outstanding balance on this agreement was \$78,000.

On June 19, 2007, the City Council approved Resolution #56-2007, authorizing a loan agreement between the City and the Porterville Redevelopment Agency for the reconstruction of a parking lot located within the Redevelopment Project Area. The amount of the loan, \$496,251, is the actual cost of construction with an interest rate of 1.51 percent per annum for a term of 10 years.

Due to the condition of the economy resulting in the decline of property values and ultimately a decrease in tax increment revenues, the City Council approved Resolution #103-2010 on August 17, 2010 consolidating all the outstanding advances made by the City to the Porterville Redevelopment Agency into a single loan agreement with a term of 30 years at a simple interest rate of 3 percent per annum with the first annual payment commencing on July 1, 2014. The City also approved the request by the Agency to waive the accrued interest on the original fund advance agreement from 1981 to 1990 in the amount of \$406,975. In addition, the City Council also authorized the City to pay the principal amount of \$200,000 due on the Redevelopment Agency loan from the Porterville Civic Development Foundation. The consolidated amount of the new advance plus accrued interest was \$1,686,757.

Because of the turmoil created by the budget measures crafted by the Governor of the State of California, particularly those pertaining to Redevelopment Agencies, the Porterville City Council and the Porterville Redevelopment Agency Board moved to amend the above Resolution #103-2010 on March 10, 2011 with Resolution #07-2011, allowing the Agency to pay in full the outstanding amount owed to the City with the proceeds from the 2008 Tax Allocation Refunding Bonds and that the full payment amount reserved for the Porterville Hotel Redevelopment Project. Full payment of \$1,714,374 in principal and accrued interest was made in March 2011.

Public Improvement Cost Reimbursement Agreement – On March 10, 2011, the Porterville Redevelopment Agency entered into a Cooperation Agreement with the City of Porterville for the reimbursement of costs incurred by the City for public improvements constructed within or contiguous to the Redevelopment Area. \$4,221,223 in improvements constructed between the years 2000 to 2010 were identified. The City Council and the Agency Board determined that the public improvements are of benefit to the Redevelopment Project Area by helping to eliminate blight which is necessary for effective redevelopment and for attracting private investment thereby creating employment and commercial opportunities and facilitating the development of housing for persons and families of low and moderate income. Upon approval of the agreement, the Agency made the first payment of \$275,000, with the balance to be paid in annual installments of \$150,000 on or before each June 30 beginning on June 30, 2012 until paid in full. Interest at the rate of 3 per annum shall accrue from the date of the agreement. The Agency's obligations under this agreement are secured by a pledge of tax increment subordinate to all prior pledges of tax increment. As of June 30, 2011, \$3,982,550 in principal and accrued interest is outstanding.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City did not have excess investment earnings and does not expect to incur a significant liability.

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Certificates payable	\$ 22,725,000	\$ --	\$ (690,000)	\$ 22,035,000	\$ 735,000
Revenue bonds	8,105,000	--	(105,000)	8,000,000	115,000
Plus deferred amounts:					
For issuance premiums	178,135	--	(11,418)	166,716	--
Less deferred amounts:					
For issuance discounts	(124,483)	--	4,256	(120,227)	--
On refunding	(908,508)	--	69,891	(838,618)	--
Total bonds payable	29,975,144	--	(732,271)	29,242,873	850,000
Notes payable	3,611,489	--	(379,139)	3,232,350	190,839
Claims	1,162,855	4,427,514	(4,100,033)	1,490,336	461,928
Net postemployment benefits obligation	774,686	643,912	(257,018)	1,161,580	257,018
Compensated absences*	950,827	951,173	(931,170)	970,830	666,283
Governmental activity Long-term liabilities	\$ <u>36,475,001</u>	\$ <u>6,022,599</u>	\$ <u>(6,399,631)</u>	\$ <u>36,097,969</u>	\$ <u>2,426,068</u>
Business-type activities:					
Bonds payable:					
Certificates payable	\$ 19,675,000	\$ --	\$ (10,805,000)	\$ 8,870,000	\$ 885,000
Revenue bonds	--	19,870,000	--	19,870,000	315,000
Plus deferred amounts:					
For issuance premiums	147,815	--	(17,912)	129,903	--
Less deferred amounts:					
For issuance discounts	--	(1,000,387)	18,683	(981,704)	--
On refunding	(1,542,441)	(1,306,684)	1,075,149	(1,773,976)	--
Total bonds payable	18,280,374	17,562,929	(9,729,080)	26,114,223	1,200,000
Notes payable	13,181,660	--	(149,399)	13,032,261	324,615
Business-type activity Long-term liabilities	\$ <u>31,462,034</u>	\$ <u>17,562,929</u>	\$ <u>(9,878,479)</u>	\$ <u>39,146,484</u>	\$ <u>1,524,615</u>

* Governmental compensated absences are primarily liquidated in the General Fund. Net postemployment benefits obligation and claims liabilities are liquidated by the internal service funds.

NOTE 5 - Other information

A. Joint venture

The City is a member of the Central San Joaquin Valley Risk Management Authority (the Authority). The Authority is comprised of 55 Central California member cities and is organized under the provisions of Sections 6500 - 6515 of the California Government Code. It was established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member agencies through cost

reductions, insurance coverage stability and loss control techniques. Each member city has a representative on the Board of Directors. The Board members elect officers of the Authority. The Authority establishes claim liabilities based on actuarial estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred, but not reported.

The following is the condensed audited statement of net assets and the changes in net assets of the Authority for the year ended June 30, 2011.

<u>Net Assets</u>	Workers'	
	<u>Compensation Programs</u>	<u>Liability Programs</u>
Assets	\$ 37,517,498	\$ 22,719,627
Liabilities to member cities	(33,245,341)	(17,851,759)
Net assets, reserved for insurance claims and losses	<u>\$ 4,272,157</u>	<u>\$ 4,867,868</u>
<u>Changes in Net Assets</u>		
Revenues	\$ 13,404,120	\$ 8,243,064
Expenses	(12,686,585)	(8,849,541)
Operating income (loss)	717,535	(606,477)
Non-operating revenues	788,341	734,620
Change in net assets	1,505,876	128,143
Net assets, July 1	2,766,281	4,739,725
Net assets, June 30	<u>\$ 4,272,157</u>	<u>\$ 4,867,868</u>

This information is not included in the accompanying financial statements. Separate financial statements of the Authority may be obtained at Bickmore Risk Services, 1020 19th Street, Suite 200, Sacramento, CA 95814.

B. Risk management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective January 1979, the City Council approved a program of self-insurance for workers' compensation, medical and dental, unemployment and, effective July 1985, general liability. The self-insurance program was established as an Internal Service Fund and is supported by charges to various City departments that are reported as quasi-external transactions. There have neither been significant reductions in insurance coverage from the prior year nor any settlements exceeding insurance coverage for each of the past three years.

The City will pay all claims up to \$500,000 per claim for workers' compensation. Amounts in excess of \$500,000 are covered by the Local Agency Workers' Comp. Excess Joint Powers Authority (LAWCX) to a limit of \$4,500,000.

An outside agent administers the medical program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to \$85,000 per claim. An outside insuring agent covers any additional losses up to \$1,000,000. The maximum payment for dental claims is \$2,000 per employee per year. The unemployment liability program is administered through the State of California wherein the City is charged for the actual cost of claims paid by the State.

The City is self-insured for the first \$100,000 per claim for general liability, to a limit of \$1,000,000. The California Affiliated Risk Management Authority (CARMA) covers losses in excess of \$1,000,000 to a limit of \$29,000,000 through its participation with Everest Reinsurance Company and Colony National Insurance Company.

At June 30, 2011, \$1,490,336 has been accrued for claims representing estimates of amounts to be paid for actual claims and incurred but not reported claims based on past actuarial experience.

Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal year ended	
	June 30, 2011	June 30, 2010
Unpaid claims, beginning of year	\$ 1,162,855	\$ 940,317
Incurring claims	4,427,514	5,019,043
Claim payments	(4,100,033)	(4,796,505)
Unpaid claims, end of year	\$ 1,490,336	\$ 1,162,855

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Various other claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance and other insurance coverage.

D. Unearned revenue - Governmental activities

Housing and Community Development Block Grant funds are used to provide housing rehabilitation and first-time homebuyer assistance loans to eligible applicants. Such loans are made to low and moderate-income persons to help purchase, improve, rehabilitate, or replace residences. This program is accounted for in the Community Development Block Grant (CDBG) Special Revenue Fund. CDBG's primary assets consist of notes receivable from participants that originated from Department of Housing and Urban Development (HUD) funds. Since HUD has a claim to any funds remaining if and when this program is terminated, a contingent liability exists. As the loans are collected, the receipts are recognized as program income, and must be recycled to new program participants. Therefore, 100 percent of the loan receivable balance represents deferred revenue and has been presented accordingly.

The Low and Moderate Income Housing Special Revenue Fund had participated in lending forgivable funds to first-time homebuyers based on income qualifications. The maximum amount of assistance is \$17,000 that is forgivable over a 45-year span. The amount of money recognized as deferred revenue is based on the number of loans issued less the annual forgivable portion. In addition, the Porterville Redevelopment Agency conveyed 2.7 acres of real property to Porterville Housing Partners, L.P. on February 3, 2010 for a purchase price of \$930,000 which constitutes a loan to be repaid from the residual receipts of ownership and operating of residential and commercial buildings to be constructed on the property. The principal balance of the loan is recognized as deferred revenue in the Low and Moderate Income Housing Fund.

Details on unearned revenue at June 30, 2011, are as follows:

Fund	Amount
Governmental activities:	
Special revenue fund -	
Community Development Block Grant Housing	\$ 11,154,037
Low and Moderate Income	1,246,855
Total unearned revenue - governmental activities	\$ 12,400,892

E. Deferred compensation plans

The City offers several deferred compensation plans created in accordance with Internal Revenue Service Code Section 457 and 401(a). The original 457 plan has two provisions to accommodate regular and part-time, temporary and seasonal employees (PTS). For regular employees, the plan permits them to defer a portion of their salary until future years. Participation in the plan is optional. For PTS employees, participation is not optional. In lieu of participation in PERS, PTS employees must contribute 7.5 percent of their gross earnings in accordance with IRS regulations. In regards to both classifications of employees, the deferred compensation is not available until termination, retirement, death or unforeseeable emergency.

The City Council has adopted amendments to the 457 plan to accommodate certain tax law changes established by the Internal Revenue Service. The ICMA Retirement Corporation administers the plans and offers several investment options. The choice of the investment option(s) is available only to regular employees and is made solely by the participants. The City has no liability for investment losses under the plan and in accordance with GASB 32, the assets of each of the aforementioned plans have been excluded from the financial statements.

F. Defined benefit pension plan

Plan Description

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan, each providing retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Both plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions, as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. As of June 30, 2011, the contracted plan for Miscellaneous was 2.7 percent at age 55 and 3 percent at age 55 for Safety. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary, 8.0 percent for participation in the Miscellaneous Plan and 9.0 percent for Safety Plan. The City is currently making these contributions on behalf of the police series employees only, in accordance with a Memorandum of Understanding, and the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year June 30, 2011, was 19.507 percent for miscellaneous employees and 25.893 percent for firefighters and police officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year 2010-2011, the City's annual pension cost of \$3,289,787 for CalPERS was equal to the City's required and actual contributions.

Miscellaneous Plan

The required contribution for fiscal year June 30, 2011 for the Miscellaneous Plan was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25 percent to 14.45 percent depending on age, service, and type of employment, (c) an inflation component of 3.0 percent, (d) 3.25 percent

overall payroll growth, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in fair value of investments over a fifteen year period. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period for the Miscellaneous Plan was 26 years as of the valuation date.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/09	\$ 1,696,008	100%	--
06/30/10	1,797,081	100%	--
06/30/11	1,772,005	100%	--

The funded status of the plan as of June 30, 2010, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 60,633,173
Actuarial value of plan assets	<u>42,918,390</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 17,714,783</u>
Funded ratio (actuarial value of plan assets/AAL)	70.8%
Covered payroll	9,286,665
UAAL as a percentage of covered payroll	190.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, included in the required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Safety Plan

The Safety Plan is part of the Safety 3.0% at 55 Risk Pool, a cost-sharing multiple-employer defined benefit plan. Pension liabilities and assets result from the difference between contributions required and contributions made. The contractually required contribution for the period July 1, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The actuarial assumptions used to determine the contractually required contributions for the cost-sharing multiple-employer defined benefit plan included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25 percent to 14.45 percent depending on age, service and type of employment, (c) inflation rate of 3.0 percent, (d) payroll growth of 3.25 percent, and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0 percent and an annual production growth of 0.25 percent. The plan's assets are valued using a 15 year smoothed market and the actuarial liability is amortized as a level percentage of payroll. The average remaining amortization period for the cost-sharing multiple-employer defined benefit plan was 16 years as of the valuation date.

<u>Fiscal Year Ending</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/08	\$	1,368,248	100%	--
06/30/09		1,405,899	100%	--
06/30/10		1,561,818	100%	--
06/30/11		1,517,781	100%	--

G. Other postemployment benefits

Plan Description

In addition to the pension benefits described above in Note 5F, the City provides other postemployment benefits (OPEB) for its employees, a single-employer retiree health program. Retired employees are eligible to purchase the City's Medical, Dental, and/or Vision Plan benefits for themselves and their spouse, provided the spouse was covered under each of the Benefit Plans proposed to be purchased for not less than 30 days immediately prior to the employee's retirement date. Employees who retire on or after January 1, 2005 will pay 70 percent of the monthly contribution rate for medical coverage for themselves and for their eligible spouse; and the City will contribute 30 percent of said costs, for so long as timely and continuous monthly premium payments are made by or on behalf of the eligible retiree and/or by their eligible spouse. Medical plan benefit coverage for retirees and eligible spouses will be effective until they reach the age of 65. The monthly cost shall be 102% of the actuarially established contribution rate, and such rates are subject to change from time-to-time.

Funding Policy and Actuarial Assumptions

At this time, the City manages its own postemployment benefit plan. The City's funding policy is to finance benefit payments as they come due, on a pay-as-you-go basis.

The calculation method used to determine the annual accrual amount was the entry age normal actuarial cost method. The allocation of OPEB cost was based on years of service and the level percentage of payroll method was used to allocate OPEB cost over years of service. The amortization method used to allocate amortization cost by year is the level percentage of payroll method. The amortization period used is an open 30 year amortization period. Projections of benefits are based on the substantive plan, the formulation of which was based on a review of written plan documents as well as historical information regarding practices with respect to employer and employee contributions and other relevant factors. Economic assumptions included (a) 3 percent per year inflation rate, (b) an investment return/discount rate of 5 percent per year, (c) a long-term trend assumption of 4 percent per year, and (d) a payroll increase of 3 percent per year.

Annual OPEB Cost

As required by GASB 45, an actuary will determine the City's annual required contribution (ARC) at least once every two years. The ARC is calculated in accordance with certain parameters, and includes the normal cost for one year and a component of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. This is the basis of the annual OPEB cost and the net OPEB obligation. The following table shows the components of the City's annual OPEB cost, the amount actually contributed to the plan, and the City's net OPEB obligation at June 30, 2011:

Annual required contribution	\$	643,912
Interest on net OPEB obligation / (asset)		--
Adjustment to annual required contribution		--
Annual OPEB cost (expense)		643,912
Contributions made		257,018
Increase in net OPEB obligation / (asset)		386,894
Net OPEB obligation / (asset) – beginning of year		774,686
Net OPEB obligation / (asset) – end of year	\$	<u>1,161,580</u>

The funded status of the plan as of March 1, 2011, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	5,348,777
Actuarial value of plan assets		--
Unfunded actuarial accrued liability (UAAL)	\$	<u>5,348,777</u>
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Covered payroll		14,867,608
UAAL as a percentage of covered payroll		36.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, included in the required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 6 – Prior year's debt defeasance

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in this trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2011, the amount of the defeased debt outstanding amounted to \$28,760,000.

NOTE 7 – Prior period adjustments

During the fiscal year 2010-2011, the City of Porterville made a prior period adjustment to restate the beginning net assets of its governmental activities. Unearned revenue in the amount of \$104,129 reported in prior years was written-off in the current fiscal year which increased *net assets - governmental activities*. This liability pertains to the 1998 accrued interest added to the principal of the original advance made by the City to the Redevelopment Agency. In August of 2010, the Porterville City Council approved the request by the Agency to waive interest accrued on the advance.

Prior period adjustments are also reported in the City's governmental funds specifically the General Fund and the Redevelopment Agency Capital Projects Fund. An adjustment was made in both funds to write-off prior years' accrued interest that had been added to the principal of the original advance from the City to the Agency as approved by the City Council in August of 2010. In March of 2011, the City of Porterville and the Porterville Redevelopment Agency entered into a Public Improvement Cost Reimbursement Agreement wherein the Agency agreed to reimburse \$4,221,223 in costs incurred by the City for public improvements constructed between the years 2000 to 2010 within or contiguous to the Redevelopment Project Area. These adjustments increased the fund balance in the General Fund by \$3,918,377 and decreased the fund balance in the Redevelopment Agency Capital Projects Fund by \$3,814,248.

Note 8 - Subsequent event

On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The Dissolution Act provides for the elimination of redevelopment agencies by appointing successor agencies to direct the orderly distribution of a redevelopment agency's assets and liabilities. The Voluntary Program Act provides a voluntary alternative for local governments to continue redevelopment activities by the enactment of an ordinance agreeing to comply with the program requirements and agreeing to make certain annual Community Remittance payments into a special fund established for the benefit of other governments. The Porterville Redevelopment Agency's "Community Remittance" payment is estimated to be \$314,376 for fiscal year 2011-12.

The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the City) to take several legislative actions to implement the various provisions of each assembly bill. On August 16, 2011, the City Council and the Agency agreed to participate under the "Alternative Voluntary Redevelopment Program" and subsequently enacted the required ordinance to comply with its provisions, including the remittance of the payments described above as "Community Remittances."

The California Redevelopment Association along with others has filed suit challenging the constitutionality of Assembly Bill X1 26 and Assembly Bill X1 27. In August 2011, the Court agreed to hear the case on an expedited basis so that a decision could be reached before January 15, 2012, when the first payments under the Voluntary Program Act are due. Until a decision is reached, the California Supreme Court has issued a partial stay of AB X1 26 and AB X1 27, delaying the effectiveness of the statute.

Required Supplementary Information



City of Porterville
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive(Negative)
REVENUES				
Property taxes	\$ 6,804,085	\$ 6,804,085	\$ 6,830,654	\$ 26,569
Sales taxes	3,376,913	3,376,913	3,494,454	117,541
Utility users tax	3,824,573	3,824,573	4,048,106	223,533
Transient occupancy tax	310,000	310,000	301,029	(8,971)
Franchise tax	1,476,134	1,476,134	1,485,182	9,048
Business licenses	390,000	390,000	395,163	5,163
Building permits	225,500	225,500	202,037	(23,463)
Plumbing permits	140,000	140,000	134,844	(5,156)
Electrical permits	37,200	37,200	44,832	7,632
Other licenses and permits	21,000	21,000	47,623	26,623
Motor vehicle in-lieu tax	385,948	385,948	242,142	(143,806)
Federal grants	-	200,000	215,440	15,440
State grants/reimbursements	395,955	410,955	439,785	28,830
Planning and zoning	30,000	30,000	23,476	(6,524)
Engineering and inspection	30,850	30,850	72,479	41,629
Police services	217,000	217,000	220,929	3,929
Fire services	24,000	24,000	1,019	(22,981)
Library services	35,000	35,000	48,618	13,618
Recreational activities	1,461,500	1,461,500	1,566,449	104,949
Other service charges	5,000	5,000	1,900	(3,100)
Interdepartmental service charge	1,617,030	1,617,030	1,710,767	93,737
Parking fines	15,000	15,000	11,527	(3,473)
Vehicle code fines	4,000	4,000	2,710	(1,290)
Other fines	50,000	50,000	40,689	(9,311)
Impact fees	4,500	4,500	127	(4,373)
Special assessments and fees	-	-	8,428	8,428
Interest	230,000	230,000	310,595	80,595
Rent	21,600	21,600	94,393	72,793
Contributions	100	100	6,901	6,801
Other revenues	72,000	72,000	77,889	5,889
Total revenues	21,204,888	21,419,888	22,080,187	660,299
EXPENDITURES				
Current:				
Community Development	812,119	812,119	707,782	104,337
General government	2,596,191	2,687,548	2,795,383	(107,835)
Parks and recreation	4,622,548	4,666,136	4,318,958	347,178
Public safety - fire	3,431,271	3,452,871	3,358,174	94,697
Public safety - police	7,997,888	7,997,888	7,460,910	536,978
Public works	2,272,929	2,261,522	2,091,503	170,019
Debt service:				
Interest and administrative charges	1,050	1,050	2,278	(1,228)
Capital outlay	578,687	578,687	606,154	(27,467)
Total expenditures	22,312,683	22,457,821	21,341,142	1,116,679
Excess (deficiency) of revenues over (under) expenditures	(1,107,795)	(1,037,933)	739,045	1,776,978
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	197,649	197,649
Transfers in	1,344,808	1,344,808	1,483,522	138,714
Transfers out	(3,433,952)	(3,433,952)	(3,203,436)	230,516
Total other financing sources (uses) and special items	(2,089,144)	(2,089,144)	(1,522,265)	566,879
Net change in fund balances	(3,196,939)	(3,127,077)	(783,220)	2,343,857
Fund balance - beginning	18,705,899	18,705,899	18,705,899	-
Prior period adjustment	-	-	3,918,377	-
Fund balance - ending	\$ 15,508,960	\$ 15,578,822	\$ 21,841,056	\$ 2,343,857

City of Porterville
Public Safety Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with
			Actual	Final Budget
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive(Negative)</u>
REVENUES				
Sales tax	\$ 2,400,000	\$ 2,400,000	\$ 2,627,514	\$ 227,514
Interest	<u>50,000</u>	<u>50,000</u>	<u>62,509</u>	<u>12,509</u>
Total revenues	<u>2,450,000</u>	<u>2,450,000</u>	<u>2,690,023</u>	<u>240,023</u>
EXPENDITURES				
Current:				
Parks and leisure services	363,838	363,838	306,429	57,409
Public safety - fire	892,939	892,939	795,466	97,473
Public safety - police	<u>1,281,157</u>	<u>1,281,157</u>	<u>1,183,732</u>	<u>97,425</u>
Total expenditures	<u>2,537,934</u>	<u>2,537,934</u>	<u>2,285,627</u>	<u>252,307</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(87,934)</u>	<u>(87,934)</u>	<u>404,396</u>	<u>492,330</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,736	3,736
Transfers out	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>(406)</u>	<u>1,399,594</u>
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>3,330</u>	<u>1,403,330</u>
Net change in fund balances	<u>(1,487,934)</u>	<u>(1,487,934)</u>	<u>407,726</u>	<u>1,895,660</u>
Fund balance - beginning	<u>3,283,623</u>	<u>3,283,623</u>	<u>3,283,623</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,795,689</u>	<u>\$ 1,795,689</u>	<u>\$ 3,691,349</u>	<u>\$ 1,895,660</u>

City of Porterville
Community Development Block Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with
			Actual	Final Budget
	Original	Final	Amounts	Positive(Negative)
REVENUES				
Federal grants	\$ 1,151,514	\$ 1,151,514	\$ 1,411,207	\$ 259,693
State grants/reimbursements	354,526	354,526	125,102	(229,424)
Other service charges	140,500	140,500	198,689	58,189
Interest	20,000	20,000	27,202	7,202
Total revenues	1,666,540	1,666,540	1,762,200	95,660
EXPENDITURES				
Current:				
Community Development	188,716	188,716	1,923,875	(1,735,159)
Debt Service:				
Principal	156,000	156,000	156,000	-
Interest and administrative charges	175,439	175,439	175,439	-
Total expenditures	520,155	520,155	2,255,314	(1,735,159)
Excess(deficiency) of revenues over(under) expenditures	1,146,385	1,146,385	(493,114)	(1,639,499)
OTHER FINANCING SOURCES (USES)				
Transfers out	(985,885)	(985,885)	(175,289)	810,596
Net change in fund balances	160,500	160,500	(668,403)	(828,903)
Fund balance - beginning	753,693	753,693	753,693	-
Fund balance - ending	\$ 914,193	\$ 914,193	\$ 85,290	\$ (828,903)

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees Retirement System Schedule of Funding Progress

Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
06/30/06	\$ 39,891,390	\$ 29,852,991	\$ 10,038,399	74.8%	\$ 7,424,053	135.2%
06/30/07	44,065,666	33,713,837	10,351,829	76.5%	7,128,765	145.2%
06/30/08	50,264,752	37,274,664	12,990,088	74.2%	8,782,071	147.9%
06/30/09	58,238,588	39,937,228	18,301,360	68.6%	9,300,892	196.8%
06/30/10	60,633,173	42,918,390	17,714,783	70.8%	9,286,665	190.8%

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Plan Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
03/01/09	\$ --	\$ 9,983,546	\$ 9,983,546	0.0%	\$ 14,650,620	68.1%
03/01/11	--	5,348,777	5,348,777	0.0%	14,867,608	36.0%

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**Supplemental
Statements**



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are required by statute, charter provisions, or local ordinance to finance particular activities of the City of Porterville.

Redevelopment Agency Low and Moderate Income Housing Fund - This fund was established in the 1991-92 fiscal year, as required by Health and Safety Code Section 33334.2, for the purpose of setting aside 20 percent of all Redevelopment Agency tax increment revenues for improving establishing, and otherwise caring for the low- and moderate-income housing needs within the project area.

Special Gas Tax Fund - This fund was established by Resolution No. 229 in 1935, as required by the State, to account for monies received from gasoline taxes that must be expended mainly for constructing or improving major city streets.

Local Transportation Funds Fund - This fund is used to account for monies received from the County of Tulare for public transportation purposes. Revenues to each county's local transportation fund are derived from one-quarter cent of the sales tax collected in that county.

Traffic Safety Fund - This fund was established based on Section 1463 of the Penal Code. All fines and forfeitures collected from any person charged with a misdemeanor under this code must be deposited into a special fund known as the "Traffic Safety Fund." These funds are to be used exclusively for official traffic control devices and the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the city, but not for the compensation of traffic or other police officers.

Public Safety Grant Fund - This fund was established as a result of Assembly Bill 3229, Chapter 134, Statutes of 1996, which formulated the Citizen's Option for Public Safety Program. The plan allows proportionate shares of the State's appropriated funds to be allocated to qualifying local agencies for the purpose of financing front-line police services. This fund is also used to account for other public safety activities that have restricted funding requirements.

Landscape Maintenance District Fund - This fund is used to account for activities related to the landscape maintenance districts. The City maintains certain landscaping and is reimbursed by way of special assessments levied against the property owners within each district.

Transportation Development Fund - This fund was established by Council action on May 5, 1998 to account for the collection/distribution of the newly-adopted Traffic Impact Fee assessed to new development.

Park Development Fund - This fund was established to account for receipts of federal and state grants for the improvement, maintenance, and acquisition of parks within the City.

Storm Drain Development Fund - This fund was established to account for storm drain acreage fees from subdivisions and developers. The funds will be used to finance storm drainage facilities in the future.

Building Construction Fund - This fund was created to accumulate and account for monies derived through the sale of City-owned assets.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and the payments of general long-term debt principal and interest of the General Government and Redevelopment Agency. These funds do not include debt being financed by proprietary funds.

General Government Fund - This fund is used to account for the payment of principal and interest on the 1992 Public Buildings Certificates of Participation obligation.

Redevelopment Agency Fund - This fund is used to account for the accumulation of tax increment and other revenues for the payment of principal and interest on the Redevelopment Agency's bonded debt and other long-term obligations.

CAPITAL PROJECTS FUND

Redevelopment Agency Fund - This fund was established to account for all administrative and project expenditures related to Project Area No. 1 of the Porterville Redevelopment Agency.

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CITY OF PORTERVILLE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue					
	Redevelopment Agency Low & Moderate Housing	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
ASSETS						
Assets:						
Cash and cash equivalents	\$ 2,931	\$ 20,878	\$ 15,817	\$ -	\$ 3,398	\$ 5,073
Investments	290,414	2,068,756	1,567,303	-	336,717	502,686
Receivables - misc (net):						
Interest	-	-	-	-	-	-
Taxes	-	162,910	-	-	-	5,449
Other	-	-	-	-	-	-
Receivables - housing (net):	316,855	-	-	-	-	-
Intergovernmental receivables	-	-	241,329	69,130	46,001	-
Interfund receivables	-	-	386,797	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Note receivable	930,000	-	-	-	-	-
Total assets	<u>\$ 1,540,200</u>	<u>\$ 2,252,544</u>	<u>\$ 2,211,246</u>	<u>\$ 69,130</u>	<u>\$ 386,116</u>	<u>\$ 513,208</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 37	\$ -	\$ -	\$ -	\$ 964	\$ 6,760
Payroll payable	1,691	-	-	-	11,902	-
Deferred revenue	1,246,855	-	-	-	-	-
Advances payable	-	-	-	-	-	-
Total liabilities	<u>1,248,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,866</u>	<u>6,760</u>
Fund balances:						
Restricted for debt service	-	-	-	-	-	-
Restricted for grant programs	-	-	-	-	373,250	-
Assigned	291,617	2,252,544	2,211,246	69,130	-	506,448
Unassigned	-	-	-	-	-	-
Total fund balances	<u>291,617</u>	<u>2,252,544</u>	<u>2,211,246</u>	<u>69,130</u>	<u>373,250</u>	<u>506,448</u>
Total liabilities and fund balances	<u>\$ 1,540,200</u>	<u>\$ 2,252,544</u>	<u>\$ 2,211,246</u>	<u>\$ 69,130</u>	<u>\$ 386,116</u>	<u>\$ 513,208</u>

Special Revenue				Debt Service		Capital Projects	Total Nonmajor Governmental Funds
Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	Redevelopment Agency	Redevelopment Agency	
\$ 7,153	\$ -	\$ 19,553	\$ 1,771	\$ -	\$ 1,211	\$ 562	\$ 78,347
708,789	-	1,937,393	175,493	-	119,944	55,728	7,763,223
-	-	-	-	5,107	5,372	-	10,479
-	-	-	-	-	20,699	-	189,058
-	-	12,356	-	-	-	-	12,356
-	-	-	-	-	-	-	316,855
-	-	-	-	-	-	-	356,460
-	-	-	538,126	-	-	-	924,923
-	-	-	-	1,410,053	676,260	-	2,086,313
-	-	-	-	-	-	-	930,000
<u>\$ 715,942</u>	<u>\$ -</u>	<u>\$ 1,969,302</u>	<u>\$ 715,390</u>	<u>\$ 1,415,160</u>	<u>\$ 823,486</u>	<u>\$ 56,290</u>	<u>\$ 12,668,014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 709	\$ 8,470
-	-	-	-	-	-	2,062	15,655
-	-	-	-	-	-	-	1,246,855
-	-	-	-	-	-	3,982,550	3,982,550
-	-	-	-	-	-	3,985,321	5,253,530
-	-	-	-	1,415,160	823,486	-	2,238,646
-	-	-	-	-	-	-	373,250
715,942	-	1,969,302	715,390	-	-	-	8,731,619
-	-	-	-	-	-	(3,929,031)	(3,929,031)
<u>715,942</u>	<u>-</u>	<u>1,969,302</u>	<u>715,390</u>	<u>1,415,160</u>	<u>823,486</u>	<u>(3,929,031)</u>	<u>7,414,484</u>
<u>\$ 715,942</u>	<u>\$ -</u>	<u>\$ 1,969,302</u>	<u>\$ 715,390</u>	<u>\$ 1,415,160</u>	<u>\$ 823,486</u>	<u>\$ 56,290</u>	<u>\$ 12,668,014</u>

CITY OF PORTERVILLE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	Special Revenue					
	Redevelopment Agency Low & Mod. Housing	Special Gas Tax	Local Transportation Funds (LTF)	Traffic Safety	Public Safety Grant	Landscape Maintenance District
Revenues:						
Property taxes	\$ 201,087	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,708,654	2,216,327	-	620,729	-
Special assessments and fees	-	-	-	-	-	277,654
Fines and forfeitures	-	-	-	185,383	-	-
Investment earnings	4,841	39,292	41,412	1,255	1,185	-
Miscellaneous	93,954	-	-	-	6,572	875
Total revenues	<u>299,882</u>	<u>1,747,946</u>	<u>2,257,739</u>	<u>186,638</u>	<u>628,486</u>	<u>278,529</u>
Expenditures:						
Community development	75,381	-	-	-	-	-
General government	-	-	-	-	-	-
Parks and leisure services	-	-	-	-	-	170,479
Public safety - fire	-	-	-	-	140,265	-
Public safety - police	-	-	-	-	185,959	-
Debt redemption, principal	20,000	-	-	-	-	-
Debt redemption, interest & charges	111,451	-	-	-	-	-
Total expenditures	<u>206,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,224</u>	<u>170,479</u>
Excess (deficiency) of revenues over (under) expenditures	93,050	1,747,946	2,257,739	186,638	302,262	108,050
Other financing sources (uses):						
Transfers in	-	-	53,449	-	-	-
Transfers out	-	(842,296)	(2,561,553)	(158,852)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(842,296)</u>	<u>(2,508,104)</u>	<u>(158,852)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	93,050	905,650	(250,365)	27,786	302,262	108,050
Fund balances - July 1	198,567	1,346,894	2,461,611	41,344	70,988	398,398
Prior period adjustment	-	-	-	-	-	-
Fund balances (deficits) - June 30	<u>\$ 291,617</u>	<u>\$ 2,252,544</u>	<u>\$ 2,211,246</u>	<u>\$ 69,130</u>	<u>\$ 373,250</u>	<u>\$ 506,448</u>

Special Revenue				Debt Service		Capital Projects	Total Nonmajor Governmental Funds
Transportation Development	Park Development	Storm Drain Development	Building Construction	General Government	Redevelopment Agency	Redevelopment Agency	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744,994	\$ -	\$ 946,081
-	-	-	-	-	-	-	4,545,710
205,641	62,698	477,545	-	-	-	-	1,023,538
-	-	-	-	-	-	-	185,383
12,758	42	33,449	17,052	15,490	23,269	12,938	202,983
-	-	-	-	-	-	34,111	135,512
<u>218,399</u>	<u>62,740</u>	<u>510,994</u>	<u>17,052</u>	<u>15,490</u>	<u>768,263</u>	<u>47,049</u>	<u>7,039,207</u>
-	-	-	-	-	106,292	79,506	261,179
-	-	-	-	5,820	-	-	5,820
-	-	-	-	-	-	-	170,479
-	-	-	-	-	-	-	140,265
-	-	-	-	-	-	-	185,959
-	-	-	-	690,000	108,139	-	818,139
-	-	-	-	<u>1,121,909</u>	<u>410,237</u>	<u>72,602</u>	<u>1,716,199</u>
-	-	-	-	<u>1,817,729</u>	<u>624,668</u>	<u>152,108</u>	<u>3,298,040</u>
218,399	62,740	510,994	17,052	(1,802,239)	143,595	(105,059)	3,741,167
-	-	-	-	1,826,499	-	79,506	1,959,454
<u>(150,000)</u>	<u>(62,740)</u>	<u>(31,830)</u>	<u>(662,000)</u>	<u>(115)</u>	<u>(79,506)</u>	<u>(200,000)</u>	<u>(4,748,892)</u>
<u>(150,000)</u>	<u>(62,740)</u>	<u>(31,830)</u>	<u>(662,000)</u>	<u>1,826,384</u>	<u>(79,506)</u>	<u>(120,494)</u>	<u>(2,789,438)</u>
68,399	-	479,164	(644,948)	24,145	64,089	(225,553)	951,729
647,543	-	1,490,138	1,360,338	1,391,015	759,397	110,770	10,277,003
-	-	-	-	-	-	(3,814,248)	(3,814,248)
<u>\$ 715,942</u>	<u>\$ -</u>	<u>\$ 1,969,302</u>	<u>\$ 715,390</u>	<u>\$ 1,415,160</u>	<u>\$ 823,486</u>	<u>\$ (3,929,031)</u>	<u>\$ 7,414,484</u>

CITY OF PORTERVILLE

**REDEVELOPMENT AGENCY LOW AND MODERATE
INCOME HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 205,025	\$ 201,087	\$ (3,938)
Interest	-	4,841	4,841
Other	3,480	93,954	90,474
Total revenues	208,505	299,882	91,377
Expenditures:			
Community development :			
Administration	82,333	75,381	6,952
Debt redemption, principal	20,000	20,000	-
Debt redemption, interest & charges	111,521	111,451	70
Total expenditures	213,854	206,832	7,022
Excess (deficiency) of revenues over (under) expenditures	\$ (5,349)	93,050	\$ 98,399
Fund balance - July 1		198,567	
Fund balance - June 30		\$ 291,617	

CITY OF PORTERVILLE

**GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	<u>Totals</u>		
	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ -	\$ 507,016	\$ 507,016
State gasoline tax section 2105	275,286	274,069	(1,217)
State gasoline tax section 2106	168,844	162,894	(5,950)
State gasoline tax section 2107	366,731	366,092	(639)
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>818,361</u>	<u>1,317,571</u>	<u>499,210</u>
Intergovernmental:			
State grants	866,976	391,083	(475,893)
Federal grants	996,102	-	(996,102)
Total intergovernmental	<u>1,863,078</u>	<u>391,083</u>	<u>(1,471,995)</u>
Interest	<u>15,000</u>	<u>39,292</u>	<u>24,292</u>
Total revenues	2,696,439	1,747,946	(948,493)
Other financing sources (uses):			
Transfers out	<u>(3,707,933)</u>	<u>(842,296)</u>	<u>2,865,637</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(1,011,494)</u>	905,650	\$ <u>1,917,144</u>
Fund balance - July 1		<u>1,346,894</u>	
Fund balance - June 30		\$ <u>2,252,544</u>	

CITY OF PORTERVILLE

LOCAL TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax - LTF	\$ -	\$ 1,123,448	\$ 1,123,448
Sales tax - County Measure R	3,890,100	916,550	(2,973,550)
Total other taxes	3,890,100	2,039,998	(1,850,102)
Intergovernmental:			
Federal grants	300,000	176,329	(123,671)
Interest	40,000	41,412	1,412
Total revenues	4,230,100	2,257,739	(1,972,361)
Other financing sources (uses):			
Transfers in	-	53,449	53,449
Transfers out	(6,190,347)	(2,561,553)	3,628,794
Total other financing sources (uses)	(6,190,347)	(2,508,104)	3,682,243
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,960,247)	(250,365)	\$ 1,709,882
Fund balance - July 1		2,461,611	
Fund balance - June 30		\$ 2,211,246	

CITY OF PORTERVILLE

**TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 199,500	\$ 185,383	\$ (14,117)
Interest	500	1,255	755
Total revenues	200,000	186,638	(13,362)
Other financing sources (uses):			
Transfers out	(200,000)	(158,852)	41,148
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	27,786	\$ 27,786
Fund balance - July 1		41,344	
Fund balance - June 30		\$ 69,130	

CITY OF PORTERVILLE

PUBLIC SAFETY GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 160,000	\$ 453,075	\$ 293,075
Federal grants	137,808	167,654	29,846
Total intergovernmental	<u>297,808</u>	<u>620,729</u>	<u>322,921</u>
Interest	-	1,185	1,185
Other	<u>6,572</u>	<u>6,572</u>	<u>-</u>
Total revenues	<u>304,380</u>	<u>628,486</u>	<u>324,106</u>
Expenditures:			
Public safety - fire	140,265	140,265	-
Public safety - police	<u>235,032</u>	<u>185,959</u>	<u>49,073</u>
Total expenditures	<u>375,297</u>	<u>326,224</u>	<u>49,073</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(70,917)</u>	302,262	\$ <u>373,179</u>
Fund balance - July 1		<u>70,988</u>	
Fund balance - June 30		<u>\$ 373,250</u>	

CITY OF PORTERVILLE

LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 260,000	\$ 277,654	\$ 17,654
Other	-	875	875
Total revenues	260,000	278,529	18,529
Expenditures:			
Parks and leisure services:			
Cost of service	210,986	170,479	40,507
Excess (deficiency) of revenues over (under) expenditures	\$ 49,014	108,050	\$ 59,036
Fund balance - July 1		398,398	
Fund balance - June 30		\$ 506,448	

CITY OF PORTERVILLE

TRANSPORTATION DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 200,000	\$ 205,641	\$ 5,641
Interest	10,000	12,758	2,758
Total revenues	210,000	218,399	8,399
Other financing uses:			
Transfers out	(400,000)	(150,000)	250,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(190,000)</u>	68,399	\$ <u>258,399</u>
Fund balance - July 1		<u>647,543</u>	
Fund balance - June 30		\$ <u>715,942</u>	

CITY OF PORTERVILLE

PARK DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 50,000	\$ 62,698	\$ 12,698
Interest	-	42	42
Total revenues	50,000	62,740	12,740
Other financing uses:			
Transfers out	(50,000)	(62,740)	(12,740)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	\$ -
Fund balance - July 1		-	
Fund balance - June 30		\$ -	

CITY OF PORTERVILLE

**STORM DRAIN DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 75,000	\$ 477,545	\$ 402,545
Interest	20,000	33,449	13,449
Total revenues	95,000	510,994	415,994
Other financing sources (uses):			
Transfers out	(1,451,000)	(31,830)	1,419,170
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,356,000)	479,164	\$ 1,835,164
Fund balance - July 1		1,490,138	
Fund balance - June 30		\$ 1,969,302	

CITY OF PORTERVILLE

**BUILDING CONSTRUCTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 50,000	\$ 17,052	\$ (32,948)
Other financing sources (uses):			
Transfers out	<u>(1,370,000)</u>	<u>(662,000)</u>	<u>708,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u><u>(1,320,000)</u></u>	(644,948)	\$ <u><u>675,052</u></u>
Fund balance - July 1		<u>1,360,338</u>	
Fund balance - June 30		\$ <u><u>715,390</u></u>	

CITY OF PORTERVILLE

**GENERAL GOVERNMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 5,000	\$ 15,490	\$ 10,490
Expenditures:			
General government:			
Administration	2,500	5,820	(3,320)
Debt redemption, principal	690,000	690,000	-
Debt redemption, interest & charges	1,121,909	1,121,909	-
Total expenditures	1,814,409	1,817,729	(3,320)
Excess (deficiency) of revenues over (under) expenditures	(1,809,409)	(1,802,239)	7,170
Other financing sources (uses):			
Transfers in	1,820,449	1,826,499	6,050
Transfers out	(2,500)	(115)	2,385
Total other financing sources (uses)	1,817,949	1,826,384	8,435
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,540	24,145	\$ 15,605
Fund balance - July 1		1,391,015	
Fund balance - June 30		\$ 1,415,160	

CITY OF PORTERVILLE

**REDEVELOPMENT AGENCY DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 760,292	\$ 744,994	\$ (15,298)
Interest	16,051	23,269	7,218
Total revenues	<u>776,343</u>	<u>768,263</u>	<u>(8,080)</u>
Expenditures:			
Community development :			
Administration	104,589	106,292	(1,703)
Debt redemption, principal	108,139	108,139	-
Debt redemption, interest & charges	<u>410,241</u>	<u>410,237</u>	<u>4</u>
Total expenditures	<u>622,969</u>	<u>624,668</u>	<u>(1,699)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>153,374</u>	<u>143,595</u>	<u>(9,779)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(162,110)</u>	<u>(79,506)</u>	<u>82,604</u>
Total other financing sources (uses)	<u>(162,110)</u>	<u>(79,506)</u>	<u>82,604</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (8,736)</u>	64,089	<u>\$ 72,825</u>
Fund balance - July 1		<u>759,397</u>	
Fund balance - June 30		<u>\$ 823,486</u>	

CITY OF PORTERVILLE

**REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011**

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 30,000	\$ 12,938	\$ (17,062)
Other	18,413	34,111	15,698
Total revenues	48,413	47,049	(1,364)
Expenditures:			
Community development	162,110	79,506	82,604
Debt redemption, interest	-	72,602	(72,602)
Total expenses	162,110	152,108	10,002
Excess (deficiency) of revenues over (under) expenditures	(113,697)	(105,059)	8,638
Other financing sources (uses):			
Transfers in	162,110	79,506	(82,604)
Transfers out	(1,800,000)	(200,000)	1,600,000
Total other financing sources (uses)	(1,637,890)	(120,494)	1,517,396
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,751,587)	(225,553)	\$ 1,526,034
Fund balance - July 1		110,770	
Prior period adjustment		(3,814,248)	
Fund balance - June 30		\$ (3,929,031)	

NONMAJOR PROPRIETARY FUNDS

Proprietary funds are used to account for operations that provide goods or services to the general public on a continuing basis and are financed primarily through user charges.

Zalud House Fund

This fund was established to account for the original gift of money and assets from the Zalud Estate and the operations of the Zalud House.

Transit Fund

This fund was established to account for the operations of the City-operated local transit system. The City has an agreement with Tulare County to provide transportation service to the unincorporated areas around Porterville. The transit system is funded by ticket sales, the City of Porterville (Gas Tax Transportation funds), and the County of Tulare.

Airport Fund

This fund was established to account for all revenues and expenses associated with the operation of the Porterville Municipal Airport. The principal sources of revenue for this fund are fuel sales, hangar rentals, land leases, and concession fees.

Golf Course Fund

This fund was established to account for all revenues and expenses incurred in the operation of the Porterville Municipal Golf Course. The principal source of revenue for this fund is green fees.

City of Porterville
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2011

	Zalud House	Transit Operations	Airport Operations	Golf Course	Total Nonmajor Proprietary Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,023	\$ -	\$ 4,897	\$ 500	\$ 6,420
Investments	100,399	-	467,448	-	567,847
Accounts receivable, net of allowance for uncollectibles	-	31,328	85,143	1,957	118,428
Intergovernmental receivables	-	160,303	81,528	-	241,831
Inventories	-	-	186,332	-	186,332
Total current assets	101,422	191,631	825,348	2,457	1,120,858
Noncurrent assets:					
Capital assets:					
Land	23,240	352,599	1,000,125	102,048	1,478,012
Construction in progress	-	290,423	2,129,788	8,865	2,429,076
Buildings and equipment	138,868	7,304,869	1,081,928	329,251	8,854,916
Improvements other than buildings	3,547	570,939	6,705,337	385,918	7,665,741
Less accumulated depreciation	(97,327)	(2,026,922)	(3,603,448)	(424,475)	(6,152,172)
Total noncurrent assets	68,328	6,491,908	7,313,730	401,607	14,275,573
Total assets	169,750	6,683,539	8,139,078	404,064	15,396,431
LIABILITIES AND FUND BALANCES					
Current liabilities:					
Accounts and other payables	347	111,686	194,795	7,177	314,005
Payroll payable	768	386	4,642	6,255	12,051
Interfund payable	-	386,797	-	436,383	823,180
Compensated absences payable	-	-	11,092	5,567	16,659
Accrued interest payable	-	-	2,836	-	2,836
Loans payable - current	-	-	9,490	-	9,490
Total current liabilities	1,115	498,869	222,855	455,382	1,178,221
Noncurrent liabilities:					
Advances payable	-	-	75,326	-	75,326
Loans payable	-	-	73,350	-	73,350
Total noncurrent liabilities	-	-	148,676	-	148,676
Total liabilities	1,115	498,869	371,531	455,382	1,326,897
NET ASSETS					
Invested in capital assets, net of related debt	68,328	6,491,908	7,230,890	401,607	14,192,733
Unrestricted	100,307	(307,238)	536,657	(452,925)	(123,199)
Total net assets	\$ 168,635	\$ 6,184,670	\$ 7,767,547	\$ (51,318)	\$ 14,069,534

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Zalud House	Transit Operations	Airport Operations	Golf Course	Total Nonmajor Proprietary Funds
Operating revenues:					
Charges for services	\$ 3,279	\$ 346,763	\$ 1,139,027	\$ 225,253	\$ 1,714,322
Other revenues	1,835	10,040	149,254	125	161,254
Total operating revenues	5,114	356,803	1,288,281	225,378	1,875,576
Operating expenses:					
Cost of sales and services	20,582	1,471,505	959,237	260,098	2,711,422
General and administrative	4,231	294,322	102,179	80,016	480,748
Depreciation/amortization	3,792	396,955	194,502	26,793	622,042
Total operating expenses	28,605	2,162,782	1,255,918	366,907	3,814,212
Operating income (loss)	(23,491)	(1,805,979)	32,363	(141,529)	(1,938,636)
Nonoperating revenues (expenses):					
Intergovernmental revenues	-	1,170,388	23,144	-	1,193,532
Federal grants	-	1,687,202	1,846,871	-	3,534,073
Investment earnings	1,743	741	16,484	3,160	22,128
Interest expense	-	-	(26,421)	-	(26,421)
Sale of capital assets	-	9,004	-	1,198	10,202
Total nonoperating revenue (expenses)	1,743	2,867,335	1,860,078	4,358	4,733,514
Income before contributions and transfers	(21,748)	1,061,356	1,892,441	(137,171)	2,794,878
Transfers in	10,000	-	77,637	69,000	156,637
Transfers out	-	(7,000)	(12,462)	-	(19,462)
Change in net assets	(11,748)	1,054,356	1,957,616	(68,171)	2,932,053
Total net assets - beginning	180,383	5,130,314	5,809,931	16,853	11,137,481
Total net assets - ending	\$ 168,635	\$ 6,184,670	\$ 7,767,547	\$ (51,318)	\$ 14,069,534

**City of Porterville
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2011**

	<u>Zalud House</u>	<u>Transit Operations</u>	<u>Airport Operations</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 5,114	\$ 352,783	\$ 1,355,910	\$ 226,818	\$ 1,940,625
Payments to employees	(14,749)	(106,979)	(112,140)	(160,349)	(394,217)
Payments to suppliers and others	(9,539)	(1,639,074)	(872,400)	(183,640)	(2,704,653)
Net cash provided by operating activities	<u>(19,174)</u>	<u>(1,393,270)</u>	<u>371,370</u>	<u>(117,171)</u>	<u>(1,158,245)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash from interfund	-	386,797	-	111,145	497,942
Intergovernmental - operating assistance	-	408,504	20,000	-	428,504
Subsidy from federal grant	-	340,000	-	-	340,000
Transfers in from other funds	10,000	-	77,637	69,000	156,637
Transfers to other funds	-	(7,000)	(12,462)	-	(19,462)
Net cash (used) by noncapital financing	<u>10,000</u>	<u>1,128,301</u>	<u>85,175</u>	<u>180,145</u>	<u>1,403,621</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Construction and other capital projects	-	(175,910)	(2,049,040)	-	(2,224,950)
Interest paid on long-term debt and advances	-	-	(26,421)	-	(26,421)
Principal payments on long-term debt	-	-	(30,432)	-	(30,432)
Proceeds from sale of capital assets	-	10,380	-	1,198	11,578
Purchase of capital assets	-	(1,582,650)	(6,397)	(67,332)	(1,656,379)
Subsidy from federal and state grants	-	1,347,202	1,768,487	-	3,115,689
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(400,978)</u>	<u>(343,803)</u>	<u>(66,134)</u>	<u>(810,915)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>1,744</u>	<u>741</u>	<u>16,484</u>	<u>3,160</u>	<u>22,129</u>
Net cash provided by investing activities	<u>1,744</u>	<u>741</u>	<u>16,484</u>	<u>3,160</u>	<u>22,129</u>
Net Increase (decrease) in cash and cash equivalents	(7,430)	(665,206)	129,226	-	(543,410)
Balances - beginning of year	<u>108,852</u>	<u>665,206</u>	<u>343,119</u>	<u>500</u>	<u>1,117,677</u>
Balances - end of the year	<u>\$ 101,422</u>	<u>\$ -</u>	<u>\$ 472,345</u>	<u>\$ 500</u>	<u>\$ 574,267</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (23,491)	\$ (1,805,979)	\$ 32,363	\$ (141,529)	\$ (1,938,636)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	3,792	396,955	194,502	26,793	622,042
Changes in assets and liabilities:					
Accounts payable	32	32,276	143,611	(6,825)	169,094
Compensated absences	-	(8,786)	1,267	2,462	(5,057)
Customer receivables	-	(4,020)	67,629	1,440	65,049
Inventory	-	-	(66,931)	-	(66,931)
Salaries and benefits payable	493	(3,716)	(1,071)	488	(3,806)
Net cash provided by operating activities	<u>\$ (19,174)</u>	<u>\$ (1,393,270)</u>	<u>\$ 371,370</u>	<u>\$ (117,171)</u>	<u>\$ (1,158,245)</u>

INTERNAL SERVICE FUNDS

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

Risk Management Fund

This fund was established to account for various types of insurance including liability, worker's compensation, unemployment, property, and employee health. The City is self-insured for liability claims below the amount covered by the City's insurance carriers. This fund accounts for these self-insured claims as well as the payments of the premiums for the excess liability insurance coverage.

Equipment Management Fund

This fund was established to account for the activities pertaining to the acquisition, maintenance, and repair of City vehicles and equipment. The cost of labor, replacement parts, and fuel are tabulated on a monthly basis and charged to the user departments. The funds derived from such charges are used to maintain operations of this fund.

City of Porterville
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Risk Management	Equipment Management	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 61,302	\$ 3,087	\$ 64,389
Investments	6,074,322	305,837	6,380,159
Accounts receivable, net of allowance for uncollectibles	17,194	39,686	56,880
Interfund receivable	30,482	-	30,482
Total current assets:	<u>6,183,300</u>	<u>348,610</u>	<u>6,531,910</u>
Noncurrent assets:			
Advances receivable	343,673	-	343,673
Capital assets:			
Buildings and equipment	-	841,915	841,915
Improvements other than buildings	-	6,639	6,639
Less accumulated depreciation	<u>-</u>	<u>(590,064)</u>	<u>(590,064)</u>
Total noncurrent assets:	<u>343,673</u>	<u>258,490</u>	<u>602,163</u>
Total assets	<u>6,526,973</u>	<u>607,100</u>	<u>7,134,073</u>
LIABILITIES AND FUND BALANCES			
Accounts and other payables	204,209	96,698	300,907
Payroll payable	5,569	20,053	25,622
Accrued claims	1,490,336	-	1,490,336
Compensated absences payable	<u>8,416</u>	<u>21,655</u>	<u>30,071</u>
Total current liabilities	<u>1,708,530</u>	<u>138,406</u>	<u>1,846,936</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	258,490	258,490
Restricted for capital projects	682,700	-	682,700
Restricted for self-insurance	4,135,743	-	4,135,743
Unrestricted	<u>-</u>	<u>210,204</u>	<u>210,204</u>
Total net assets	<u>\$ 4,818,443</u>	<u>\$ 468,694</u>	<u>\$ 5,287,137</u>

City of Porterville
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 3,945,275	\$ 2,616,961	\$ 6,562,236
Other revenues	599,396	93,184	692,580
Total operating revenues	4,544,671	2,710,145	7,254,816
Operating expenses:			
Cost of sales and services	5,624,379	2,547,337	8,171,716
General and administrative	139,835	64,542	204,377
Depreciation/amortization	-	32,830	32,830
Total operating expenses	5,764,214	2,644,709	8,408,923
Operating income (loss)	(1,219,543)	65,436	(1,154,107)
Nonoperating revenues (expenses):			
Investment earnings	130,072	4,371	134,443
Income before transfers	(1,089,471)	69,807	(1,019,664)
Transfers out	(6,112)	-	(6,112)
Change in net assets	(1,095,583)	69,807	(1,025,776)
Net assets - beginning	5,914,026	398,887	6,312,913
Total net assets - ending	\$ 4,818,443	\$ 468,694	\$ 5,287,137

City of Porterville
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Risk Management	Equipment Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 4,545,968	\$ 2,702,669	\$ 7,248,637
Payments to employees	(138,378)	(509,859)	(648,237)
Payments to suppliers and others	(5,270,676)	(2,058,363)	(7,329,039)
Net cash provided by operating activities	(863,086)	134,447	(728,639)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(6,112)	-	(6,112)
Net cash (used) by noncapital financing	(6,112)	-	(6,112)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Advances for capital projects	948	-	948
Principal payments on long-term debt	707,573	-	707,573
Purchase of capital assets	-	(105,120)	(105,120)
Net cash (used) by capital and related financing activities	708,521	(105,120)	603,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	130,072	4,371	134,443
Net cash provided by investing activities	130,072	4,371	134,443
Net Increase (decrease) in cash and cash equivalents	(30,605)	33,698	3,093
Balances - beginning of year	6,166,229	275,226	6,441,455
Balances - end of the year	\$ 6,135,624	\$ 308,924	\$ 6,444,548
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,219,543)	\$ 65,436	\$ (1,154,107)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	32,830	32,830
Changes in assets and liabilities:			
Accounts payable	30,895	41,445	72,340
Accrued claims	327,481	-	327,481
Compensated absences	(1,613)	2,088	475
Customer receivables	1,297	(7,476)	(6,179)
Salaries and benefits payable	(1,603)	124	(1,479)
Net cash provided by operating activities	\$ (863,086)	\$ 134,447	\$ (728,639)

AGENCY FUNDS

Agency funds are purely custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds.

Special Deposits Fund

This fund was established to account for monies received by the City acting as an agent. Examples of these transactions are construction bonds, utility service deposits and asset seizure.

City of Porterville
Schedule of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2011

<u>Special Deposits</u>	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Assets				
Cash and investments	\$ 1,555,378	\$ 2,125,734	\$ 2,034,339	\$ 1,646,773
Total assets	<u>\$ 1,555,378</u>	<u>\$ 2,125,734</u>	<u>\$ 2,034,339</u>	<u>\$ 1,646,773</u>
Liabilities				
Accounts and other payables	\$ 69,542	\$ 914,196	\$ 940,178	\$ 43,560
Refundable deposits, utilities	312,488	111,340	87,422	336,406
Refundable deposits, miscellaneous	531,812	931,492	844,269	619,035
Other deposits, safety	<u>641,536</u>	<u>168,706</u>	<u>162,470</u>	<u>647,772</u>
Total liabilities	<u>\$ 1,555,378</u>	<u>\$ 2,125,734</u>	<u>\$ 2,034,339</u>	<u>\$ 1,646,773</u>

Statistical Section



STATISTICAL SECTION

This part of the City of Porterville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	106
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	112
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	117
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	122
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	124
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF PORTERVILLE
NET ASSETS BY COMPONENT (in thousands)
LAST TEN FISCAL YEARS (1)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Governmental activities:										
Invested in capital assets, net of related debt	\$ --	\$ 12,807	\$ 9,506	\$ 10,074	\$ 17,122	\$ 314,402	\$ 337,298	\$ 349,278	\$ 351,422	\$ 351,797
Restricted	--	8,196	11,016	8,317	10,326	14,739	12,732	15,181	14,383	11,681
Unrestricted	--	(2,497)	321	1,314	(96)	21,232	26,116	16,992	15,908	17,321
Total governmental activities net assets	\$ --	\$ 18,506	\$ 20,843	\$ 19,705	\$ 27,352	\$ 350,373	\$ 376,146	\$ 381,451	\$ 381,713	\$ 380,799
Business-type activities:										
Invested in capital assets, net of related debt	\$ --	\$ 31,868	\$ 30,769	\$ 26,133	\$ 26,690	\$ 32,940	\$ 39,016	\$ 41,328	\$ 35,164	\$ 46,006
Restricted	--	3,881	4,226	4,114	4,061	3,960	2,494	1,453	1,450	16,442
Unrestricted	--	5,995	8,679	19,269	21,323	18,172	18,641	18,807	26,701	5,474
Total business-type activities net assets	\$ --	\$ 41,744	\$ 43,674	\$ 49,516	\$ 52,074	\$ 55,072	\$ 60,151	\$ 61,588	\$ 63,315	\$ 67,922
Primary government:										
Invested in capital assets, net of related debt	\$ --	\$ 44,675	\$ 40,275	\$ 36,207	\$ 43,812	\$ 346,623	\$ 376,314	\$ 390,606	\$ 386,586	\$ 397,803
Restricted	--	12,077	15,242	12,431	14,387	18,699	15,226	16,634	15,833	28,123
Unrestricted	--	3,498	9,000	20,583	21,227	40,123	44,757	35,799	42,609	22,795
Total primary government net assets	\$ --	\$ 60,250	\$ 64,517	\$ 69,221	\$ 79,426	\$ 405,445	\$ 436,297	\$ 443,039	\$ 445,028	\$ 448,721

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

CITY OF PORTERVILLE
CHANGES IN NET ASSETS (in thousands)
LAST TEN FISCAL YEARS (1)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
EXPENSES										
Governmental activities:										
Community and economic development	\$ --	\$ 1,047	\$ 3,094	\$ 3,484	\$ 2,355	\$ 2,401	\$ 3,595	\$ 2,690	\$ 3,284	\$ 3,070
General government	--	6,090	6,786	7,498	2,614	2,619	2,726	2,847	4,925	3,613
Parks and recreation	--	3,325	3,148	3,211	4,088	4,140	5,018	5,165	5,528	5,449
Public safety - fire	--	1,872	2,128	2,142	3,015	3,306	3,721	3,979	4,410	4,646
Public safety - police	--	4,344	4,688	4,973	6,632	7,285	8,335	9,023	9,746	9,725
Public works	--	1,899	1,090	1,209	2,461	3,776	4,106	4,654	5,448	6,392
Interest on long-term debt	--	1,920	1,558	2,478	2,587	1,796	1,746	1,909	1,942	1,934
Total governmental activities expenses	--	20,497	22,492	24,995	23,752	25,323	29,247	30,267	35,283	34,829
Business-type activities:										
Airport	--	817	894	764	972	1,290	1,562	1,656	974	1,287
Golf course	--	318	331	352	398	382	388	419	386	376
Sewer operating	--	5,430	5,701	5,778	5,888	6,464	6,378	6,501	6,032	6,170
Solid waste	--	3,811	4,178	4,121	5,087	4,857	5,159	5,181	5,310	5,358
Transit	--	1,504	1,665	1,845	1,939	1,843	2,056	2,037	2,017	2,151
Water operating	--	4,161	4,236	4,039	4,278	4,554	4,619	4,746	5,106	4,967
Zalud estate	--	28	29	31	27	29	29	31	24	29
Total business-type activities expenses	--	16,069	17,034	16,930	18,569	19,419	20,191	20,571	19,849	20,338
Total primary government expenses	\$ --	\$ 36,566	\$ 39,526	\$ 41,925	\$ 42,341	\$ 44,742	\$ 49,438	\$ 50,838	\$ 55,132	\$ 55,167
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Community and economic development	\$ --	\$ 22	\$ 20	\$ 231	\$ 795	\$ 783	\$ 528	\$ 236	\$ 211	\$ 263
General government	--	4,681	4,380	3,771	1,864	1,658	1,786	1,494	1,585	1,613
Parks and recreation	--	1,027	968	949	1,014	1,324	1,307	1,603	1,731	1,891
Public safety - fire	--	20	19	13	27	30	22	36	45	23
Public safety - police	--	141	137	183	208	380	510	520	598	461
Public works	--	988	706	1,131	750	244	256	233	167	204
Operating grants and contributions:										
Community and economic development	--	--	--	--	--	1,019	2,626	1,600	1,388	1,576
General government	--	--	--	16	30	394	427	486	599	476
Parks and recreation	--	1,429	78	195	139	250	123	163	206	199
Public safety - fire	--	--	11	17	261	76	5	--	30	304
Public safety - police	--	328	475	367	350	638	185	263	334	308
Public works	--	2,608	1,361	2,253	1,718	2,865	1,611	1,348	1,275	1,699
Capital grants and contributions:										
Community and economic development	--	983	2,583	1,019	2,019	40	66	--	--	--
Parks and recreation	--	571	489	157	236	696	177	42	1,159	282
Public safety - fire	--	27	11	1	17	36	--	--	--	100
Public safety - police	--	--	--	--	--	--	45	--	--	85
Public works	--	979	1,212	347	1,966	1,089	5,876	5,637	3,444	3,392
Total governmental activities program revenues	--	13,804	12,450	10,650	11,394	11,522	15,550	13,661	12,772	12,876

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Business-type activities:										
Charges for services:										
Airport	--	682	747	683	829	1,138	1,488	1,597	805	1,288
Golf course	--	262	254	272	313	308	299	323	281	225
Sewer operating	--	5,459	6,010	6,701	7,268	7,166	7,584	6,554	7,042	6,964
Solid waste	--	3,612	3,998	4,221	4,928	5,131	5,468	4,971	5,290	5,418
Transit	--	272	303	274	307	323	345	375	332	357
Water operating	--	4,437	4,864	4,569	4,717	4,869	5,169	4,371	4,621	4,842
Zalud estate	--	4	3	3	3	3	2	3	7	5
Operating grants and contributions:										
Airport	--	20	10	85	31	10	10	10	--	20
Sewer operating	--	--	4	--	--	--	--	--	--	--
Solid waste	--	--	747	--	--	--	3	7	12	6
Transit	--	1,035	--	918	1,158	1,218	1,305	1,943	1,315	1,470
Capital grants and contributions:										
Airport	--	--	--	--	--	310	68	57	477	1,850
Sewer operating	--	149	74	173	122	255	47	49	32	51
Solid waste	--	--	24	--	--	405	--	--	--	421
Transit	--	1,057	572	415	529	88	2,039	528	704	1,387
Water operating	--	309	154	331	184	--	92	99	191	177
Total business-type activities program revenues	--	17,298	17,764	18,645	20,389	21,224	23,919	20,887	21,109	24,481
Total primary government program revenues	\$ --	\$ 31,102	\$ 30,214	\$ 29,295	\$ 31,783	\$ 32,746	\$ 39,469	\$ 34,548	\$ 33,881	\$ 37,357
Net (expense)/revenue	\$ --	\$ (6,693)	\$ (10,042)	\$ (14,345)	\$ (12,358)	\$ (13,801)	\$ (13,697)	\$ (16,606)	\$ (22,511)	\$ (21,953)
Governmental activities	--	1,229	730	1,715	1,800	1,805	3,728	316	1,260	4,143
Business-type activities	--	(5,464)	(9,312)	(12,630)	(10,558)	(11,996)	(9,969)	(16,290)	(21,251)	(17,810)
Total Primary government net expense	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ --	\$ 2,012	\$ 2,200	\$ 5,606	\$ 6,520	\$ 7,557	\$ 8,301	\$ 8,408	\$ 7,644	\$ 7,777
Sales taxes	--	4,434	4,548	3,669	4,339	7,319	6,882	6,147	5,785	6,122
Utility users tax	--	2,857	2,813	3,001	3,384	3,665	3,854	3,894	4,046	4,048
Other taxes	--	3,933	3,504	3,011	2,218	2,803	2,598	2,312	2,128	2,028
Unrestricted investment earnings	--	468	431	714	822	1,623	1,790	1,428	1,060	704
Miscellaneous	--	290	131	216	387	215	933	178	2,007	324
Transfers	--	(119)	(488)	(202)	(158)	(95)	(309)	(455)	103	(68)
Total governmental activities	--	\$ 13,875	\$ 13,139	\$ 16,015	\$ 17,512	\$ 23,087	\$ 24,049	\$ 21,912	\$ 22,773	\$ 20,935
Business-type activities:										
Unrestricted investment earnings	--	366	159	543	598	980	965	661	569	386
Miscellaneous	--	53	4	4	--	118	78	5	--	10
Transfers	--	119	488	202	158	95	309	455	(103)	68
Total business-type activities	--	538	651	749	756	1,193	1,352	1,121	466	464
Total primary government	\$ --	\$ 14,413	\$ 13,790	\$ 16,764	\$ 18,268	\$ 24,280	\$ 25,401	\$ 23,033	\$ 23,239	\$ 21,399
Change in Net Assets										
Governmental activities	\$ --	\$ 7,182	\$ 3,097	\$ 1,670	\$ 5,154	\$ 9,286	\$ 10,352	\$ 5,306	\$ 262	\$ (1,018)
Business-type activities	--	1,767	1,381	2,464	2,556	2,998	5,080	1,437	1,726	4,607
Total primary government	\$ --	\$ 8,949	\$ 4,478	\$ 4,134	\$ 7,710	\$ 12,284	\$ 15,432	\$ 6,743	\$ 1,988	\$ 3,589

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

CITY OF PORTERVILLE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Franchise Tax	Utility Users Tax	Transient Occupancy Tax	Sales Tax	Motor Vehicle In-Lieu Tax	Total
2001-02	\$ 1,991,695	\$ 1,262,080	\$ 2,599,794	\$ 186,003	\$ 4,094,883	\$ 2,241,434	\$ 12,375,889
2002-03	2,011,591	1,219,256	2,857,415	194,130	4,434,317	2,448,799	13,165,508
2003-04	2,039,256	1,325,387	2,813,354	224,648	4,548,448	1,858,888	12,809,981
2004-05	5,291,741	1,456,558	3,000,783	253,294	3,808,831	1,177,781	14,988,988
2005-06	6,520,333	1,473,974	3,383,843	273,584	4,338,578	301,100	16,291,412
2006-07	7,556,569	1,542,033	3,664,966	268,672	7,318,460	870,673	21,221,373
2007-08	8,301,092	1,695,368	3,854,176	319,431	6,881,840	498,926	21,550,833
2008-09	8,407,702	1,576,019	3,894,372	310,832	6,147,526	424,887	20,761,338
2009-10	7,644,246	1,469,489	4,045,732	276,338	5,784,887	382,477	19,603,169
2010-11	7,776,735	1,485,182	4,048,106	301,029	6,121,968	242,142	19,975,162

CITY OF PORTERVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS (1)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General fund:										
Nonspendable	\$ --	\$ 1,508	\$ 1,524	\$ 1,493	\$ 1,475	\$ 1,355	\$ 1,316	\$ 1,262	\$ 4,041	\$ 8,400
Restricted - grant programs	--	86	--	--	--	--	--	--	--	518
Committed - capital projects	--	128	175	254	254	254	254	254	849	1,031
Committed - contingency	--	394	1,500	1,500	1,500	1,154	1,154	1,154	1,154	1,154
Committed - debt service	--	--	--	459	459	459	459	459	459	459
Assigned	--	--	--	--	--	--	--	--	--	5,361
Unassigned	--	2,767	2,821	6,511	7,003	11,673	14,802	15,646	12,203	4,918
Total general fund	\$ --	\$ 4,883	\$ 6,020	\$ 10,217	\$ 10,691	\$ 14,895	\$ 17,985	\$ 18,775	\$ 18,706	\$ 21,841
All other governmental funds:										
Nonspendable	\$ --	\$ 717	\$ 648	\$ 280	\$ --	\$ --	\$ --	\$ 930	\$ --	\$ --
Restricted										
Capital projects	--	6,267	5,233	2,827	4,620	5,605	3,400	4,653	4,645	2,701
Debt service	--	2,052	2,838	2,784	1,994	1,733	1,907	2,722	2,150	2,239
Grant programs	--	179	260	242	108	203	33	151	71	373
Assigned	--	6,445	10,600	8,523	10,205	9,187	10,806	10,957	11,982	12,508
Unassigned	--	(1,249)	(1,214)	(1,257)	(1,257)	(1,443)	(1,390)	(1,346)	(1,790)	(3,929)
Total all other governmental funds	\$ --	\$ 14,411	\$ 18,365	\$ 13,399	\$ 15,670	\$ 15,285	\$ 14,756	\$ 18,067	\$ 17,058	\$ 13,892

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

CITY OF PORTERVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
LAST TEN FISCAL YEARS (1)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues:										
Taxes	\$ --	\$ 10,788	\$ 11,057	\$ 13,935	\$ 16,289	\$ 21,343	\$ 21,636	\$ 20,761	\$ 19,603	\$ 19,975
Licenses and permits	--	707	698	668	802	1,368	1,141	957	836	825
Intergovernmental	--	8,167	7,671	5,049	5,828	4,407	7,221	7,979	7,291	6,744
Charges for services	--	2,436	2,483	2,844	3,808	3,877	3,903	3,520	3,703	3,845
Special assessments and fees	--	1,695	669	1,160	965	1,442	2,206	705	515	1,032
Fines and forfeitures	--	129	119	195	169	214	269	268	355	240
Investment earnings	--	483	333	715	697	1,309	1,436	1,183	891	702
Miscellaneous	--	187	193	521	600	263	993	373	114	220
Total revenues	--	24,592	23,223	25,087	29,158	34,223	38,805	35,746	33,308	33,583
Expenditures:										
Community/Economic development	--	896	1,190	1,870	2,469	2,314	3,545	2,582	3,114	2,964
General government	--	2,062	1,997	2,711	2,286	2,536	2,600	2,733	4,638	3,449
Parks and recreation	--	3,539	3,396	3,500	3,934	4,044	4,687	4,861	5,026	4,888
Public safety:										
Fire	--	2,154	2,448	2,569	2,960	3,306	3,592	3,817	4,033	4,305
Police	--	4,826	5,431	5,930	6,587	7,118	7,990	8,584	8,887	8,848
Public works	--	1,582	1,446	1,559	1,678	1,903	2,205	2,483	2,972	3,777
Capital outlay	--	4,392	4,160	7,687	5,913	4,216	9,298	7,288	4,601	2,755
Debt service:										
Principal	--	838	804	839	980	3,019	1,012	1,117	981	974
Interest and other charges	--	1,664	1,567	1,639	2,279	2,023	1,732	2,207	1,872	1,894
Total expenditures	--	21,953	22,439	28,304	29,086	30,479	36,661	35,672	36,124	33,854
Excess of revenues over (under) expenditures	--	2,639	784	(3,217)	72	3,744	2,144	74	(2,816)	(271)
Other financing sources (uses)										
Transfers in	--	7,650	6,507	8,567	6,931	7,297	11,788	13,845	11,090	8,066
Transfers out	--	(5,377)	(6,582)	(8,769)	(7,090)	(7,386)	(12,070)	(13,373)	(11,382)	(8,128)
Other debt issued	--	2	4,377	--	6,024	--	--	8,543	--	--
Payments to refunded bond escrow	--	--	--	--	(3,282)	--	--	(5,003)	--	--
Sale of capital assets	--	--	--	--	92	162	697	15	2,030	198
Total other financing sources (uses)	--	2,275	4,302	(202)	2,675	73	415	4,027	1,738	136
Net change in fund balances	\$ --	\$ 4,914	\$ 5,086	\$ (3,419)	\$ 2,747	\$ 3,817	\$ 2,559	\$ 4,101	\$ (1,078)	\$ (135)
Debt service as a percentage of noncapital expenditures	--	14.247%	12.971%	12.019%	14.064%	19.078%	10.028%	11.711%	9.051%	9.222%

(1) 2002-03 marks the year of GASB Statement #34 implementation for the City of Porterville.
Data for fiscal years ended prior to June 30, 2003, is not available in this format.

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

Fiscal Year	Secured Locally		State Assessed	Unsecured	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Value		Ratio of Assessed to Estimated Actual Value
	Assessed								
2001-02	\$ 1,222,729,414	\$ 1,876,245	\$	64,220,507	\$ 1,288,826,166	1.072	\$	1,288,826,166	100.00%
2002-03	1,278,443,170	1,869,401		66,444,992	1,346,757,563	1.075		1,346,757,563	100.00%
2003-04	1,338,072,816	1,770,228		79,605,533	1,419,448,577	1.101		1,419,448,577	100.00%
2004-05	1,443,259,854	1,921,645		62,909,363	1,508,090,862	1.183		1,508,090,862	100.00%
2005-06	1,542,388,260	1,921,062		82,681,159	1,626,990,481	1.093		1,626,990,481	100.00%
2006-07	1,782,433,687	1,903,653		69,840,265	1,854,177,605	1.078		1,854,177,605	100.00%
2007-08	2,131,492,708	1,792,900		73,976,789	2,207,262,397	1.081		2,207,262,397	100.00%
2008-09	2,253,447,140	1,792,900		80,861,819	2,336,101,859	1.078		2,336,101,859	100.00%
2009-10	2,159,692,024	1,951,769		84,429,551	2,246,073,344	1.082		2,246,073,344	100.00%
2010-11	2,155,858,048	1,983,635		80,704,920	2,238,546,603	1.085		2,238,546,603	100.00%

Note:

(1) Assessed valuations are net of exemptions.

Source: County of Tulare Office of the Auditor-Controller.

CITY OF PORTERVILLE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(per \$100 of assessed value)

LAST TEN FISCAL YEARS

Fiscal Year	County	School Districts		Total
2001-02	1.0000	0.0724		1.0724
2002-03	1.0000	0.0751		1.0751
2003-04	1.0000	0.1005		1.1005
2004-05	1.0000	0.1829		1.1829
2005-06	1.0000	0.0925		1.0925
2006-07	1.0000	0.0782		1.0782
2007-08	1.0000	0.0809		1.0809
2008-09	1.0000	0.0776		1.0776
2009-10	1.0000	0.0819		1.0819
2010-11	1.0000	0.0852		1.0852

Note:

In 1978, a State constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the county and shared with all other jurisdictions.

All other jurisdictions and the county can levy a tax rate for voter-approved debt.

Source: County of Tulare Office of the Auditor-Controller.

**CITY OF PORTERVILLE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

	2010-11			2001-02		
	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank
	Wal-Mart Realty Company	\$ 68,146,635	1	3.04%	\$ 62,279,328	1
	Del Mesa Farms	45,555,314	2	2.04%	-	-
	Lowes HIW Inc	21,405,938	3	0.96%	-	-
	Target Corporation	18,083,071	4	0.81%	5,843,595	5
	Ennis Commercial Properties LLC	14,231,422	5	0.64%	-	-
	Royalty Carpet Mills Inc	13,894,190	6	0.62%	12,207,173	3
	Beckman Coulter Inc	12,513,409	7	0.56%	4,878,530	8
	Vallarta Properties LLC	12,491,840	8	0.56%	-	-
	Porterville Investments 2005 LP	11,539,754	9	0.52%	-	-
	Cherry Keith (SCSR)	10,735,408	10	0.48%	-	-
	Standard Register	-	-	-	15,850,170	2
	Foster Farms	-	-	-	5,852,550	4
	Save Mart - West	-	-	-	5,118,500	6
	Mervyns	-	-	-	4,999,565	7
	Sierra Valley Rehab	-	-	-	4,137,671	9
	Porterville Inn - Best Western	-	-	-	3,903,566	10
	Subtotal	228,596,981		10.21%	125,070,648	
	Total taxable assessed value of other taxpayers	2,009,949,622		89.79%	1,108,484,304	
	Total taxable assessed value	\$ 2,238,546,603		100.00%	\$ 1,233,554,952	

Source: County of Tulare Office of the Tax Assessor.

CITY OF PORTERVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections (2)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2001-02	\$ 1,332,261	\$ 1,410,480	105.87%	-	\$ 1,410,480	105.87%
2002-03	1,403,744	1,421,400	101.26%	-	1,421,400	101.26%
2003-04	1,495,207	1,421,400	95.06%	-	1,421,400	95.06%
2004-05	1,249,442	1,371,510	109.77%	-	1,371,510	109.77%
2005-06	1,371,249	1,587,930	115.80%	-	1,587,930	115.80%
2006-07	1,874,107	2,171,037	115.84%	-	2,171,037	115.84%
2007-08	2,210,265	2,540,525	114.94%	-	2,540,525	114.94%
2008-09	2,329,135	2,554,198	109.66%	-	2,554,198	109.66%
2009-10	2,152,758	2,254,048	104.71%	-	2,254,048	104.71%
2010-11	2,150,937	2,146,926	99.81%	23,012	2,169,938	100.88%

Sources:

- (1) County of Tulare Office of the Auditor-Controller.
- (2) City of Porterville Department of Finance.

**CITY OF PORTERVILLE
SEWER OPERATIONS REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Sewer Service Charges	Lab Service Charges	Reclamation Operation	Connection Fees	Other	Total
2001-02	\$ 3,994,226	\$ 213,180	\$ -	\$ 653,602	\$ 67,891	\$ 4,928,899
2002-03	4,060,131	307,262	23,489	1,005,040	63,281	5,459,203
2003-04	4,639,986	344,145	196,880	746,201	83,204	6,010,416
2004-05	5,113,336	303,835	251,671	948,549	83,400	6,700,791
2005-06	5,602,053	310,594	316,500	956,991	81,888	7,268,026
2006-07	5,510,041	331,909	307,896	930,935	85,382	7,166,163
2007-08	5,955,869	338,697	530,248	648,746	110,412	7,583,972
2008-09	5,394,799	311,697	311,758	445,630	89,896	6,553,780
2009-10	6,013,311	309,356	114,156	455,457	150,307	7,042,587
2010-11	5,961,692	354,055	-	461,041	186,916	6,963,704

CITY OF PORTERVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Governmental activities:										
Notes	\$ 1,578	1,550	\$ 5,898	\$ 5,869	\$ 5,729	\$ 3,885	\$ 3,737	\$ 3,779	\$ 3,611	\$ 3,232
Revenue bonds	6,100	5,875	5,695	5,510	5,320	5,120	4,505	8,210	8,105	8,000
Certificates of Participation	24,285	23,700	23,490	22,865	25,620	24,645	24,035	23,395	22,725	22,035
Business-type activities:										
Notes	-	-	-	5,356	5,474	5,343	5,208	5,069	13,181	13,032
Revenue bonds	441	324	200	69	-	-	-	-	-	19,870
Certificates of Participation:	28,070	27,210	26,300	25,340	24,330	23,260	22,130	20,935	19,675	8,870
Capital lease	-	288	271	266	262	253	244	233	-	-
Total primary government	\$ 60,474	\$ 58,947	\$ 61,854	\$ 65,275	\$ 66,735	\$ 62,506	\$ 59,859	\$ 61,621	\$ 67,297	\$ 75,039
Percentage of personal income (1)	N/A	N/A	N/A	N/A	N/A	N/A	7.90%	7.52%	7.38%	8.15%
Per capita (1)	1,475	1,405	1,433	1,467	1,313	1,214	1,154	1,184	1,271	1,385

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF PORTERVILLE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
GENERAL OBLIGATION BONDS
As of June 30, 2011

	Jurisdiction	Net General		Percentage Applicable To City	Amount Applicable To City
		Bonded Debt Outstanding	Obligation		
Direct:					
	City of Porterville	\$	--	100.00%	\$ --
Overlapping:					
	None	\$	--	--	\$ --

(1) Currently, the City of Porterville does not have any direct or overlapping debt obligations.

Source: County of Tulare Office of Auditor-Controller

CITY OF PORTERVILLE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Debt limit	\$ 198,659	\$ 207,214	\$ 218,006	\$ 231,236	\$ 249,077	\$ 283,033	\$ 336,923	\$ 356,251	\$ 342,910	\$ 341,718
Total net debt applicable to limit (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 198,659	\$ 207,214	\$ 218,006	\$ 231,236	\$ 249,077	\$ 283,033	\$ 336,923	\$ 356,251	\$ 342,910	\$ 341,718
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal debt margin calculation for fiscal year 2010-11

Net assessed value of all taxable property	\$ 2,238,546,603
Add back exempt property	39,574,645
Total assessed value of taxable property	\$ 2,278,121,248
Debt limit (15% of total assessed value)	\$ 341,718
Debt applicable to limit	-
Legal debt margin	\$ 341,718

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

(1) The City of Porterville does not have any general obligation debt.

CITY OF PORTERVILLE
PLEDGED-REVENUE COVERAGE - BONDS AND LOANS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Total Revenue (1)	Less:		Net Available Revenue	Debt Service		Coverage ratio (4)
		Operating Expense (2)			Principal	Interest (3)	
1994 Water revenue bonds							
2001-02	\$ 4,983	\$ 3,494	\$ 1,489	\$ 110	\$ 31	\$ 141	10.56
2002-03	5,404	3,739	1,665	116	25	141	11.81
2003-04	5,194	3,828	1,366	124	17	141	9.69
2004-05	5,126	3,584	1,542	131	10	141	10.94
2005-06	5,095	3,830	1,265	69	2	71	17.82
2006-07	Bonds paid in full						
2007-08	Bonds paid in full						
2008-09	Bonds paid in full						
2009-10	Bonds paid in full						
2010-11	Bonds paid in full						
2011 Sewer revenue bonds							
2010-11	\$ 7,190	\$ 4,959	\$ 2,231	\$ -	\$ 155	\$ 155	14.39
2004 California Infrastructure and Economic Development loan (CIEDB) - Sewer							
2004-05	\$ 7,118	\$ 5,200	\$ 1,918	\$ -	\$ 103	\$ 103	18.62
2005-06	7,705	5,320	2,385	-	176	176	13.55
2006-07	7,981	5,982	1,999	125	176	301	6.64
2007-08	8,199	5,874	2,325	129	172	301	7.72
2008-09	7,144	6,153	991	133	167	300	3.30
2009-10	7,446	5,493	1,953	137	162	299	6.53
2010-11	7,190	4,959	2,231	141	158	299	7.46
2009 California Infrastructure and Economic Development loan (CIEDB) - Water							
2009-10	\$ 5,024	\$ 4,357	\$ 667	\$ -	\$ 151	\$ 151	4.42
2010-11	5,119	4,081	1,038	-	280	280	3.71
2010 California Infrastructure and Economic Development loan (CIEDB) - Water							
2010-11	\$ 5,119	\$ 4,081	\$ 1,038	\$ -	\$ 46	\$ 46	22.57

Notes:

- (1) Total revenue includes investment earnings, capital contributions and transfers.
- (2) Operating expenses include debt service due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
- (3) For CIEDB only, interest equals the amount of interest due for the current period plus the annual fee.
- (4) Revenue bond/loan covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.

CITY OF PORTERVILLE
PLEDGED-REVENUE COVERAGE - CERTIFICATES OF PARTICIPATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Total Revenue	Less:		Net Available Revenue	Debt Service		Coverage ratio (3)
		Operating Expense (2)			Principal	Interest	
Water system improvement project - issued 2002							
2001-02	\$ 4,983	\$ 2,946	\$ 2,037	\$ 235	\$ 454	\$ 689	2.96
2002-03	5,404	3,190	2,214	250	440	690	3.21
2003-04	5,194	3,278	1,916	265	426	691	2.77
2004-05	5,126	3,031	2,095	285	409	694	3.02
2005-06	5,095	3,214	1,881	295	392	687	2.74
2006-07	5,618	3,526	2,092	315	373	688	3.04
2007-08	5,607	3,491	2,116	335	352	687	3.08
2008-09	4,624	3,552	1,072	360	330	690	1.55
2009-10	5,024	3,821	1,203	380	307	687	1.75
2010-11	5,119	4,081	1,038	405	282	687	1.51
Wastewater Treatment Plant improvement project - issued 1997							
2001-02	\$ 5,259	\$ 3,723	\$ 1,536	\$ 330	\$ 684	\$ 1,014	1.51
2002-03	6,147	3,868	2,279	345	669	1,014	2.25
2003-04	6,162	4,199	1,963	360	653	1,013	1.94
2004-05	7,118	3,732	3,386	380	637	1,017	3.33
2005-06	7,705	4,482	3,223	395	619	1,014	3.18
2006-07	7,981	5,269	2,712	415	599	1,014	2.67
2007-08	8,199	5,161	3,038	435	579	1,014	3.00
2008-09	7,144	5,445	1,699	450	558	1,008	1.69
2009-10	7,446	4,782	2,664	475	535	1,010	2.64
2010-11	7,190	4,959	2,231	500	460	960	2.32
Sewer system improvement project - issued 2002							
2001-02	\$ 5,259	\$ 4,001	\$ 1,258	\$ 250	\$ 486	\$ 736	1.71
2002-03	6,147	4,145	2,002	265	472	737	2.72
2003-04	6,162	4,476	1,686	280	456	736	2.29
2004-05	7,118	4,010	3,108	300	439	739	4.21
2005-06	7,705	4,756	2,949	320	420	740	3.99
2006-07	7,981	5,544	2,437	340	399	739	3.30
2007-08	8,199	5,438	2,761	360	377	737	3.75
2008-09	7,144	5,714	1,430	385	354	739	1.94
2009-10	7,446	5,058	2,388	405	329	734	3.25
2010-11	7,190	4,959	2,231	430	303	733	3.04

Notes:

- (1) Total revenue includes investment earnings, capital contributions and transfers.
- (2) Operating expenses include debt service due on obligations existing at the time of issuance of the certificates, and exclude depreciation and amortization.
- (3) Certificate of participation covenants state that fees must be collected so as to yield "net revenues" (total revenues less operating expenses) equal to at least 1.25 times annual debt service.

**CITY OF PORTERVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2001-02	41,009	N/A	\$ -	N/A	N/A	14,846	10.4%
2002-03	41,945	N/A	\$ -	N/A	N/A	15,144	10.8%
2003-04	43,150	N/A	\$ 41,693	N/A	N/A	15,444	11.0%
2004-05	44,496	N/A	\$ -	N/A	N/A	16,325	8.3%
2005-06	50,840	N/A	\$ -	N/A	N/A	16,752	7.6%
2006-07	51,467	N/A	\$ -	N/A	N/A	17,214	7.8%
2007-08	51,863	\$ 757,251,663	\$ 14,601	28.7	65.9% High school graduate or higher	17,399	9.0%
2008-09	52,056	\$ 818,997,048	\$ 15,733	28.1	67.6% High school graduate or higher	17,550	13.5%
2009-10	52,960	\$ 911,706,400	\$ 17,215	28.6	61.7% High school graduate or higher	17,112	14.4%
2010-11	54,165	\$ 920,209,185	\$ 16,989	28.8	67.9% High school graduate or higher	18,130	14.3%

Sources:

- (1) U.S. Census Bureau "American Community Survey", at www.factfinder2.census.gov
- (2) California Department of Education "District Enrollment by Grade" at <http://dgs.cde.ca.gov/dataquest>
- (3) State of California Employment Development Department "Unemployment Rates and Labor Force", at www.labormarketinfo.edd.ca.gov

**CITY OF PORTERVILLE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2010-11			2001-02		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville State Developmental Center	1,560	1	7.09%	2,228	1	1.16%
Porterville Public Schools	1,475	2	6.70%	1,058	3	0.55%
Wal-Mart Distribution Center/Retail Store	1,359	3	6.18%	1,725	2	0.90%
Sierra View District Hospital	888	4	4.04%	700	4	0.36%
Eagle Mountain Casino	512	5	2.33%	-		0.00%
City of Porterville	504	6	2.29%	276	9	0.14%
Foster Farms	450	7	2.05%	-		0.00%
Burton School District	436	8	1.98%	246	10	0.13%
U.S. Forest Service - Sequoia National Forest	371	9	1.69%	480	5	0.25%
Beckman Coulter, Inc	212	10	0.00%	277	8	0.14%
Porterville College	-		0.00%	326	6	0.17%
Royalty Carpet	-		0.00%	286	7	0.15%
Total	6,207		27.25%	5,374		2.80%
City labor force	22,000			192,000		

Source: City of Porterville Community Development Department
California Employment Development Department "Unemployment Rates and Labor Force," at www.labormarketinfo.edd.ca.gov

CITY OF PORTERVILLE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
General government	25	24	22	17	25	24	23	24	26	24
Public safety:										
Fire										
Sworn	28	27	28	27	35	35	35	35	35	34
Unsworn	1	1	1	1	1	2	3	3	2	2
Police										
Sworn	39	41	43	49	47	58	54	59	55	60
Unsworn	22	23	22	18	21	21	24	25	25	27
Public works:										
Engineering and building	14	14	14	14	15	17	16	16	17	18
Streets maintenance	6	7	5	3	5	7	5	6	6	6
Community development:										
Planning and zoning	7	7	7	7	9	10	10	10	9	8
Economic development	2	1	2	2	2	2	2	2	2	2
Housing	2	2	2	2	2	2	2	2	2	2
Parks and Leisure Services:										
Parks	17	19	18	18	18	20	21	20	20	20
Leisure Services	5	6	4	5	5	5	5	5	5	5
Library	8	9	8	7	7	10	10	10	9	10
Sewer operations	16	16	19	16	18	17	14	13	14	16
Solid waste	16	16	20	19	20	22	22	22	21	20
Airport operations	2	2	2	1	1	1	1	1	1	1
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	18	18	18	18	13	12	14	13	11	12
Equipment maintenance	8	9	8	8	8	6	6	6	6	6
Total	238	244	245	234	254	273	269	274	268	275

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

FUNCTION	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Police										
Crimes (1):										
Homicide	2	-	6	2	5	8	7	2	5	1
Rape	8	14	10	18	23	14	9	9	10	11
Robbery	46	37	72	48	47	76	73	60	60	65
Assaults	477	502	576	605	606	656	582	551	575	606
Burglary	388	377	549	506	533	522	497	351	386	482
Theft	1,193	1,021	1,206	1,351	1,514	1,496	1,422	1,024	1,091	1,242
Stolen vehicles	251	305	427	430	484	356	357	262	223	267
Traffic accidents:										
Non-injury	435	533	495	348	423	347	415	349	310	368
Injury	219	228	225	188	195	165	188	187	207	194
Fatal	2	2	2	-	-	3	2	6	5	3
Calls for service	21,968	23,730	26,503	28,143	68,203	76,648	25,941	28,792	30,094	30,753
Officer-initiated activity	17,000	16,955	19,383	23,990	23,342	28,644	27,171	31,303	38,970	37,161
Reports	7,958	8,782	9,201	9,783	9,782	10,999	11,117	9,579	9,503	9,474
Arrests:										
Felony	1,160	1,284	1,327	1,635	1,503	1,716	1,596	1,624	1,506	1,421
Misdemeanor	2,013	2,029	2,165	2,285	1,959	2,420	2,905	2,690	2,527	2,296
Mover citations	1,047	1,150	1,715	1,643	1,490	1,504	2,482	2,387	2,313	2,551
Non-mover and other citations	1,783	1,553	1,688	1,610	1,679	2,982	4,164	2,927	2,369	2,314
Fire										
Emergency responses:										
Fires	340	348	458	434	519	540	555	473	375	413
Medical	1,323	1,449	1,725	1,775	2,153	2,615	3,003	3,040	2,848	2,922
Hazardous materials	1	1	1	-	-	-	-	-	-	-
Other	831	800	950	1,125	1,143	1,061	959	863	881	854
Inspections	2,023	976	2,071	840	692	645	1,040	865	1,123	1,255
Hazard abatement	54	13	145	33	270	204	126	1,424	1,395	998
Violations noticed/citations issued	55	12	7	3	5	44	130	244	235	583
Public education - presentations and tours	110	61	132	89	81	123	145	138	179	238
Investigations	N/A	N/A	N/A	N/A	299	347	267	212	158	155

FUNCTION	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Public works:										
Building permits issued	381	359	398	374	381	607	474	364	293	230
Streets:										
Street resurfacing (square feet)	N/A	N/A	1,743	9,561	20,592	369,600	350,286	114,000	1,000,071	1,211,969
Potholes repaired (square feet)	N/A	N/A	5,488	2,326	2,438	2,447	10,358	21,000	17,000	14,153
Solid waste:										
Refuse collected (tons/day)	N/A	N/A	87	88	91	118	115	109	111	123
Recyclables collected (tons/day)	N/A	N/A	26	27	30	39	42	37	38	47
Water:										
Number of consumers	13,356	14,023	14,147	14,690	14,680	14,562	14,486	14,673	14,694	14,843
Water introduced into system (millions of gallons)	4,151	4,017	4,166	4,132	4,025	4,468	4,484	4,271	4,042	3,970
Metered water deliveries (millions of gallons)	3,984	3,755	3,754	3,630	3,668	3,900	3,931	4,201	3,456	3,529
New water connections	N/A	N/A	105	109	290	276	193	178	97	156
Water mains breaks	N/A	N/A	N/A	10	10	7	6	6	11	11
Wastewater:										
Average daily sewage treatment (millions of gallons)	N/A	N/A	N/A	4.7	4.7	4.8	4.8	4.8	4.6	4.8
Parks and leisure services:										
Athletic field permits issued	N/A	N/A	N/A	29	N/A	129	114	84	63	64
Facility rentals										
Community rooms/centers	N/A	N/A	N/A	410	N/A	85	34	14	14	29
Municipal swimming pool	N/A	N/A	N/A	35	N/A	65	43	40	32	43
Park pavilions	N/A	N/A	N/A	583	N/A	626	441	392	481	489
Zalud Estate house and gardens	N/A	N/A	N/A	8	N/A	5	1	1	5	6
Recreation program enrollment:										
Recreation afterschool program (RAP)	N/A	N/A	N/A	2,542	2,579	2,620	2,235	1,926	1,579	1,739
Sports activities	N/A	N/A	N/A	1,085	1,123	1,265	1,395	1,617	1,483	1,813
Summer/winter camp	N/A	N/A	N/A	100	157	157	425	552	211	240
Kindergarten/pre-school classes	N/A	N/A	N/A	39	145	600	608	324	420	297

Sources: Various city departments

Note: (1) These are the seven primary categories of crime, uniformly reported to the FBI and the State of California; they are used as indicators nationwide of the crime rate for the state, county and local jurisdictions.

CITY OF PORTERVILLE
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	N/A	N/A	N/A	10	38	52	61	66	70	76
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Hydrants	1,475	1,482	1,492	1,533	1,584	1,619	1,694	1,735	1,829	1,840
Public works:										
Streets, lights, signals										
Miles	164	168	171	171	187	190	193	193	196	196
Streetlights	N/A	N/A	N/A	N/A	N/A	163	3,114	3,232	3,333	3,336
Traffic signals	N/A	N/A	N/A	N/A	N/A	43	48	48	49	49
Sewers (miles)	161	163	165	165	167	170	170	170	170	171
Water mains (miles)	168	170	174	174	178	187	210	210	210	212
Storm drains (miles)	N/A	N/A	N/A	N/A	N/A	52	52	52	52	52
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	306	306	306	306	306
Parks	24	24	24	24	24	24	24	24	24	24
Community centers	2	2	2	2	2	2	2	2	1	1
Library volumes/circulations	262,845	259,008	246,676	246,487	231,803	228,203	255,025	271,337	271,161	294,212

Sources: Various city departments
N/A = NOT AVAILABLE



City of Porterville, California

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