

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

# **CITY OF PORTERVILLE, CALIFORNIA**

PREPARED BY THE DEPARTMENT OF FINANCE

MARIA BEMIS

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**CITY OF PORTERVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2018**

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## Introductory Section



Maria Bemis  
Finance Director  
(559) 782-7435



291 North Main Street  
Porterville, CA 93257

December 31, 2018

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, 2018, 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.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the City of Porterville's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements 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 midway between San Francisco and Los Angeles, an hour from Fresno and Bakersfield. It is situated 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 18.73 square miles and serves a population of 60,798. Porterville is empowered to levy property taxes within its boundaries in accordance with Article XIII A of the California Constitution (Proposition 13). It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City 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, including general administration, human resources, treasury, finance and accounting; risk management; police and fire protection; public works (engineering, building inspection, streets, roads and other infrastructure construction and maintenance); planning, zoning, and economic and community development; and parks and trailways maintenance, community services (including a sports complex, a skate park, an off-highway vehicle park, and a youth center), library, and senior, adult and youth recreational activities. It also administers low-income housing programs and manages landscape maintenance districts. 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). Each department head is responsible for monitoring departmental expenditures. Department heads may make transfers of appropriations within a department. The City Manager is authorized to transfer budgeted amounts between departments.

### ***Local economy***

The City of Porterville's economy is a thriving mixture of agri-business, light industry and commercial enterprise. Local businesses produce a variety of products such as electronic medical instruments, printed forms and specialty documents, food products, 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 local economy has shown minor improvements for the past few years. For the current year, assessed property values increased 6.3 percent and taxable sales increased 2.3 percent. After several years of declining utility users taxes, 2018 showed a resurgence of almost 3.7 percent in UUT revenues. Franchise taxes ended the year with an increase of 3.7 percent. The City's unemployment rate rose from 11.2 percent a year ago to 12.1 percent in 2018. With the sustained development activities within the City, it is anticipated that retail sales will show improvement in the next year and maybe halt the decline of the unemployment rate.

Retail recruitment remains a high priority for the City. A new grocery store, Aldi, just recently held their grand opening. Construction on phase 1 of Porter's Crossing has begun with several tenants including Chipotle Mexican Grill, The Habit Burger Grill, Blaze Pizza, and Togo's slated to open in 2019. The developers are also working with several potential tenants for phase II.

Greenpower Motor Company, a manufacturer of electric transit and school buses recently announced its plans to triple its production capabilities. It has leased a 50,000 square foot facility in the City as a manufacturing and assembly center. Plans have been submitted for the construction of a 144,000 square foot manufacturing facility on a 9.3 acre property it owns at the Porterville Airport Industrial Complex. It is estimated that the development will create over 576 jobs and have a net benefit of over \$3.4 million to the community over the first ten years of its operation. This project is also attracting companies within Greenpower's supply chain to evaluate the establishment of supporting facilities in Porterville.

Building permits for the new Walmart SuperCenter is currently under review. Store opening is anticipated in November of 2019. The project is expected to attract significant interests from developers and to greatly impact downtown revitalization with approximately 300 new jobs plus increased sales tax revenues for the City.

Family Healthcare Network is moving into downtown and interior remodeling of the new location has begun. There are three single-family residential developments within the City that are currently in the construction phase with a total of 292 lots.

Construction of the new South County Detention Facility located just north of the Porterville municipal airport has been completed. The 510-bed facility is anticipated to begin receiving inmates in the summer of 2019. The facility was built with a \$60 million grant from the California Corrections Standard Authority and includes transitional housing for medical/mental health inmates, a full-service kitchen, bakery, and classrooms. It is expected to create over 100 new employment opportunities.

In December of 2018, Cornerstone Main Partners, L.P. purchased the former Porterville Hotel site in the downtown district. The development project will consist of a three-story mixed-use building with almost 50,000 square feet of space. Plans include professional offices of the district attorney and public defender on the second and third floors and retail on the ground floor. Construction is estimated to begin in March 2019 with opening in early 2020.

The proposed relocation of the Eagle Mountain Casino by the Tule River Tribe on property the Tribe owns located within the City of Porterville is moving forward. The draft environmental impact statement is currently under review by the Bureau of Indian Affairs with the anticipated approval in the spring of 2019. The Tribe is proposing to construct a \$180 million multi-story casino and resort on their 40-acre property west of the Porterville Municipal Airport. The project consists of a 105,000 square foot casino, a 250-room hotel, food and beverage facilities plus a 29,000 square foot convention center, a multipurpose event space, a banquet hall, meeting space, administrative space, parking structure, and water reclamation infrastructure. The project will create hundreds of temporary jobs during construction and following the construction, it is estimated to employ nearly 1,000 employees to run the casino and resort.

### ***Long-term financial planning and major initiatives***

Unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) in the general fund at year end was \$19,459,639. In accordance with general fund reserve policy, \$4,192,895 or 15 percent of appropriation resides in the budget stabilization reserve. Another \$2,795,264 is set aside for catastrophic and emergency reserve. At the end of the current fiscal year, the City was able to set aside \$3,121,749 for facility, capital and infrastructure construction, deferred maintenance and improvements.

In November 2018, the City refunded its Sewer Revenue Bonds, 2011 Series A, through an installment sale agreement on a private placement basis assigned to Banner Bank. The new principal amount under the agreement is \$19,283,000 with an initial taxable interest rate of 4.48 percent per annum until October 2021 and converting into a tax-exempt interest rate of 3.47 percent per annum to final maturity in October 2036. Total debt service savings from the refunding is calculated to be over \$4.8 million.

In the November 6, 2018 election, Porterville voters approved Measure I for an additional one-cent transactions and use tax that would provide local funds for public safety and essential city services including rapid emergency response times, property crime prevention, pothole repairs and street maintenance, school safety, after-school and library programs, and addressing homelessness. It is estimated to provide over \$6 million annually in additional revenue.

The required employer pension contributions due to the California Public Employees' Retirement System (CalPERS) continue to grow. For the miscellaneous plan, the City's contribution rate is projected to rise from 35.2 percent in fiscal year 2019-2020 to 40.9 percent in fiscal year 2024-2025. For the safety plan, the employer contribution rate is estimated to increase from 40.3 percent in fiscal year 2018-2019 to 51.1 percent in fiscal year 2024-2025. The City anticipates making additional pension contributions of about \$2.8 million in the next 6 fiscal years.

Another major concern for the City is the sustainability of its self-funded health plan. The City has implemented cost-saving modifications to the healthcare benefits in fiscal year 2014-2015. Increases in contributions to the fund from the City, the employees as well as retirees were also adopted. Beginning in January of 2016, the City further supplemented the health plan by increasing its contributions to the fund with almost a million dollars per year. These measures resulted in a more positive outlook for the plan but the City will continue to closely monitor the plan and take the necessary steps to keep it funded for the benefit of its employees.

New water rates became effective on July 1, 2018. Another 2.3 percent water rate hike was implemented as approved by Resolution Number 47-2016 on July 19, 2016. The resolution includes two more years of rate increases: 2.3 percent beginning on July 1, 2019 and 2.3 percent beginning on July 1, 2020. Revenue raised from this new rates will not only ensure the continued operation of the system to provide clean, safe and reliable potable water but it would also help meet the debt service coverage ratio required by loan covenants. In addition, the increased revenue will provide for timely maintenance and upgrade of the City's aging water infrastructure and the implementation of the State of California's Sustainable Groundwater Management Act (SGMA) program which includes the construction of monitoring wells, construction of storm drain percolation ponds for groundwater recharge, an annual pipe replacement program, and surface water purchases. An annual appropriation of about \$2 million a year is scheduled in the next 10 years for water capacity enhancement, construction of turnout structures and stormwater capture and recharge. Several water main replacements have been scheduled in the near future plus electrical upgrades to water facilities, the coating and repair of one of the water reservoirs and construction of 2 new wells. A program for the downtown pipe replacement and the implementation of a new water meter radio read are being developed.

The East Porterville water supply project has been completed. Over 750 households have been connected to the City's water system. Phase II of the East Porterville project involving improvements to the water infrastructure is currently in progress. The project includes the drilling and construction of 2 wells, a 1.5 mg water reservoir and booster pump to be funded by over \$7.6 million in grants from the State Water Resources Control Board (SWRCB). In partnership with SWRCB, another \$10 million is slated for the disadvantaged community water consolidation



project. In fiscal year 2018-2019, the household tanks removal project will begin. The project consists of the installation of water mains within City limits where household tanks were installed during the severe drought allowing property owners to connect to the City's water system. Funding for this project is provided by a \$2.8 million grant from the State Department of Water Resources.

As part of the budgeting process, the City annually reviews its 10-year capital improvement strategies. Several major projects are currently in different stages of development. Construction on the Jaye Street Bridge was completed in the fall of 2018. The new bridge accommodates four lanes of traffic and provide for a better access to the Riverwalk Marketplace where the new Walmart Supercenter and other smaller retail uses are anticipated to be developed in the very near future.

The City has taken possession of 5 zero-emission electric buses and is expecting delivery of another 5 in the next few months. The full cost of the buses is reimbursed by a grant from the California Air Resources Board. To complement the new fleet of electric buses, the City is gearing towards the construction of zero-emission infrastructure in the City corporation yard, estimated to cost over \$2.5 million to be funded with grants from the Federal Transit Administration and the San Joaquin Valley Air Pollution Control District.

Several street reconstruction and rehabilitation projects are slated in the next two years as well as the construction of phase three of the Tule River Parkway project. The City is also scheduled to purchase another four CNG refuse trucks with partial funding from the Federal Highway Administration's Congestion Mitigation and Air Quality Improvement Program.

The design of the animal shelter facility is currently in progress. In June of 2017, the City purchased a 9,677 square-foot building that will house a new animal shelter. Construction is projected to start in the fall of 2019 with an anticipated opening date in 2020. Cost of construction is estimated to be around \$1.5 million.

An amendment to the County's Measure R expenditure plan was approved last year which includes a request from the City of Porterville to move \$20 million originally set-aside for the North Grand Avenue and State Route Highway 65 interchange project to a bike and pedestrian project fund, as the interchange is not warranted at this time.

By December of 2018, the final phase of the construction of new sewer system facilities and improvements in annexed areas of the City is nearly complete. This is part of the \$7 million project funded by the issuance of the 2011 Sewer Revenue bonds to extend sewer services to various scattered areas in the City lacking in sewer facilities. In the near future, the City will be appraising other areas within the City that are lacking sewer facilities and formulate a plan to construct the infrastructure to connect the residences into the City's sewer system.

### ***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, 2017. This was the twenty-eighth 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 program requirements.

A Certificate of Achievement for Excellence in Financial Reporting 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 also like to express my appreciation to all the departments for their assistance in providing the necessary data to complete this report. Credit also must be given to the Mayor and the City Council, as well as the City Manager for their interest and support for maintaining the highest standards of professionalism in the management of the City of Porterville finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Maria Bemis". The signature is fluid and cursive, with the first name "Maria" and last name "Bemis" clearly distinguishable.

Maria Bemis  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

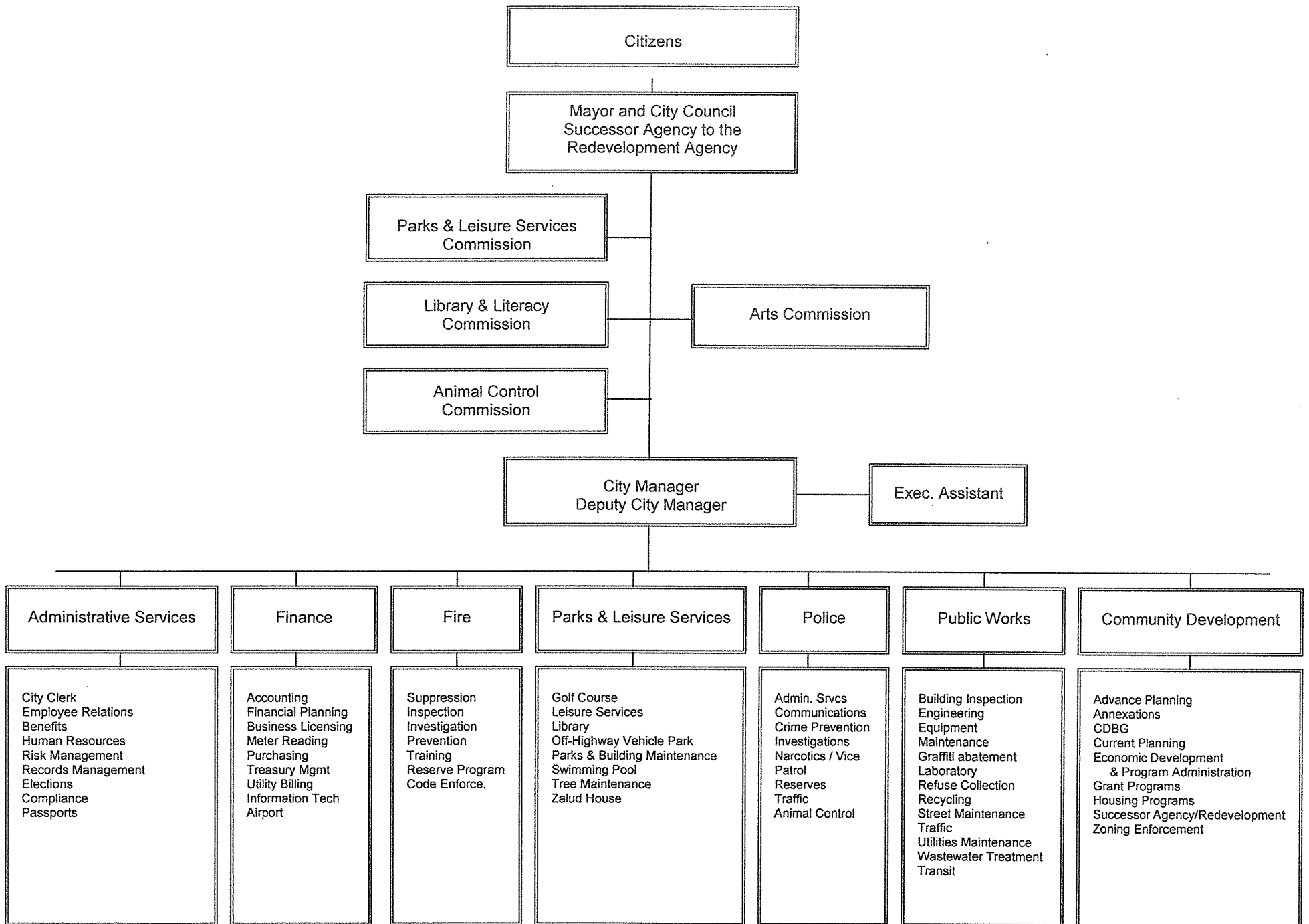
**City of Porterville  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



**CITY OF PORTERVILLE**  
**CITY OFFICIALS - COMMISSIONS, BOARDS, AND COMMITTEES**  
**As of June 30, 2018**

<b><u>City Council and Successor Agency to the Redevelopment Agency Board</u></b>		<b><u>Term Expires</u></b>
Milt Stowe	Mayor and Chairperson	Nov 2018
Brian Ward	Vice Mayor and Vice-Chairperson	Nov 2020
Cameron Hamilton	Council Member and Agency Member	Nov 2018
Adrian Monte Reyes	Council Member and Agency Member	Nov 2020
Martha A. Flores	Council Member and Agency Member	Nov 2020

**City Manager and Department Directors**

John D. Lollis	City Manager/City Clerk
Mike Reed	Acting Public Works Director
Patrice Hildreth	Administrative Services Director
Jenni Byers	Community Development Director
Maria Bemis	Finance Director
David LaPere	Fire Chief
Donnie Moore	Parks and Leisure Services Director
Eric Kroutil	Police Chief

**Library & Literacy Commission**

Patience Christenson, Chairperson  
Edith LaVonne, Vice-Chairperson  
Allan Bailey, Member  
Esther Figueroa, Member  
Tamara Bishop-Mitchell, Member  
Catherine May, Member  
Jennifer Biagio, Member

**Parks and Leisure Services Commission**

Richard Rankin, Chairperson  
Rocco Calantone, Vice Chairperson  
Rachel Lucero, Member  
Carroll Land, Member  
Phillip Duncan, Member  
Diane Graybehl, Member  
Kieran Daly, Member  
Janet Uresti, Member

**Arts Commission**

Donna Serna, Chairperson  
Mariza Serrano, Vice Chair  
Dalia Gonzalez  
Nilsa Cubianscanas  
Kyree Perkins  
Emily Luna

**Animal Control Commission**

Daniel Penaloza, Chairperson  
Florenza Pizanis, Vice-Chairperson  
Jerry Hall, Member  
Valerie Simonich, Member  
*Vacant*

## Financial Section



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Porterville  
Porterville, California

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Implementation of New Accounting Standards***

As disclosed in Note 7 to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, during fiscal year 2018. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios and schedule of plan contributions, schedule of proportionate share of the net pension liability / (asset) and related ratios, schedule of change in total OPEB liability and related ratios, and budgetary comparison information 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.

#### ***Other Information***

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

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

Honorable Mayor and City Council  
City of Porterville

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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the City of Porterville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Porterville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Porterville's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Roseville, California  
December 28, 2018

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## 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, 2018. 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 - 6 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Porterville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$474,950,518 (*net position*). Of this amount, \$6,144,010 represents unrestricted net position, which may be used to meet Porterville's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,592,641 from prior year from current activities. Governmental activities' net position decreased by \$628,693 and business-type activities' net position increased by \$6,221,334.
- In fiscal year 2017-2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This resulted in reducing beginning net position by \$4,084,237 for governmental activities and \$2,240,958 for business-type activities.
- At June 30, 2018, the City of Porterville's governmental funds reported combined fund balances of \$44,247,442.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of *fund balance*) for the general fund was \$19,459,639, or approximately 75.6 percent of total general fund expenditures.

### 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 consist of 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 intended to furnish additional detail to support 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 position* presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 – police and fire, community 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 32 - 33 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 fourteen 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 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 statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 34 - 37 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, Solid Waste, and Transit 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 are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 38 – 40 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 City of Porterville maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held and administered by the City acting as the Successor Agency to the former redevelopment agency. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary fund financial statements can be found on pages 41 - 42 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 44 - 86 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 88 - 95 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 funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 96 - 121 of this report.

## Government-wide Financial Analysis

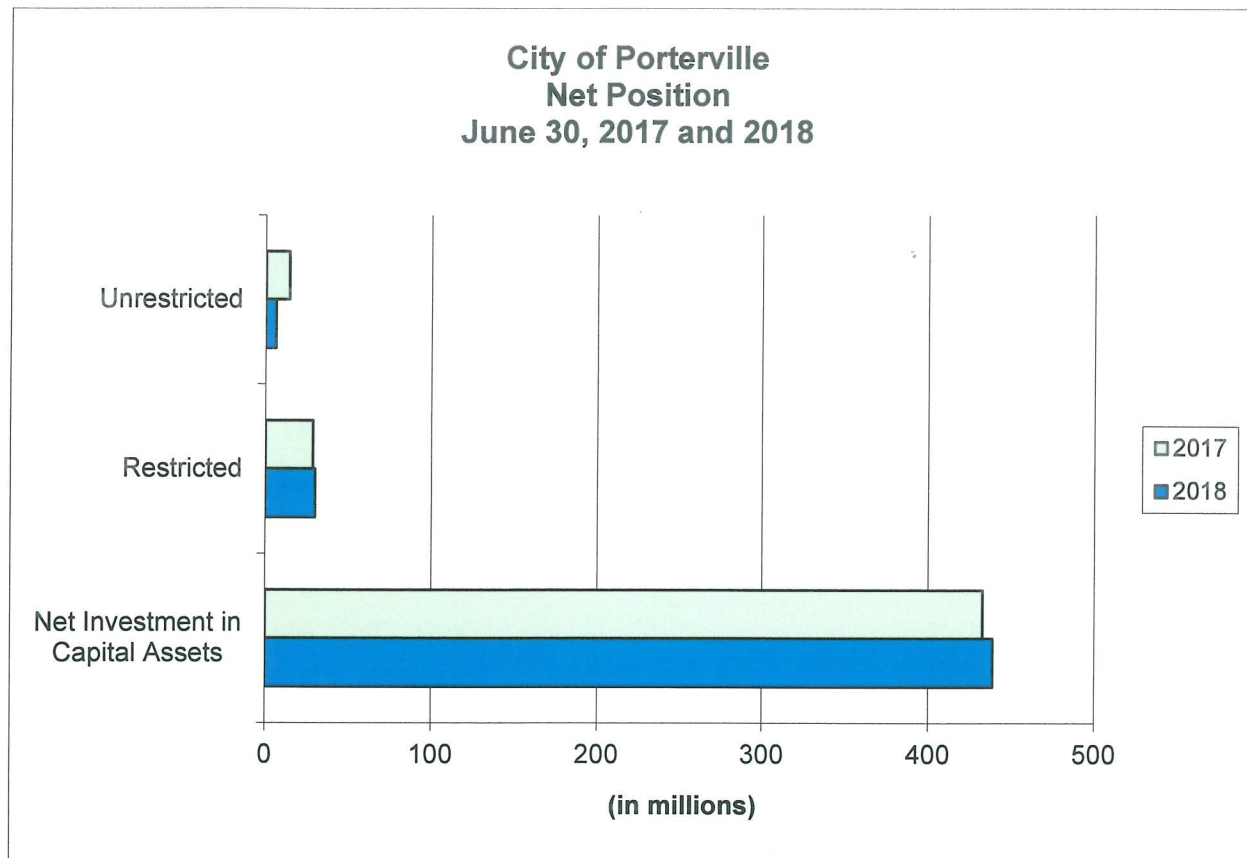
As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At June 30, 2018, the City of Porterville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$474,950,518.

By far, the largest portion of the City's net position, \$438,653,801 (92.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. Although the City of Porterville's investment in 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.

An additional portion of the City of Porterville's net position, \$30,152,707 (6.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,144,010 (1.3 percent) may be used to meet the City's ongoing obligations to its citizens and creditors.

At June 30, 2018, the City of Porterville is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	<b>City of Porterville's Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 52,692,651	\$ 53,267,438	\$ 44,429,413	\$ 39,369,949	\$ 97,122,064	\$ 92,637,387
Capital assets	406,627,227	403,825,647	82,528,053	81,814,176	489,155,280	485,639,823
Total assets	459,319,878	457,093,085	126,957,466	121,184,125	586,277,344	578,277,210
Deferred outflows of resources	12,998,975	12,682,620	2,908,554	3,664,475	15,907,529	16,347,095
Long-term liabilities outstanding	76,800,649	68,500,274	43,301,172	42,753,378	120,101,821	111,253,652
Other liabilities	2,723,359	3,240,203	2,228,507	1,841,389	4,951,866	5,081,592
Total liabilities	79,524,008	71,740,477	45,529,679	44,594,767	125,053,687	116,335,244
Deferred inflows of resources	1,850,634	2,378,087	330,034	227,902	2,180,668	2,605,989
Net position:						
Net investment in capital assets	384,473,760	380,683,320	54,180,041	51,992,577	438,653,801	432,675,897
Restricted	26,719,022	25,296,826	3,433,685	3,372,988	30,152,707	28,669,814
Unrestricted	(20,248,571)	(10,323,005)	26,392,581	24,660,366	6,144,010	14,337,361
Total net position	\$ 390,944,211	\$ 395,657,141	\$ 84,006,307	\$ 80,025,931	\$ 474,950,518	\$ 475,683,072



The City's total net position decreased by \$732,554 compared to the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

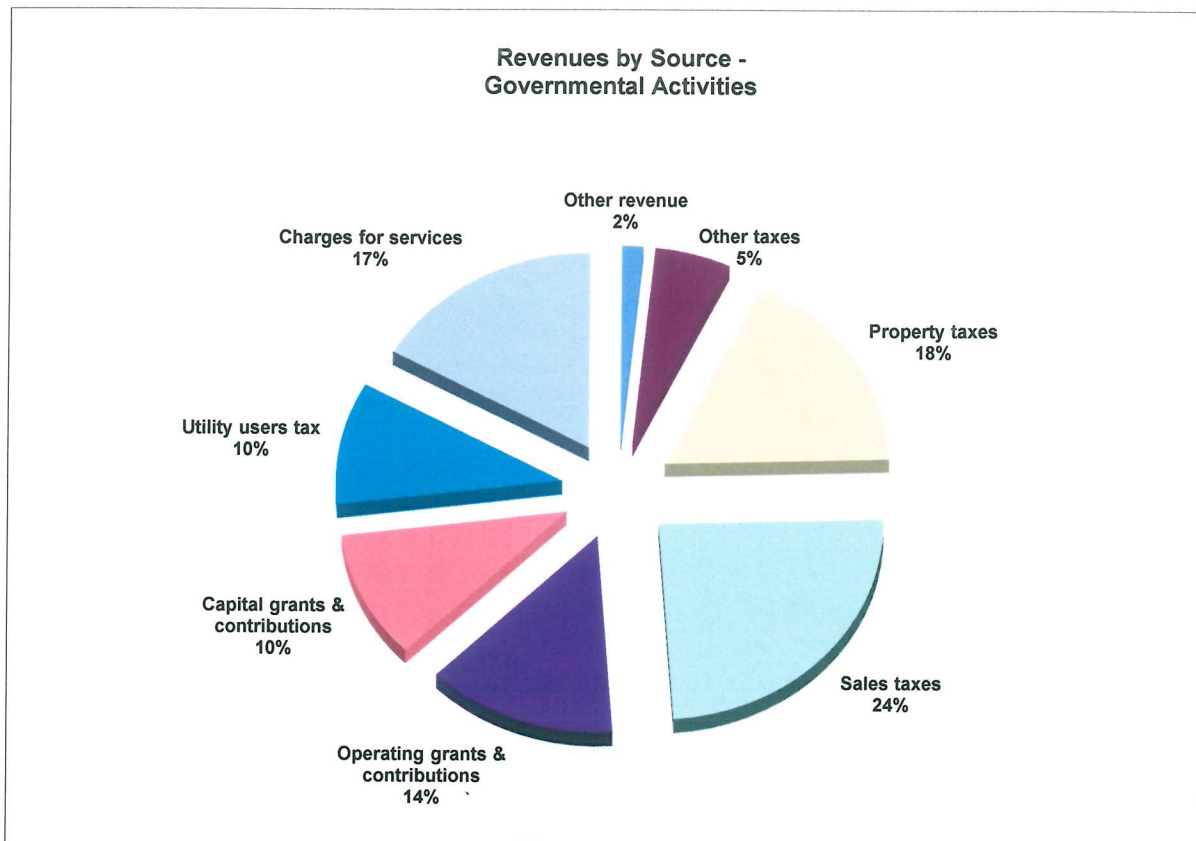
**Governmental activities.** During the current fiscal year, the City of Porterville's net position in governmental activities decreased by \$4,712,930 from the prior fiscal year for an ending balance of \$390,944,211. This is primarily due to the implementation of GASB Statement No. 75, regarding other postemployment employee benefits (OPEB). For the fiscal year ended June 30, 2018, adjustments were made to the beginning net position to reflect the net OPEB liability of the City and other OPEB-related items on the financial statements. The net result of these adjustments was a decrease of \$4,084,237 in the net position of governmental activities.

Total governmental revenues for the year of \$40,063,306 were only slightly lower than the prior year revenues of \$40,260,345. Charges for services are up \$642,213 from the prior year. All departments, except for the fire department, showed increases in service charges in the current year. In general government, interdepartmental service charges rose with another increase in water rates. In parks and recreation, the YES program expansion created additional revenues for the year. In the police department, the addition of a school resource officer generated more revenue and new developments within the City contributed to the increase in planning and engineering fees. Property taxes, as well as the other taxes (including sales, utility users, franchises, and transient occupancy taxes), ended the current fiscal year 3.2 percent higher than the prior fiscal year. These changes are a good indication of the continued improvement of the



local economy. Total grants and contributions decreased by \$1,009,998, or 9.4 percent. The decrease in total governmental revenues comes from the decline in other revenues of \$548,759. In the prior year, the City received \$137,130 in insurance recoveries and \$645,000 from the transfer of capital assets from the Successor Agency.

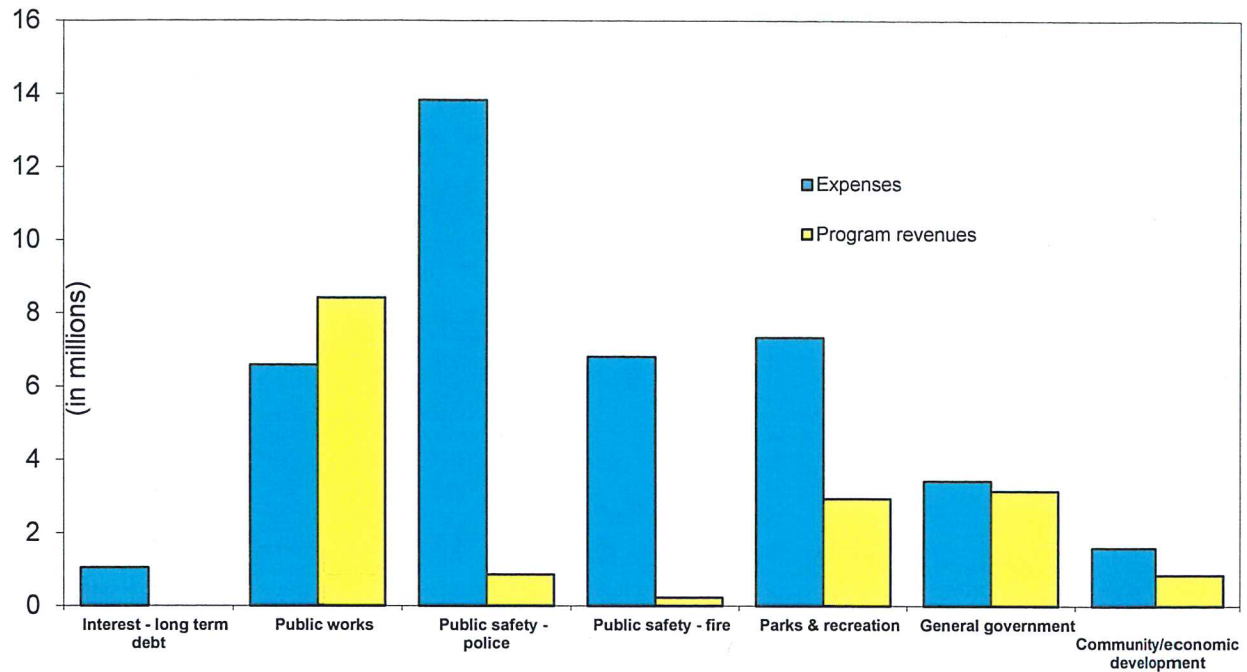
Total expenses in governmental activities for the year were \$40,596,807, which is an increase of \$10,197,765 from the prior fiscal year. The year-end adjustment to pension-related items for the fiscal year resulted in a net increase of \$4,759,060 to pension expense in governmental activities. Moreover, the adjustments to OPEB-related items produced a net increase of \$491,186 to OPEB expense. In addition to the pension and OPEB expenses, the City recognized one-time expenses of \$846,626 from writing-off outstanding loans between the City and the Successor Agency to the former Redevelopment Agency. The State of California Department of Finance had made a final and conclusive determination that those loans are not enforceable pursuant to Health and Safety Code section 34177.5.



### City of Porterville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 6,754,946	\$ 6,112,733	\$ 27,575,797	\$ 27,945,479	\$ 34,330,743	\$ 34,058,212
Operating grants and contributions	5,477,773	3,610,646	4,087,621	4,643,806	9,565,394	8,254,452
Capital grants and contributions	4,208,319	7,085,444	1,777,778	1,437,714	5,986,097	8,523,158
General revenues:						
Property taxes	7,041,157	6,629,521	--	--	7,041,157	6,629,521
Other taxes	15,962,890	15,655,021	--	--	15,962,890	15,655,021
Other	618,221	1,166,980	235,763	895,877	853,984	2,062,857
Total revenues	<u>40,063,306</u>	<u>40,260,345</u>	<u>33,676,959</u>	<u>34,922,876</u>	<u>73,740,265</u>	<u>75,183,221</u>
Expenses:						
Community/economic development	1,594,310	724,556	--	--	1,594,310	724,556
General government	3,415,457	2,129,258	--	--	3,415,457	2,129,258
Parks and recreation	7,332,317	5,362,376	--	--	7,332,317	5,362,376
Public safety - fire	6,805,120	5,080,122	--	--	6,805,120	5,080,122
Public safety - police	13,822,104	11,232,822	--	--	13,822,104	11,232,822
Public works	6,582,863	4,781,716	--	--	6,582,863	4,781,716
Interest on long-term debt	1,044,636	1,088,192	--	--	1,044,636	1,088,192
Airport	--	--	1,728,791	1,723,163	1,728,791	1,723,163
Golf course	--	--	448,599	357,786	448,599	357,786
Sewer	--	--	7,145,537	6,466,262	7,145,537	6,466,262
Solid waste	--	--	6,184,652	5,427,937	6,184,652	5,472,937
Transit	--	--	4,909,919	4,584,135	4,909,919	4,584,135
Water	--	--	7,106,121	7,163,325	7,106,121	7,163,325
Zalud estate	--	--	27,198	29,112	27,198	29,112
Total expenses	<u>40,596,807</u>	<u>30,399,042</u>	<u>27,550,817</u>	<u>25,751,720</u>	<u>68,147,624</u>	<u>56,150,762</u>
Increase (decrease) in net position before transfers	(533,501)	9,861,303	6,126,142	9,171,156	5,592,641	19,032,459
Transfers	<u>(95,192)</u>	<u>(89,280)</u>	<u>95,192</u>	<u>89,280</u>	--	--
Increase (decrease) in net position	(628,693)	9,772,023	6,221,334	9,260,436	5,592,641	19,032,459
Net position - July 1	395,657,141	384,293,267	80,025,931	70,765,495	475,683,072	455,058,762
Prior period adjustments	<u>(4,084,237)</u>	<u>1,591,851</u>	<u>(2,240,958)</u>	--	<u>(6,325,195)</u>	<u>1,591,851</u>
Net position - June 30	<u>\$ 390,944,211</u>	<u>\$ 395,657,141</u>	<u>\$ 84,006,307</u>	<u>\$ 80,025,931</u>	<u>\$ 474,950,518</u>	<u>\$ 475,683,072</u>

### Expenses and Program Revenues - Governmental Activities



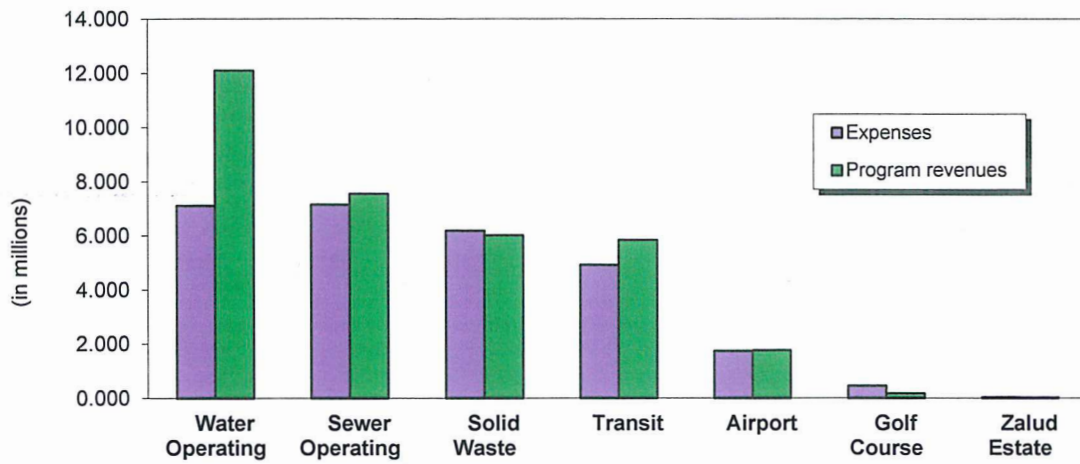
**Business-type activities.** Business-type activities increased the City of Porterville's net position by \$6,221,334 in the current year. Beginning net position was reduced by \$2,240,958 to account for adjustments for OPEB-related items ending the year with net position of \$84,006,307.

Total revenues in the business-type activities of the City decreased by \$1,245,917. Charges for services in the Sewer Fund declined by 11.9 percent or \$1,014,889. Wastewater treatment connection fees were higher in the prior year due with the receipt of \$506,400 for the South County Detention Facility and \$387,235 for the Village at Henderson project.

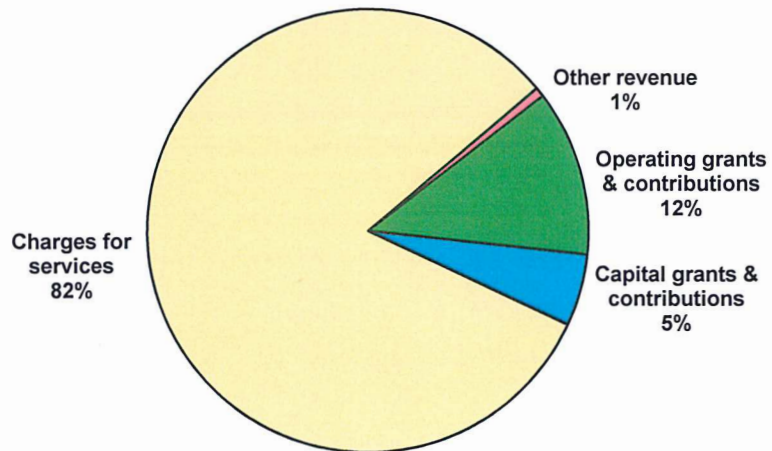
Total expenses for the year in the business-type activities amounted to \$27,550,817, an increase of \$1,799,097 or 7.0 percent from prior year. Pension and OPEB expenses for the current fiscal year amounted to \$508,974 and \$137,049, respectively. In the prior fiscal year, adjustments to pension-related items resulted in a credit of \$890,949 in pension expense, thereby reducing total business-type activities' expenses in fiscal year 2016-2017.



### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Fund

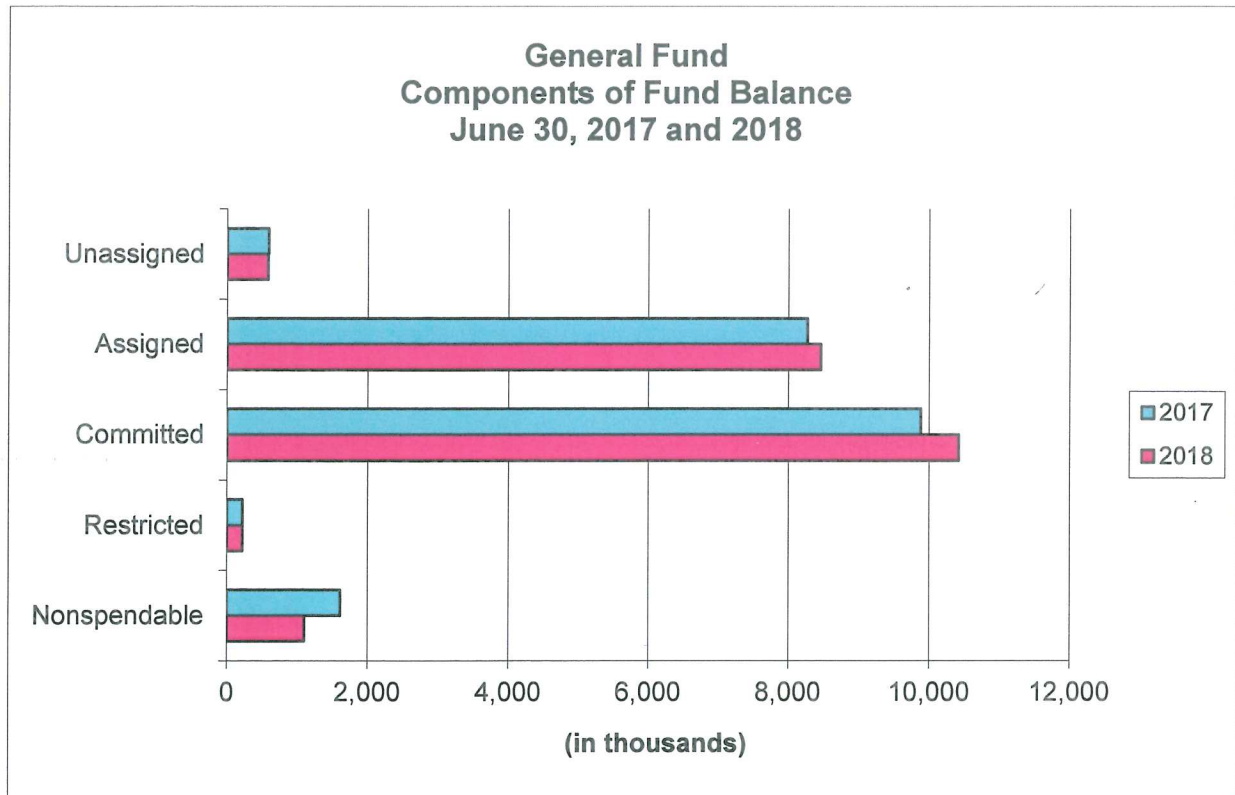
As noted earlier, the City of Porterville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2018, the City of Porterville's governmental funds reported combined ending fund balances of \$44,247,442. Fund balance of \$1,104,978 is classified as *nonspendable* and not available for spending in the current period. This includes the long-term portion of loans receivable. \$25,566,838 is *restricted* for particular purposes. *Assigned fund balance* and *committed fund balance* which represent those amounts that are constrained by the City's intended use amounts to \$8,459,871 and \$10,418,994, respectively. Total unassigned fund balance ended with a deficit of \$1,303,239 due to the deficit in the capital projects funds of \$1,884,013. This deficit is a temporary condition resulting from a timing difference in the recognition of grant revenues which are reported as unavailable at June 30, 2018.

The general fund is the chief operating fund of the City of Porterville. At the end of June 30, 2018, unassigned fund balance of the general fund was \$580,774, while total fund balance reached \$20,784,790. 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 general fund expenditures. Unassigned fund balance represents 2.3 percent of total general fund expenditures, while total fund balance represents 81.6 percent of that same amount. At June 30, 2018, the committed fund balance in the general fund included \$4,192,895 in the budget stabilization reserve which is 16.5 percent of total general fund expenditures.

The fund balance of the City of Porterville's general fund increased \$204,515 from current activities. Total revenues of \$27,092,932 were higher than prior year revenues by \$468,112 and total expenditures increased 6.1 percent to \$25,739,374. Property taxes grew 6.2 percent or \$411,636. Charges for services increased 15.1 percent to \$5,973,304. Increases in engineering fees, police cost recoveries and the YES program revenue all contributed to the growth in revenue. The increase in departmental expenditures was generally due to increases in salaries and benefits and maintenance costs.



At June 30, 2018, the public safety sales tax fund which is restricted for police and fire protection and related capital projects and for literacy programs had a total fund balance of \$1,215,979, an increase of \$43,877 from prior year.

The community development block grant fund has a total fund balance of \$10,137,100 at the end of the fiscal year, all of which is reserved for housing projects for low and moderate income families, for the business assistance program and the neighborhood and park improvement programs.

At the end of the current fiscal year, the capital projects fund has a deficit fund balance of \$1,884,013. This deficit will be covered by capital grant funds that had been billed but were not available to pay liabilities of the current period.

**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. Adjustments for OPEB-related items reduced the beginning net position for the proprietary funds as follows:

Sewer operations	\$	407,297
Water operations	\$	631,154
Solid waste	\$	962,277
Transit operations	\$	38,545
Non-major funds	\$	201,685

Total net position of the Sewer Operations fund at June 30, 2018, amounted to \$31,211,782 with an increase of \$522,872 from activities in the current year. Of the total net position, \$11,767,629 or 37.7 percent is unrestricted, 53.7 percent or \$16,752,071, is invested in capital assets and \$2,692,082 is restricted for debt service.

The Water Operations fund total net position at the end of the current fiscal year was \$29,294,152. Current activities increased net position by \$5,075,457. Revenues for the year grew 6.3 percent or \$700,693 arising from a new round of water rate hike beginning on July 1, 2017. Unrestricted net position at the end of the year is 39.6 percent of the total or \$11,598,438. Net position invested in capital assets amounted to \$16,954,111 or 57.9 percent and \$741,603 is restricted for debt service.

At June 30, 2018, the Solid Waste fund had total net position of \$5,281,441, a decrease of \$170,325 from current year activities. Total amount invested in capital assets amounted to \$2,530,011 or 47.9 percent and \$2,751,430 or 52.1 percent in unrestricted net position.

The Transit Operations Fund reports total net position of \$10,985,881 at June 30, 2018. Current activities increased net position by \$880,693. Of the total net position, \$11,597,012 is invested in capital assets which leaves the fund with a deficit unrestricted net position of \$611,131.

## General Fund Budgetary Highlights

*Original budget compared to final budget.* During the year, there was no need for any significant amendments to increase either the original estimated revenues or the original budgeted appropriations.

*Final budget compared to actual results.* The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Property taxes	\$6,590,000	\$7,041,157	\$ 451,157
State grants and reimbursements	187,535	83,195	(104,340)
Engineering and inspection services	77,000	347,653	270,653
Recreational activities	2,374,100	2,558,060	183,960
Interdepartmental service charges	1,906,412	2,419,139	512,727
Interest	250,000	108,891	(141,109)

It has been the City's practice to conservatively estimate General Fund revenues. The City did not factor an increase in property taxes for the FY2017-2018 budget and actual property taxes recognized for the fiscal year was 6.8 percent more than the prior fiscal year. In state grants and reimbursement, the general fund budget included grant funds from the State of California OHV Grant Program for the OHV park operations. A request for reimbursement for \$100,060 was sent to the State but the funds were not received and therefore recorded as unavailable revenue for the fiscal year. Engineering and inspection fees for the year was higher than the budgeted amount primarily due to the receipt of funds from the development of Aldi. Interdepartmental revenues continued to increase with the water rate increase that became effective in July 201 plus the addition of new water customers from the East Porterville connection project. Lastly, interest

revenues showed a negative variance from the estimates. This is due to the lower market value of investments at the end of the fiscal year.

General Fund expenditures at the end of the year totaled \$25,739,374 and were under budget by \$479,860. Variances between the final amended budget and actual expenditures are mainly due to a number of vacant positions in several departments particularly in the police department where challenges in recruiting qualified officers persist. The community and economic development department and the parks and recreation department are the exceptions where actual expenditures exceeded appropriation. In the community and economic development department, the excess in expenditures is primarily to the write-off of \$279,507 in outstanding loans between the City and the Successor Agency. In the parks and recreation department, the negative variance is mainly due to the expansion in the Youth Experiencing Success (YES) program and the increased cost of watering the parks. The City is fully reimbursed by the school district for the operations of the YES program and as shown above, revenues from recreational activities ended the year higher than estimated revenues. With several years of appropriations maintained at the same level, the increased costs in parks maintenance had finally surpassed the budget. For fiscal year 2018-2019, the parks department budget received an infusion of funds to cover the increased costs of maintenance.

### **Capital Assets 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, 2018, amounts to \$438,653,801 (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 \$5,977,904.

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

- In June of 2016, the City awarded the contract for the rehabilitation of the Jaye Street Bridge. The project consists of widening of the bridge at the Tule River from two to four lanes and reconstructing the street approaches to accommodate four lanes of traffic. Funding for the project is a combination of a Highway Bridge Program grant, local transportation funds and proceeds from the issuance of Certificates of Participation. Construction is almost complete at the end of the fiscal year with the total spent to date of \$8,394,296.
- The Lime Street reconstruction project which consists of mixing lime and cement with the highly expansive soils within the street reconstruction area began in July of 2016. The project was completed in November 2017 at a total cost of \$1,106,999.
- The Garden Avenue pedestrian walkway project which includes the removal of existing concrete improvements and replacing them with new ADA access ramps, driveways, stamped concrete, parkway trees, nostalgic lights, and other pedestrian amenities was completed at a total cost of \$857,569. Funding included Active Transportation Program grant funds in the amount of \$232,000, Measure R Alternative Transportation Fund and local transportation fund.

- The Veterans Park Multi-use Parkway project which includes the installation of a concrete ADA compliant Class 1 multi-use and walking circuit trail through the interior of Veterans Park, plus the installation of new solar lights, began in November 2016. The project was completed in August 2017 at a total cost of \$511,836 with funding from a Housing-Related Parks grant of \$322,550 and local transportation funds.
- A new traffic signal at the intersection of Putnam Avenue and D Street was installed in the current year at a cost of \$538,554. The City received a total of \$346,986 in Highway Safety Improvement Program grant funds.
- The Plano Street water main replacement and concrete improvements project which includes the construction of ADA access ramps began in October 2017. At June 30, 2018, the total spent to date on concrete improvements was \$603,939 and \$319,746 on the water main replacement.
- The contract for the installation of the odor control system equipment was awarded in August 2017 for \$1,135,000. The total spent on the project as of June 30, 2018 was \$932,750.
- During the year, the City purchased several parcels of land which are designated as drainage facilities for the expansion of the City's groundwater recharging capacities, as a component of the City's Groundwater Sustainable Plan. The total spent for these properties is \$400,688 and were purchased with funds from the Water Fund.
- In February 2018, the City received its first two zero-emission 40-foot electric transit buses. The cost of each bus is \$891,740. The City is withholding 10 percent of the cost until completion of all testing. The full cost of the buses is reimbursed to the City by a grant from the California Air Resources Board.
- During the year, the City acquired a new type-1 fire engine for \$454,855, a 5,000 gallon jet aircraft refueler for \$210,134, a well hoist truck for \$159,953, and a dump truck for \$134,593. In addition, the City purchased seven vehicles for the police department for \$235,829, and several other vehicles and equipment for various departments. Several improvements were made to Murry Park and Zalud Park, including playground and picnic shade structures, pool fence and handrails, and ADA concrete ramp for a total cost of \$131,280.
- In May of 2018, the City purchased from the Successor Agency, the parcel of land which was the site of the former Porterville Hotel for \$221,000.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 274,115,001	\$273,893,901	\$ 5,824,321	\$ 5,423,633	\$ 279,939,322	\$ 279,317,534
Works of art and collections	183,938	183,938	--	--	183,938	183,938
Buildings	15,211,799	15,661,502	2,915,886	3,018,916	18,127,685	18,680,418
Improvements other than buildings	6,806,804	6,957,328	7,352,444	7,713,537	14,159,248	14,670,865
Machinery and equipment	4,796,505	4,667,856	12,032,260	12,394,496	16,828,765	17,062,352
Infrastructure	94,955,001	94,507,134	871,611	990,302	95,826,612	95,497,436
Distribution and collection systems	--	--	48,468,354	50,423,133	48,468,354	50,423,133
Construction in progress	10,558,179	7,953,988	5,063,177	1,850,159	15,621,356	9,804,147
Total	<u>\$ 406,627,227</u>	<u>\$403,825,647</u>	<u>\$82,528,053</u>	<u>\$ 81,814,176</u>	<u>\$ 489,155,280</u>	<u>\$ 485,639,823</u>

Additional information on the City's capital assets can be found in Note 1-E-4 on pages 48 - 49 and Note 4-D on pages 61 – 62 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Porterville had total principal debt outstanding of \$55,636,904. The City's total debt decreased \$3,362,759 during the year.

**City of Porterville's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ --	\$ --	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000	\$ 19,555,000
Pension obligation bond	1,710,000	2,250,000	--	--	1,710,000	2,250,000
Certificates of participation	20,925,000	21,820,000	1,360,000	2,635,000	22,285,000	24,455,000
Notes payable	1,648,000	1,899,000	10,438,904	10,840,663	12,086,904	12,739,663
Total	<u>\$ 24,283,000</u>	<u>\$ 25,969,000</u>	<u>\$ 31,353,904</u>	<u>\$ 33,030,663</u>	<u>\$ 55,636,904</u>	<u>\$ 58,999,663</u>

The governmental debt includes certificates of participation (COP'S) in the amount of \$20,925,000 issued in June of 2015 which refunded the 2002 Public Building Refunding Project COP's and the 2013 Infrastructure Lease agreement. It also includes \$1,710,000 in pension obligation bond which financed the City's public safety employee side fund obligation to CalPERS and \$1,648,000 in notes payable to HUD which funded the construction of the Heritage Community Center.

Under the business-type activities, sewer revenue bonds in the amount of \$19,555,000 remain outstanding. The bonds were issued to fund the extension of sewer service to several areas that were annexed into the City. The 2002 COP's in the sewer and water funds have balances of \$705,000 and \$655,000, respectively, with final maturity in the next fiscal year. The amount outstanding on the notes payable include \$3,582,136 for the sewer fund and \$6,856,768 for the



water fund both payable to the California Infrastructure and Economic Development Bank. Proceeds from the COP's and the notes were used to fund capital improvements to the sewer and water infrastructure.

Standard & Poor's Ratings Services ("S&P") has assigned the rating of "AA" to the 2015 refinancing project certificates of participations. On June 6, 2016, S&P downgraded its long-term rating for the 2011 sewer revenue bonds from "AA" to "AA-". The downgrade was driven primarily by the application of S&P's updated criteria.

Additional information on the City's long-term debt can be found in Note 4-F on pages 64 - 68 of this report.

### **Economic Factors and Next Year's Budget and Rates**

- The City of Porterville continues to experience incremental economic improvements. Assessed value of taxable property increased 4.3 percent for 2018-2019 and sales taxes are anticipated to remain static. Permits for new construction in the last five fiscal years have been in an upswing and the City expects continued growth. There continues to be interest from national-brand retailers and other manufacturing companies to locate in Porterville. A number of retail and commercial developments are anticipated to begin construction in the coming year.
- For fiscal year 2018-2019, operating expenditures in the General Fund are estimated to be approximately 5.3 percent higher than the 2017-2018 estimates. Factors that contribute to the increase includes higher CalPERS rates, increase in staffing and the rise in minimum wage rate.
- As approved by the City Council and after a Proposition 218 protest hearing on July 19, 2016, another 2.3 percent increase in water rates became effective July 1, 2018. The revenue generated by the water rate hikes will be used to upgrade the City's aging water infrastructure and implement the State of California's Sustainable Groundwater Management Act (SGMA) directives for the development of sustainable groundwater which would include significant water purchases for recharge, well monitoring, reporting, and additional infrastructure.
- The City continues to closely monitor the Risk Management Fund particularly the health and life component of the fund. The cost of health care has steadily increased over time while revenues have remained constant. No other changes had been made to both the City and the employees' contributions to the fund, and the net position of the fund continues to improve.
- Construction of the Jaye Street Bridge is almost complete. The project consists of widening the bridge from two to four lanes. The total cost of the project will reach over \$8 million. It is partially funded by grant funds from the Highway Bridge Program.
- Several other street projects are planned in the next fiscal year including the Henderson Avenue reconstruction project for \$2.5 million, the Orange Avenue rehabilitation project for \$1.3 million, the Plano Street microsurfacing project for \$1.1 million, and the Newcomb Avenue reconstruction for \$1.2 million.



- In coordination with State and County representatives, and non-profit partners, work on the East Porterville Water infrastructure project is well under way with the goal to support a long-term permanent water connection for the entire East Porterville area and the estimated 1,800 households. The grand plan includes one booster pump, upgrades to two booster pumps, a new 1.5MG water reservoir, and two new wells. It is estimated the whole project will cost over \$12.6 million. This project is partially funded by a grant from the California State Water Resources Control Board.
- Other water projects include the construction of another well, Well #34 (Akin) for \$3 million, water capacity enhancement, construction of turnout structures and stormwater capture and recharge for SGMA compliance estimated at over \$2 million, the removal of household water tanks for \$2,800,000 and other water projects.
- In the Sewer Fund, construction of sewer system improvements on the two other annexed areas is still planned for the upcoming fiscal year with estimated cost of \$2.8 million. This would be the last part of the \$7 million project funded by the issuance of the Sewer Revenue Bonds, Series A in 2011. Other sewer projects include the Morton Avenue sewer main replacements for \$1.3 million and the installation of the odor control system which started in fiscal year 2017-2018 and currently still in progress.
- The City is awaiting delivery of another eight zero-emission electric transit buses with a total cost of \$7.1 million. The City is also looking at the construction of infrastructure for the electrification program and estimates it to cost over \$2.5 million. And the construction of phase III of the Tule River Parkway is planned for another \$2.1 million.

### **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 Department, City of Porterville, 291 North Main Street, Porterville, CA 93257-3737.



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**Basic  
Financial Statements**



City of Porterville  
Statement of Net Position  
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 29,974,125	\$ 34,115,041	\$ 64,089,166
Receivables - utility (net of allowance for uncollectibles)	-	3,687,070	3,687,070
Receivables - misc (net of allowance for uncollectibles)	4,810,107	553,664	5,363,771
Receivables - housing (net of allowance for uncollectibles)	9,720,528	-	9,720,528
Inventories	-	125,623	125,623
Prepays	25,074	-	25,074
Internal balances	2,908,943	(2,908,943)	-
Restricted assets - intergovernmental	3,164,228	2,839,867	6,004,095
Restricted assets - investments	1,009,742	5,509,446	6,519,188
Notes receivable	1,079,904	507,645	1,587,549
Capital assets not being depreciated:			
Land	274,115,001	5,824,321	279,939,322
Construction in progress	10,558,179	5,063,177	15,621,356
Works of art and collection	183,938	-	183,938
Capital assets, net of accumulated depreciation:			
Buildings	15,211,799	2,915,886	18,127,685
Improvements other than buildings	6,806,804	7,352,444	14,159,248
Machinery and equipment	4,796,505	12,032,260	16,828,765
Infrastructure	94,955,001	871,611	95,826,612
Distribution and collection systems	-	48,468,354	48,468,354
Total Assets	459,319,878	126,957,466	586,277,344
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	1,914,777	551,271	2,466,048
Deferred pension-related items	11,084,198	2,357,283	13,441,481
Total Deferred Outflows of Resources	12,998,975	2,908,554	15,907,529
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,628,750	1,226,338	3,855,088
Accrued interest payable	94,609	416,357	510,966
Unearned revenue	-	585,812	585,812
Non-current liabilities:			
Due in 1 year	3,264,148	1,878,748	5,142,896
Due in more than 1 year	24,182,251	29,008,970	53,191,221
Net pension liability	41,047,956	10,095,858	51,143,814
Net other postemployment benefits obligation	8,306,294	2,317,596	10,623,890
Total Liabilities	79,524,008	45,529,679	125,053,687
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	1,634,122	269,623	1,903,745
Deferred OPEB-related items	216,512	60,411	276,923
Total Deferred Inflows of Resources	1,850,634	330,034	2,180,668
<b>NET POSITION</b>			
Net investment in capital assets	384,473,760	54,180,041	438,653,801
Restricted for:			
Ballpark projects	61,821	-	61,821
Building construction	648,695	-	648,695
Community development	10,529,310	-	10,529,310
Debt service	970,351	3,433,685	4,404,036
Landscape maintenance districts	308,864	-	308,864
Library	158,352	-	158,352
Public safety	1,384,859	-	1,384,859
Public works	12,656,770	-	12,656,770
Unrestricted	(20,248,571)	26,392,581	6,144,010
Total Net Position	\$ 390,944,211	\$ 84,006,307	\$ 474,950,518

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, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Community and economic development	\$ 1,594,310	\$ 136,467	\$ 718,957	\$ -	\$ (738,886)	\$ -	\$ (738,886)
General government	3,415,457	2,622,346	523,783	-	(269,328)	-	(269,328)
Parks and recreation	7,332,317	2,672,931	125,905	138,030	(4,395,451)	-	(4,395,451)
Public safety - fire	6,805,120	228,729	-	-	(6,576,391)	-	(6,576,391)
Public safety - police	13,822,104	525,880	272,856	62,643	(12,960,725)	-	(12,960,725)
Public works	6,582,863	568,593	3,836,272	4,007,646	1,829,648	-	1,829,648
Interest on long-term debt	1,044,636	-	-	-	(1,044,636)	-	(1,044,636)
Total governmental activities	40,596,807	6,754,946	5,477,773	4,208,319	(24,155,769)	-	(24,155,769)
Business-type Activities:							
Airport	1,728,791	1,650,220	62,875	43,899	-	28,203	28,203
Golf course	448,599	170,228	-	-	-	(278,371)	(278,371)
Sewer operating	7,145,537	7,511,756	-	35,003	-	401,222	401,222
Solid waste	6,184,652	5,995,839	21,970	-	-	(166,843)	(166,843)
Transit	4,909,919	682,406	3,557,146	1,601,233	-	930,866	930,866
Water operating	7,106,121	11,557,204	445,630	97,643	-	4,994,356	4,994,356
Zalud estate	27,198	8,144	-	-	-	(19,054)	(19,054)
Total business-type activities	27,550,817	27,575,797	4,087,621	1,777,778	-	5,890,379	5,890,379
Total primary government	\$ 68,147,624	\$ 34,330,743	\$ 9,565,394	\$ 5,986,097	(24,155,769)	5,890,379	(18,265,390)
General revenues:							
Property tax					7,041,157	-	7,041,157
Sales tax					9,724,137	-	9,724,137
Utility users tax					4,055,845	-	4,055,845
Franchise tax					1,623,661	-	1,623,661
Transient occupancy tax					559,247	-	559,247
Unrestricted investment earnings					527,062	235,763	762,825
Sale of capital assets					52,533	-	52,533
Miscellaneous					38,626	-	38,626
Transfers					(95,192)	95,192	-
Total general revenues and transfers					23,527,076	330,955	23,858,031
Change in net position					(628,693)	6,221,334	5,592,641
Net position - beginning					395,657,141	80,025,931	475,683,072
Prior period adjustments					(4,084,237)	(2,240,958)	(6,325,195)
Net position - ending					\$ 390,944,211	\$ 84,006,307	\$ 474,950,518

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

City of Porterville  
Balance Sheet  
Governmental Funds  
June 30, 2018

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 17,577,235	\$ 830,326	\$ 313,123	\$ -	\$ 8,886,249	\$ 27,606,933
Receivables - misc (net):						
Interest	262,061	-	310,169	-	-	572,230
Taxes	1,613,658	598,421	-	-	974,899	3,186,978
Other	985,660	-	-	-	-	985,660
Receivables - housing (net)	-	-	8,745,528	-	-	8,745,528
Intergovernmental receivables	159,780	3,062	192,788	1,952,693	557,685	2,866,008
Interfund receivables	1,132,268	-	-	-	3,395,581	4,527,849
Prepaid items	25,074	-	-	-	-	25,074
Restricted - cash/fiscal agent	-	-	-	-	1,009,742	1,009,742
Notes receivable	1,079,904	-	975,000	-	-	2,054,904
Total assets	<u>\$ 22,835,640</u>	<u>\$ 1,431,809</u>	<u>\$ 10,536,608</u>	<u>\$ 1,952,693</u>	<u>\$ 14,824,156</u>	<u>\$ 51,580,906</u>
<b>LIABILITIES</b>						
Accounts and other payables	\$ 470,432	\$ 67,457	\$ 5,767	\$ 418,127	\$ 22,562	\$ 984,345
Payroll payable	918,419	148,373	1,531	51,506	12,392	1,132,221
Interfund payable	8,876	-	-	1,414,380	35,641	1,458,897
Advances payable	553,063	-	-	-	-	553,063
Total liabilities	<u>1,950,790</u>	<u>215,830</u>	<u>7,298</u>	<u>1,884,013</u>	<u>70,595</u>	<u>4,128,526</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental	100,060	-	392,210	1,952,693	759,975	3,204,938
Total deferred inflows of resources	<u>100,060</u>	<u>-</u>	<u>392,210</u>	<u>1,952,693</u>	<u>759,975</u>	<u>3,204,938</u>
<b>FUND BALANCES</b>						
Nonspendable	1,104,978	-	-	-	-	1,104,978
Restricted	220,173	1,215,979	10,137,100	-	13,993,586	25,566,838
Committed	10,418,994	-	-	-	-	10,418,994
Assigned	8,459,871	-	-	-	-	8,459,871
Unassigned	580,774	-	-	(1,884,013)	-	(1,303,239)
Total fund balances	<u>20,784,790</u>	<u>1,215,979</u>	<u>10,137,100</u>	<u>(1,884,013)</u>	<u>13,993,586</u>	<u>44,247,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,835,640</u>	<u>\$ 1,431,809</u>	<u>\$ 10,536,608</u>	<u>\$ 1,952,693</u>	<u>\$ 14,824,156</u>	<u>\$ 51,580,906</u>

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 Position  
June 30, 2018

Fund balances of governmental funds	\$	44,247,442
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Amounts reported for *governmental activities* in the statement of net position are different because:

Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(71,466,673)
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Deferred outflows arising from pension contributions made subsequent to the actuarial measurement date, the difference between projected and actual earnings on pension plan investments, and the change in proportion are not applicable to the current period and are not reported in the funds.		10,674,038
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Deferred inflows related to pensions, including the changes of assumptions and the difference between actual pension contributions and the proportionate share of contributions are not applicable to the current period and are not reported in the funds.		(1,598,554)
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Deferred inflows related to other postemployment benefits, including changes of assumptions are not applicable to the current period and are not reported in the funds.		(207,053)
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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 position.		(261,386)
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Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenue in the funds.		3,204,938
--	--	-----------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		406,351,459
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Net position of governmental activities	\$	<u>390,944,211</u>
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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, 2018

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 7,041,157	\$ -	\$ -	\$ -	\$ -	\$ 7,041,157
Sales taxes	6,070,284	3,653,853	-	-	-	9,724,137
Utility users tax	4,055,845	-	-	-	-	4,055,845
Franchise tax	1,623,661	-	-	-	-	1,623,661
Transient occupancy tax	559,247	-	-	-	-	559,247
Licenses and permits	1,016,114	-	-	-	-	1,016,114
Vehicle license fees	31,534	-	-	-	-	31,534
Intergovernmental	96,412	-	804,580	1,303,284	4,715,332	6,919,608
Charges for services	5,973,304	4,622	602	-	-	5,978,528
Special assessments and fees	8,374	-	-	-	649,901	658,275
Fines and forfeitures	33,732	-	-	-	120,697	154,429
Investment earnings	406,418	2,277	29,063	9,217	65,032	512,007
Miscellaneous	176,850	-	-	-	33,193	210,043
Total revenues	<u>27,092,932</u>	<u>3,660,752</u>	<u>834,245</u>	<u>1,312,501</u>	<u>5,584,155</u>	<u>38,484,585</u>
<b>EXPENDITURES</b>						
Current:						
Community and economic development	1,139,583	-	286,358	1,239	-	1,427,180
General government	2,954,712	-	-	-	-	2,954,712
Parks and recreation	5,796,175	517,834	-	-	148,519	6,462,528
Public safety - fire	3,742,309	1,430,322	-	5,093	-	5,177,724
Public safety - police	8,929,700	1,553,805	-	-	220,859	10,704,364
Public works	2,230,903	-	-	1,346,851	-	3,577,754
Debt service:						
Principal	-	-	251,000	-	1,435,000	1,686,000
Interest and administrative charges	151	-	36,327	-	896,004	932,482
Capital outlay	945,841	-	-	5,773,684	59,441	6,778,966
Total expenditures	<u>25,739,374</u>	<u>3,501,961</u>	<u>573,685</u>	<u>7,126,867</u>	<u>2,759,823</u>	<u>39,701,710</u>
Excess (deficiency) of revenues over expenditures	<u>1,353,558</u>	<u>158,791</u>	<u>260,560</u>	<u>(5,814,366)</u>	<u>2,824,332</u>	<u>(1,217,125)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,362,284	-	-	4,080,055	2,350,889	7,793,228
Transfers out	(2,563,860)	(114,914)	(175,423)	-	(5,034,223)	(7,888,420)
Sale of capital assets	52,533	-	-	-	-	52,533
Total other financing sources and uses	<u>(1,149,043)</u>	<u>(114,914)</u>	<u>(175,423)</u>	<u>4,080,055</u>	<u>(2,683,334)</u>	<u>(42,659)</u>
Net change in fund balances	204,515	43,877	85,137	(1,734,311)	140,998	(1,259,784)
Fund balances - beginning	20,580,275	1,172,102	10,051,963	(149,702)	13,852,588	45,507,226
Fund balances - ending	<u>\$ 20,784,790</u>	<u>\$ 1,215,979</u>	<u>\$ 10,137,100</u>	<u>\$ (1,884,013)</u>	<u>\$ 13,993,586</u>	<u>\$ 44,247,442</u>

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

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, 2018

Net change in fund balances --total governmental funds	\$ (1,259,784)
Amounts reported for <i>governmental activities</i> 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 expense in the current period.	2,674,366
The net effect of various miscellaneous transactions involving capital assets is to increase net position.	2,865
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 position. Also, governmental funds report the effect of 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.	1,686,000
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.	(25,191)
Pension 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.	(4,670,500)
Other postemployment benefits 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.	(469,725)
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.	(87,298)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,520,574
Change in net position of governmental activities	\$ <u>(628,693)</u>

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

City of Porterville  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-Type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 13,344,387	\$ 12,248,285	\$ 6,068,932	\$ -	\$ 2,453,437	\$ 34,115,041	\$ 2,367,191
Receivables-utility (net of allowance for uncollectibles)	917,137	1,942,730	827,203	-	-	3,687,070	-
Receivables-misc (net of allowance for uncollectibles)	220,203	58,875	108,950	96,458	69,178	553,664	65,239
Intergovernmental receivables	-	445,630	-	2,361,206	33,031	2,839,867	298,220
Interfund receivable	-	-	-	-	-	-	8,876
Inventories	-	-	-	-	125,623	125,623	-
Total current assets:	<u>14,481,727</u>	<u>14,695,520</u>	<u>7,005,085</u>	<u>2,457,664</u>	<u>2,681,269</u>	<u>41,321,265</u>	<u>2,739,526</u>
Noncurrent assets:							
Advances receivable	286,212	266,851	-	-	-	553,063	-
Notes receivable	-	-	-	-	507,645	507,645	-
Capital assets:							
Land	3,142,404	1,203,905	-	352,599	1,125,413	5,824,321	-
Construction in progress	1,302,010	495,916	-	3,045,373	219,878	5,063,177	129,617
Buildings	1,676,971	296,688	-	2,757,699	653,716	5,385,074	-
Improvements other than buildings	-	-	-	3,399,726	9,266,120	12,665,846	6,639
Machinery and equipment	8,954,923	2,583,798	8,006,077	7,118,139	1,297,399	27,960,336	835,723
Infrastructure	-	-	-	1,307,602	-	1,307,602	-
Distribution and collection systems	50,140,424	41,456,226	-	-	-	91,596,650	-
Less accumulated depreciation	(27,621,287)	(21,577,784)	(5,476,066)	(6,384,126)	(6,215,690)	(67,274,953)	(743,597)
Restricted assets - investments	4,767,668	741,778	-	-	-	5,509,446	-
Total noncurrent assets:	<u>42,649,325</u>	<u>25,467,378</u>	<u>2,530,011</u>	<u>11,597,012</u>	<u>6,854,481</u>	<u>89,098,207</u>	<u>228,382</u>
Total assets	<u>57,131,052</u>	<u>40,162,898</u>	<u>9,535,096</u>	<u>14,054,676</u>	<u>9,535,750</u>	<u>130,419,472</u>	<u>2,967,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	541,962	9,309	-	-	-	551,271	-
Deferred pension-related items	579,387	728,057	809,940	66,251	173,648	2,357,283	410,160
Total deferred outflows of resources	<u>1,121,349</u>	<u>737,366</u>	<u>809,940</u>	<u>66,251</u>	<u>173,648</u>	<u>2,908,554</u>	<u>410,160</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts and other payables	114,736	237,672	223,208	207,514	46,077	829,207	423,396
Payroll payable	45,986	70,365	75,890	5,738	17,174	215,153	41,402
Interfund payable	-	-	-	1,981,201	1,096,627	3,077,828	-
Retainage payable	-	17,222	-	164,756	-	181,978	-
Accrued claims	-	-	-	-	-	-	777,093
Compensated absences payable	17,608	43,872	48,997	-	7,346	117,823	23,025
Accrued interest payable	304,940	111,417	-	-	-	416,357	-
Loans and bonds payable	882,993	877,932	-	-	-	1,760,925	-
Unearned revenue	-	-	-	585,812	-	585,812	-
Total current liabilities:	<u>1,366,263</u>	<u>1,358,480</u>	<u>348,095</u>	<u>2,945,021</u>	<u>1,167,224</u>	<u>7,185,083</u>	<u>1,264,916</u>
Noncurrent liabilities:							
Accrued claims	-	-	-	-	-	-	681,217
Compensated absences payable	2,821	22,163	27,325	-	5,764	58,073	6,039
Loans and bonds payable	22,314,882	6,636,015	-	-	-	28,950,897	-
Net pension liability	2,846,010	2,839,896	3,564,471	147,950	697,531	10,095,858	1,663,531
Net other postemployment benefits obligation	421,226	652,739	995,186	39,863	208,582	2,317,596	362,902
Total noncurrent liabilities:	<u>25,584,939</u>	<u>10,150,813</u>	<u>4,586,982</u>	<u>187,813</u>	<u>911,877</u>	<u>41,422,424</u>	<u>2,713,689</u>
Total liabilities	<u>26,951,202</u>	<u>11,509,293</u>	<u>4,935,077</u>	<u>3,132,834</u>	<u>2,079,101</u>	<u>48,607,507</u>	<u>3,978,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred pension-related items	78,437	79,805	102,577	1,173	7,631	269,623	35,568
Deferred OPEB-related items	10,980	17,014	25,941	1,039	5,437	60,411	9,459
Total deferred inflows of resources	<u>89,417</u>	<u>96,819</u>	<u>128,518</u>	<u>2,212</u>	<u>13,068</u>	<u>330,034</u>	<u>45,027</u>
<b>NET POSITION</b>							
Net investment in capital assets	16,752,071	16,954,111	2,530,011	11,597,012	6,346,836	54,180,041	228,382
Restricted for debt service	2,692,082	741,603	-	-	-	3,433,685	-
Unrestricted	11,767,629	11,598,438	2,751,430	(611,131)	1,270,393	26,776,759	(873,946)
Total net position	<u>\$ 31,211,782</u>	<u>\$ 29,294,152</u>	<u>\$ 5,281,441</u>	<u>\$ 10,985,881</u>	<u>\$ 7,617,229</u>	<u>\$ 84,390,485</u>	<u>\$ (645,564)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(384,178)	
Net position of business-type activities						<u>\$ 84,006,307</u>	

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

City of Porterville  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:							
Charges for services	\$ 6,773,939	\$ 11,310,060	\$ 5,903,752	\$ 667,513	\$ 1,668,244	\$ 26,323,508	\$ 10,052,160
Connection fees	302,736	18,189	-	-	-	320,925	-
Other revenues	435,081	228,955	92,087	14,893	160,348	931,364	208,770
Total operating revenues	7,511,756	11,557,204	5,995,839	682,406	1,828,592	27,575,797	10,260,930
Operating expenses:							
Cost of sales and services	3,015,919	3,248,598	4,959,368	3,333,138	1,594,394	16,151,417	9,440,306
General and administrative	1,365,160	2,482,085	689,894	708,588	278,794	5,524,521	783,796
Depreciation	1,367,679	1,051,596	564,626	918,366	329,323	4,231,590	52,655
Total operating expenses	5,748,758	6,782,279	6,213,888	4,960,092	2,202,511	25,907,528	10,276,757
Operating income (loss)	1,762,998	4,774,925	(218,049)	(4,277,686)	(373,919)	1,668,269	(15,827)
Nonoperating revenues (expenses):							
Intergovernmental revenues	-	-	-	1,050,604	-	1,050,604	-
Federal grants	-	-	-	2,481,443	52,875	2,534,318	-
State grants and reimbursements	-	445,630	21,970	25,099	10,000	502,699	-
Investment earnings	114,106	74,701	25,754	-	21,202	235,763	2,564
Interest expense	(1,394,673)	(322,512)	-	-	(139)	(1,717,324)	-
Total nonoperating revenue (expenses)	(1,280,567)	197,819	47,724	3,557,146	83,938	2,606,060	2,564
Income(loss) before contributions and transfers	482,431	4,972,744	(170,325)	(720,540)	(289,981)	4,274,329	(13,263)
Capital contributions and transfers:							
Capital contributions, developer fees	35,003	97,643	-	-	-	132,646	-
Capital contributions, federal and state grants	-	-	-	1,601,233	43,899	1,645,132	-
Transfers in	5,438	5,070	-	-	84,684	95,192	-
Total capital contributions and transfers	40,441	102,713	-	1,601,233	128,583	1,872,970	-
Change in net position	522,872	5,075,457	(170,325)	880,693	(161,398)	6,147,299	(13,263)
Net position - beginning	31,096,207	24,849,849	6,414,043	10,143,733	7,980,312		(281,400)
Prior period adjustment	(407,297)	(631,154)	(962,277)	(38,545)	(201,685)		(350,901)
Net position - ending	\$ 31,211,782	\$ 29,294,152	\$ 5,281,441	\$ 10,985,881	\$ 7,617,229		\$ (645,564)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						74,035	
Change in net position of business-type activities						\$ 6,221,334	

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, 2018

	Business-type Activities						Governmental Activities
	Sewer Operations	Water Operations	Solid Waste	Transit Operations	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash receipts from customers	\$ 7,592,550	\$ 11,299,163	\$ 5,970,362	\$ 665,177	\$ 1,894,420	\$ 27,421,672	\$ 10,271,924
Payments to employees	(1,013,452)	(1,326,408)	(1,522,240)	(88,071)	(371,004)	(4,321,175)	(798,410)
Payments to suppliers and others	(3,216,816)	(4,357,652)	(3,785,370)	(3,896,061)	(1,497,114)	(16,753,013)	(9,475,805)
Net cash provided (used) by operating activities	3,362,282	5,615,103	662,752	(3,318,955)	26,302	6,347,484	(2,291)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Advances to other funds	-	-	-	-	-	-	10,663
Cash from interfund	-	-	-	1,825,131	211,910	2,037,041	1,689
Intergovernmental - operating assistance	-	-	-	1,344,957	-	1,344,957	385,099
Subsidy from federal and state grants	-	874,238	21,970	310,969	29,844	1,237,021	-
Transfers in from other funds	5,438	5,070	-	-	84,684	95,192	-
Transfers out to other funds	-	-	-	-	-	-	-
Net cash provided (used) by noncapital financing	5,438	879,308	21,970	3,481,057	326,438	4,714,211	397,451
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Construction and other capital projects	(980,094)	(869,384)	-	(148,943)	(48,587)	(2,047,008)	-
Contributed capital, developer's fees	35,003	97,643	-	-	-	132,646	-
Interest paid on long-term debt and advances	(1,227,911)	(307,714)	-	-	(605)	(1,536,230)	-
Principal payments on long-term debt	(832,843)	(830,310)	-	-	(13,606)	(1,676,759)	-
Principal payments on notes receivable	-	-	-	-	50,326	50,326	-
Purchase of capital assets	(456,493)	(370,324)	(10,386)	(1,614,392)	(273,435)	(2,725,030)	(129,617)
Subsidy from federal and state grants	-	-	-	1,601,233	43,899	1,645,132	-
Net cash provided (used) by capital and related financing activities	(3,462,338)	(2,280,089)	(10,386)	(162,102)	(242,008)	(6,156,923)	(129,617)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	114,106	74,701	25,754	-	21,202	235,763	2,564
Net cash provided by investing activities	114,106	74,701	25,754	-	21,202	235,763	2,564
Net Increase (decrease) in cash and cash equivalents	19,488	4,289,023	700,090	-	131,934	5,140,535	268,107
Balances - beginning of year	18,092,567	8,701,040	5,368,842	-	2,321,503	34,483,952	2,099,084
Balances - end of the year	\$ 18,112,055	\$ 12,990,063	\$ 6,068,932	\$ -	\$ 2,453,437	\$ 39,624,487	\$ 2,367,191
As shown on the proprietary statement of net position:							
Cash and investments	\$ 13,344,387	\$ 12,248,285	\$ 6,068,932	\$ -	\$ 2,453,437	\$ 34,115,041	\$ 2,367,191
Restricted assets, cash with fiscal agent	4,767,668	741,778	-	-	-	5,509,446	-
Balances - end of year	\$ 18,112,055	\$ 12,990,063	\$ 6,068,932	\$ -	\$ 2,453,437	\$ 39,624,487	\$ 2,367,191
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ 1,762,998	\$ 4,774,925	\$ (218,049)	\$ (4,277,686)	\$ (373,919)	\$ 1,668,269	\$ (15,827)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	1,367,679	1,051,596	564,626	918,366	329,323	4,231,590	52,655
Changes in assets and liabilities:							
Accounts payable	10,790	(175,402)	96,059	(9,006)	2,023	(75,536)	58,936
Accrued claims payable	-	-	-	-	-	-	(222,362)
Compensated absences	(6,857)	12,151	2,609	-	(19,220)	(11,317)	(2,640)
Customer receivables	80,794	(258,041)	(25,477)	(17,229)	65,828	(154,125)	10,994
Inventory	-	-	-	-	(27,340)	(27,340)	-
Other postemployment benefits	24,909	38,599	58,850	2,357	12,334	137,049	21,460
Pensions	125,098	157,200	174,880	14,304	37,492	508,974	88,560
Prepaid items	-	-	-	49,200	-	49,200	-
Salaries and benefits payable	(3,129)	14,075	9,254	739	(219)	20,720	5,933
Net cash provided by operating activities	\$ 3,362,282	\$ 5,615,103	\$ 662,752	\$ (3,318,955)	\$ 26,302	\$ 6,347,484	\$ (2,291)

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

City of Porterville  
Statement of Net Position  
Fiduciary Funds  
June 30, 2018

	Private- purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and investments	\$ 690,746	\$ 2,025,444
Receivables - housing (net)	195,594	-
Capital assets:		
Improvements other than buildings	496,251	-
Less accumulated depreciation	(86,844)	-
Notes receivable	930,000	-
Interest receivable	228,314	
Restricted cash - bond proceeds	89,430	-
Total assets	<u>2,543,491</u>	<u>\$ 2,025,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>448,951</u>	
Total deferred outflows of resources	<u>448,951</u>	
<b>LIABILITIES</b>		
Accounts and other payables	486	\$ 53,399
Payroll payable	1,958	-
Accrued interest payable	23,307	-
Refundable deposits, utilities	-	412,597
Refundable deposits, miscellaneous	-	937,441
Other deposits, safety	-	622,007
Intergovernmental payable	115,580	-
Bonds payable	<u>6,985,000</u>	-
Total liabilities	<u>7,126,331</u>	<u>\$ 2,025,444</u>
<b>NET POSITION</b>		
Net position held in trust	<u>\$ (4,133,889)</u>	

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

City of Porterville  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2018

	<u>Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 687,526
Interest and investment revenue	245,577
Other revenue	37,617
Sale of capital assets	219,069
Intergovernmental assistance	<u>846,626</u>
Total additions	<u>2,036,415</u>
<b>DEDUCTIONS</b>	
Administrative expenses	82,824
Direct property expenses	8,489
Depreciation expense	9,925
Debt redemption, interest	306,342
Disposal of capital assets	<u>1,918,646</u>
Total deductions	<u>2,326,226</u>
Change in net position	(289,811)
Net position held in trust - beginning	<u>(3,844,078)</u>
Net position held in trust - ending	<u>\$ (4,133,889)</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, 2018**

**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. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, blended component units are appropriately presented as funds of the primary government.

**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. Under Assembly Bill 1X 26, the Porterville Redevelopment Agency was dissolved and all of its assets, liabilities and obligations were transferred to the Successor Agency on February 1, 2012.

The City of Porterville elected to serve as the Successor Agency to the former Porterville Redevelopment Agency. It is responsible for winding down the affairs of the redevelopment agency including disposing of its assets. The Successor Agency operates under the control of a seven-member Oversight Board comprised of representatives of the local agencies that serve the redevelopment project area. The Oversight Board, in its fiduciary capacity, has authority over the operations and the timely dissolution of the former redevelopment 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.

Additional detailed information 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. Basis of presentation**

**Government-wide financial statements**

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the primary government and its component units. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. 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.

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. 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*.

### **Fund financial statements**

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. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *general fund* is the City'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 administration of the Community Development Block Grant Program and First-time Homebuyers Program of the Federal Department of Housing and Urban Development for affordable housing and housing rehabilitation loans, small business assistance loans and infrastructure development.

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 enterprise 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.

The *transit operations fund* accounts for the activities of the City-operated local transit system including public transportation buses and facilities.

Additionally, the City reports the following fund types:

*Internal service funds* account for fleet management services provided to other departments of the City, or to other governments, on a cost reimbursement basis, and risk management services related to self-insurance (including claims for workers' compensation, unemployment, employee health, general liability, and property damage).

The *private-purpose trust fund* reports the assets, liabilities and activities of the Successor Agency to the former Porterville Redevelopment Agency.

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from / to other funds and advances to / from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in / out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **C. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 City 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). All other revenue items are considered to be measurable and available only when the City receives cash.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

## **D. Budgetary information**

### **1. Budgetary basis of accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund which adopts project-length budgets.

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. 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.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

### **2. Excess of expenditures over appropriations**

For the year ended June 30, 2018, expenditures of the parks and recreation department of the general fund exceeded appropriations in the amount of \$210,487. In FY2017-2018, the Youth Experiencing Success (YES) program was expanded, requiring additional staffing. In addition, the cost of utilities had increased, primarily the water rates which had drastically affected the cost of watering the parks.

The community and economic development department ended the year with excess expenditures over appropriations of \$176,273. This is primarily due to the outstanding loans between the City and the Successor Agency that had been written-off during the year. These loans were determined to be unenforceable by the State of California Department of Finance pursuant to Health and Safety Code section 34177.5.

Capital outlay in the general fund was \$275,661 over appropriations for the year. In May of 2018, the City purchased the property located at 14 North Main Street from the Successor Agency for \$221,100. The property was the site of the former Porterville Hotel. The City expects the development of a three-story structure with professional offices on the upper floors and retail on the ground floor.

In the debt service fund, expenditures for the fiscal year exceeded appropriations by \$3,750 which represents the professional fee paid by the City for the 15<sup>th</sup> year arbitrage rebate calculation on the 2002

Public Building Refunding Project certificates of participation (COPs). The fee was not included in the appropriation as the COPs were refunded in 2015, although a portion of the bonds remain outstanding.

## **E. Assets, liabilities, deferred outflows / inflows of resources, and net position / fund balance**

### **1. Cash 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.

Investments for the City are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. 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, securities of the U.S. Government, time deposits, banker's acceptance notes, commercial paper, guaranteed investment contracts (GIC), medium term notes, the California Local Agency Investment Fund (LAIF), the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Investment pool, and the County of Tulare Investment pool.

### **2. Inventories and prepaid items**

Inventories are stated at cost using the first-in/first-out (FIFO) method, and consist of expendable materials and supplies. The cost of such inventories is recorded as expenditures / expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

### **3. Restricted assets**

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

### **4. 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 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 spent 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 donated capital assets, including works of art and historical treasures, the City values these capital assets at their estimated acquisition value at the date of donation.



Land, works of art and collections, and construction in progress are not depreciated. Other property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 to 75
Improvements other than buildings	20 to 75
Infrastructure	30 to 75
Machinery and equipment	5 to 20

## **5. Long-term debt**

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 position. Bond premiums and discounts, as well as, gains and losses on defeasance, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred per GASB Statement No. 65.

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

## **6. Deferred outflows / inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City reports two items under this category. The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred pension-related item includes pension contributions made subsequent to the actuarial measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two items under this category. The deferred inflow of pension-related item and the deferred inflow of OPEB-related item. In the governmental funds balance sheet, the City reports *unavailable revenue* from federal and state grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **7. Net position flow assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It

is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **8. Fund balance flow assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first. When the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **9. Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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 amounts 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 action of the City Council which is the highest level of decision-making authority for the City. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is a resolution by the City Council.

Assigned fund balance – This includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the city manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance – This is the residual classification that included amounts not contained in the other classifications in the general fund. Negative fund balances in other governmental funds are reported as unassigned fund balance.

### **F. Revenues and expenditures / expenses**

#### **1. Program revenues**

Amounts reported as *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, 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a

particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenue rather than as program revenues.

## **2. Property taxes**

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.

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 on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31.

## **3. 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.

## **4. 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.

## **5. Compensated absences**

It is the City of Porterville's policy to permit employees to accumulate earned, but unused, vacation benefits, which are eligible for payment upon separation from City service. The liability is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. Accumulated sick leave lapses when employees leave the employ of the City and upon separation from service. No liability for unpaid accumulated sick leave is reported.

## **6. Proprietary funds operating and non-operating revenues and expenses**

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.

#### G. New accounting policies

Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions was implemented in the current year. GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability for OPEB on the face of the financial statements.

#### H. Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications have no effect on the reported results of activities.

### 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 position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, pension, OPEB, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$71,466,673 difference are as follows:

Bonds payable	\$ 22,635,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(1,914,778)
Plus: Issuance premium (to be amortized over life of debt)	669,217
Notes payable	1,648,000
Accrued interest payable	94,609
Net pension liability	39,384,425
Net other postemployment benefits obligation	7,943,392
Compensated absences	<u>1,006,808</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>71,466,673</u>

Another element of that reconciliation explains that "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 position." The details of this \$261,386 difference are as follows:

Net position of the internal service funds	\$ (645,564)
Add: Internal receivable representing costs in excess of charges to business-type activities - prior years	458,213
Less: Internal payable representing charges in excess of costs to business-type activities - current year	<u>(74,035)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>(261,386)</u>

Another element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds." The details of this \$406,351,459 difference are as follows:

Land	\$	274,115,001
Construction in progress		10,381,176
Works of art and collection		183,938
Buildings		22,305,602
Less: Accumulated depreciation – buildings		(7,093,803)
Improvements other than buildings		10,132,500
Less: Accumulated depreciation – improvements other than buildings		(3,325,696)
Machinery and equipment		12,380,080
Less: Accumulated depreciation – machinery and equipment		(7,682,340)
Infrastructure		130,925,557
Less: Accumulated depreciation - infrastructure		(35,970,556)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	<u>406,351,459</u>

**B. Explanation of certain differences between the governmental fund 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 position of governmental activities* as reported in the 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 capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this \$2,674,366 difference are as follows:

Capital outlay	\$	6,778,966
Depreciation expense		(4,104,600)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>2,674,366</u>

Another element of that reconciliation states that "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 position. 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." The details of this \$1,686,000 difference are as follows:

Principal repayments:		
Certificates of participation	\$	895,000
Notes payable		251,000
Pension obligation bond		540,000
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>1,686,000</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 \$25,191 difference are as follows:

Compensated absences	\$	87,114
Accrued interest		7,894
Amortization of deferred charge on refunding		(159,565)
Amortization of bond premiums		39,366
<hr/>		
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(25,191)</u>

Another element of that reconciliation states that "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." The details of this \$87,298 difference are as follows:

Change in net position of the internal service funds	\$	(13,263)
Profit from charges to business-type activities		(74,035)
<hr/>		
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(87,298)</u>

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

The proprietary fund statement of net position includes a reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. 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 \$384,178 difference are as follows:

Internal payable representing costs in excess of charges to business-type activities – prior years	\$	(458,213)
Internal payable representing charges in excess of costs to business-type activities – current year		<u>74,035</u>
<hr/>		
Net adjustment to decrease <i>net position total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$	<u>(384,178)</u>

### NOTE 3 - Stewardship, compliance, and accountability

#### A. Deficit fund equity

At June 30, 2018, the Capital Projects Fund, a major governmental fund has a deficit net position of \$1,884,013. This deficit is a temporary condition as grant funds billed and reported as unavailable revenue in the current year are expected to be paid and received in the next fiscal year.

At June 30, 2018, the Golf Course Fund, a nonmajor enterprise fund has a deficit net position of \$1,145,653. For the past several years, expenses have exceeded revenues. There is presently no arrangement on how to eliminate the deficit in future years.

The Risk Management Fund, an internal service fund, also has a deficit net position at June 30, 2018 amounting to \$930,255. The city has a self-funded health plan. Deposits to the fund are made from the various city departments which are charged as benefit to the employees. These deposits had remained constant over several years while health care costs have continued to rise, the result of which is an overall fund deficit. In order to correct this, the city had come into an agreement with its employee associations which modified the health plan for cost savings and increased both employer and employee contributions to the funds as well as the retired employee contributions.

### NOTE 4 - Detailed notes on all activities and funds

#### A. Cash and investments

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 indenture. 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 bank balance was \$850,567 and cash on hand was \$3,285.

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

Statement of net position:		
Cash and investments	\$	64,089,166
Cash and investments - restricted		6,519,188
Fiduciary funds:		
Cash and investments		2,716,190
Cash and investments – restricted		89,430
Total cash and investments	\$	<u>73,413,974</u>

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

Cash and cash equivalents	\$	1,135,240
Outstanding checks		(949,238)
Deposits in transit		167,969
Investments		<u>73,060,203</u>
Total cash and investments	\$	<u>73,413,974</u>

#### Deposits

##### *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 City does not have a formal deposit policy for custodial credit risk. The Federal



Depository Insurance Corporation's standard insurance amount of \$250,000 per depositor, per insured bank, mitigates the City's custodial credit risk for deposits. The remaining deposit is collateralized as required by the California Government Code, by a pledge of securities by the financial institution in an undivided collateral pool held by a depository regulated under state law, the market value of which must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2018, \$600,567 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

### **Investments**

The City's Statement of Investment Policy provides the basis for the management of a prudent and systematic investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the California Government Code and/or the City's investment policy (where more restrictive). The types of securities in which the City Treasurer may invest include U.S. Treasury and U.S. Government agency securities, time deposits or certificates of deposit, negotiable certificates of deposit, bankers' acceptance notes, commercial paper, medium-term notes, bank deposits, money market mutual funds, the State of California Local Agency Investment Fund (LAIF), the investment pool managed by the Central San Joaquin Valley Risk Management Authority (CSJVRMA), and the investment pool managed by the County of Tulare. As of June 30, 2018, all investments are in compliance with State law and with the City's investment policy.

#### **Investment in the State Investment Pool**

The City of Porterville is a voluntary participant in the Local Agency Investment Fund (LAIF) program that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars. A separate account is maintained for each governmental unit having deposits in the fund. The income, gains and losses, net of administration fees are allocated in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amount remained therein. Moneys placed in LAIF are not subject to either transfer or loan, or impoundment or seizure by any state official or state agency.

#### **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. 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.

#### **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. Investment earnings is apportioned to the various participants in the investment pool at the end of each calendar quarter.

The following is a summary of investments held by the City at June 30, 2018:

Investment Pool	Fair Value	Interest Rates	Maturities	Weighted Average Maturity
United States treasury	\$ 985,510	1.781%	11/18	2 days
Federal agency securities	9,000,000	1.5%-3.0%	7/21-3/23	193 days
Corporate bonds	6,972,470	2.0%-2.75%	3/20-3/23	133 days
Negotiable certificates of deposit	10,724,008	1.6%-3.25%	5/19-6/23	196 days
Certificates of deposit	10,538,512	1.59%-3.1%	7/18-6/23	152 days
Money market funds	29,741	variable	On demand	0.00
Capital stock	136,000	--	--	--
Local Agency Investment Fund	13,385,690	variable	On demand	0.00
Tulare County Investment Pool	8,999,804	variable	On demand	0.00
CSJVRMA JPA Investment Pool	6,751,614	variable	On demand	0.00
	<u>67,523,349</u>			
<u>Investments outside investment pool</u>				
Federal agency securities	3,055,709			
Money market funds	2,481,145			
	<u>5,536,854</u>			
Total investments	\$ <u>73,060,203</u>			

#### ***Fair value of investments***

The City measures and record its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Unadjusted quoted prices in active markets for identical investments.
- Level 2: Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks, and default rates) or other market-corroborated inputs.); and,
- Level 3: Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including

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

Investments by fair value level		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States treasury	\$ 985,510	\$ -	\$ 985,510	\$ -
Federal agency securities	12,055,709	-	12,055,709	-
Corporate bonds	6,972,470	-	6,972,470	-
Negotiable certificates of deposit	10,724,008	-	10,724,008	-
Total investments measured at fair value	\$ 30,737,697	\$ -	\$ 30,737,697	\$ -

<u>Investments not measured at fair value</u>	
Certificates of deposit	\$ 10,538,512
Money market mutual funds	2,510,886
Capital stock	136,000
Local Agency Investment Fund	13,385,690
Tulare County Investment Pool	8,999,804
CSJVRMA JPA Investment Pool	<u>6,751,614</u>
Total investments	<u>\$ 73,060,203</u>

### ***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 be 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
United States treasury	\$ 985,510	\$ 985,510	\$ --	\$ --	\$ --
Federal agency securities	9,000,000	--	--	9,000,000	--
Corporate bonds	6,972,470	--	1,000,000	5,972,470	--
Negotiable certificates of deposit	10,724,008	245,000	2,178,524	8,300,484	--
Certificates of deposit	10,538,512	1,794,372	2,500,000	6,244,140	--
Money market funds	29,741	29,741	--	--	--
Capital stock	136,000	136,000	--	--	--
Local Agency Investment Fund	13,385,690	13,385,690	--	--	--
Tulare County Investment Pool	8,999,804	8,999,804	--	--	--
CSJVRMA JPA Investment Pool	6,751,614	6,751,614	--	--	--
Held by bond trustees:					
Federal agency securities	3,055,709	1,269,388	--	1,816,321	--
Money market funds	<u>2,481,145</u>	<u>2,481,145</u>	--	--	--
Total	\$ <u>73,060,203</u>	\$ <u>36,078,264</u>	\$ <u>5,678,524</u>	\$ <u>31,333,415</u>	\$ <u>--</u>

### ***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. State law limits investments in commercial paper to those of "prime" quality of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). Investments in medium-term notes are limited to those that are rated "A" or better by an NRSRO.

The City does not have any investments in commercial paper as of June 30, 2018. Corporate bonds have a rating of "A" or better by at least one of the three major rating services when purchased.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value of the City's investment pool at June 30, 2017:

		Moody's	Standard & Poor's	Fitch Ratings	Percentage of Total Investments
United States Treasury	\$ 985,510	Aaa	AA+	AAA	1.35%
Federal Home Loan Banks	4,000,000	Aaa	AA+	AAA	5.47%
Federal Home Loan Mortgage Corporation	4,000,000	Aaa	AA+	AAA	5.47%
Federal National Mortgage Association	2,103,974	Aaa	AA+	AAA	2.88%
Federal Farm Credit Banks	1,951,735	Aaa	AA+	AAA	2.67%
Corporate bonds	1,000,000	A2	A	A	1.37%
Corporate bonds	1,000,000	A3	BBB+	A	1.37%
Corporate bonds	997,500	A3	A-	AA-	1.37%
Corporate bonds	1,000,000	A2	A	A	1.37%
Corporate bonds	1,000,000	Aa3	AA-	A	1.37%
Corporate bonds	993,000	Aa1	AA+	--	1.36%
Corporate bonds	981,970	Aa2	AA	A+	1.34%
Negotiable certificates of deposit	10,724,008	N/R	N/R	N/R	14.68%
Certificates of deposit	10,538,512	N/R	N/R	N/R	14.42%
Money market funds	2,510,886	N/R	N/R	N/R	3.44%
Capital stock	136,000	N/R	N/R	N/R	0.19%
Local Agency Investment Fund	13,385,690	N/R	N/R	N/R	18.32%
Tulare County Investment Pool	8,999,804	N/R	N/R	N/R	12.32%
CSJVRMA JPA Investment Pool	6,751,614	N/R	N/R	N/R	9.24%
Total Investments	<u>73,060,203</u>				<u>100.00%</u>

N/R = not rated

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. 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. At June 30, 2018, 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 Banks	Federal agency securities	\$ 4,000,000
Federal Home Loan Mortgage Corporation	Federal agency securities	4,000,000

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City of Porterville will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2018, 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	\$ 7,000,000
Certificates of deposit	\$ 1,860,000
Corporate bonds	\$ 5,990,500

## B. Receivables

Receivables as of June 30, 2018, for the City's individual major funds and nonmajor and internal service 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 Operations
Receivables:					
Interest	\$ 262,061	\$ --	\$ 310,169	\$ --	\$ 14,555
Taxes	1,613,658	598,421	--	--	7,054
Other accounts receivable	985,660	--	9,720,528	--	1,144,095
Intergovernmental – restricted	159,780	3,062	192,788	1,952,693	--
Gross receivables	3,021,159	601,483	10,223,485	1,952,693	1,165,704
Less: allowance for uncollectibles	--	--	--	--	(28,364)
Net total receivables	<u>\$ 3,021,159</u>	<u>\$ 601,483</u>	<u>\$ 10,223,485</u>	<u>\$ 1,952,693</u>	<u>\$ 1,137,340</u>

	Water Operations	Solid Waste	Transit Operations	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 3,823	\$ --	\$ --	\$ --	\$ 590,608
Taxes	--	--	--	974,899	3,194,032
Other accounts receivable	2,057,864	961,736	96,458	134,417	15,100,758
Intergovernmental - restricted	445,630	--	2,361,206	888,936	6,004,095
Gross receivables	2,507,317	961,736	2,457,664	1,998,252	24,889,493
Less: allowance for uncollectibles	(60,082)	(25,583)	--	--	(114,029)
Net total receivables	<u>\$ 2,447,235</u>	<u>\$ 936,153</u>	<u>\$ 2,457,664</u>	<u>\$ 1,998,252</u>	<u>\$ 24,775,464</u>

## C. Notes receivable

On March 1, 2007, the City accepted a promissory note from Porterville Pacific Associates which evidenced an obligation to pay the City the principal amount of \$975,000 for funds loaned to finance the leasing and development of Porterville Sequoia Village at Rivers Edge. The loan was funded by Home Investment Partnerships Program funds. The note bears a simple interest rate of 3 percent per annum with a term of 55 years after the issuance of the date of completion of the project but in no event more than 58 years. Repayment of the loan will be based on the annual audit of the development in which residual receipts are determined. As of June 30, 2018, the principal balance of the note is \$975,000 with interest accrued in the amount of \$310,169.

On September 7, 2010, a Construction Loan Agreement was executed by the Tulare County Junior Livestock Show and Community Fair (Fair) for the purpose of obtaining a loan from the City of Porterville, the proceeds of which shall be used for the construction of improvements on the Fairgrounds facilities in an amount not to exceed \$2,000,000. The actual amount of the loan shall be determined upon completion of all improvements. The term of the loan is 10 years with interest at the rate of 3 percent per annum, compounded semi-annually. Construction of the improvements was completed in 2012 with the City disbursing a total amount of \$1,900,283. Semi-annual payments commenced on January 15, 2012. On December 2, 2014, the City Council considered the request of the Fair and approved the modification of the Construction Loan Agreement, whereby the Fair would pay to reduce the principal balance of the loan to \$1,200,000 and refinance the new balance over 25 years at an annual interest rate

of 4% with annual payments beginning July 15, 2015. As of June 30, 2018, the outstanding loan balance is \$1,041,904.

On August 25, 2016, a promissory note was executed by GreenPower Motor Company, Inc., promising to pay the City of Porterville the sum of \$594,000 with interest at a rate of 2% per annum, with principal and interest payable in monthly installments of \$5,463 through the 60<sup>th</sup> month, when the final balloon payment of \$311,764.06 becomes due and payable. The promissory note was executed as part of the consideration in the purchase of land at the municipal airport for the purpose of developing the property for heavy equipment manufacturing and assembly, as well as office space. As of June 30, 2018, the outstanding balance of the note is \$507,645.

With the execution of the Memorandum of Understanding between the City of Porterville and the Porterville Peace Officers Association (PPOA), a new Local Housing Assistance Program was established to assist PPOA employees in purchasing a home within the City of Porterville. The assistance is a \$10,000 loan with an annual interest rate of 3 percent and a term of 10 years. For each year of employment with the City, 1/10<sup>th</sup> of the loan shall be forgiven and after the completion of 10 years of employment, the loan plus all accrued interest shall be deemed satisfied and paid in full. As of June 30, 2018, there were 4 PPOA employees who have taken advantage of the program. A total of \$2,000 had been written off and the total amount outstanding at June 30, 2018 is \$38,000.

#### D. Capital assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 273,893,901	\$ 221,100	\$ --	\$ --	\$ 274,115,001
Construction in progress	7,953,988	5,737,212	(3,133,021)	--	10,558,179
Works of art and collections	183,938	--	--	--	183,938
Total capital assets, not being depreciated	282,031,827	5,958,312	(3,133,021)	--	284,857,118
<u>Capital assets, being depreciated:</u>					
Buildings	22,305,602	--	--	--	22,305,602
Improvements other than buildings	10,007,859	131,280	--	--	10,139,139
Machinery and equipment	12,576,868	974,234	(335,298)	--	13,215,804
Infrastructure	127,956,708	3,028,365	(59,516)	--	130,925,557
Total capital assets, being depreciated	172,847,037	4,133,879	(394,814)	--	176,586,102
Less accumulated depreciation for:					
Buildings	(6,644,100)	(449,703)	--	--	(7,093,803)
Improvements other than buildings	(3,050,531)	(281,804)	--	--	(3,332,335)
Machinery and equipment	(7,909,012)	(845,250)	334,963	--	(8,419,299)
Infrastructure	(33,449,574)	(2,580,498)	59,516	--	(35,970,556)
Total accumulated depreciation	(51,053,217)	(4,157,255)	394,479	--	(54,815,993)
Total capital assets, being depreciated, net	121,793,820	(23,376)	(335)	--	121,770,109
Governmental activities capital assets, net	\$ 403,825,647	\$ 5,934,936	\$ (3,133,356)	\$ --	\$ 406,627,227

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

Governmental activities:	
Community and economic development	\$ 42,128
General government	202,772
Parks and recreation	500,341
Public safety – fire	202,922
Public safety – police	439,550
Public works	2,716,887
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>52,655</u>
Total depreciation expense - governmental activities	\$ <u><u>4,157,255</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,423,633	\$ 400,688	\$ --	\$ --	\$ 5,824,321
Construction in progress	<u>1,850,159</u>	<u>3,461,233</u>	<u>(238,215)</u>	<u>(10,000)</u>	<u>5,063,177</u>
Total capital assets, not being depreciated	<u>7,273,792</u>	<u>3,861,921</u>	<u>(238,215)</u>	<u>(10,000)</u>	<u>10,887,498</u>
<u>Capital assets, being depreciated:</u>					
Buildings	5,385,073	--	--	--	5,385,073
Improvements other than buildings	12,665,846	--	--	--	12,665,846
Machinery and equipment	26,665,733	1,386,889	(92,286)	--	27,960,336
Distribution and collection systems	91,635,732	--	(39,082)	--	91,596,650
Infrastructure	<u>1,307,602</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,307,602</u>
Total capital assets, being depreciated	<u>137,659,986</u>	<u>1,386,889</u>	<u>(131,368)</u>	<u>--</u>	<u>138,915,507</u>
Less accumulated depreciation for:					
Buildings	(2,366,157)	(103,030)	--	--	(2,469,187)
Improvements other than buildings	(4,952,309)	(361,093)	--	--	(5,313,402)
Machinery and equipment	(14,271,237)	(1,693,997)	92,286	(55,128)	(15,928,076)
Distribution and collection systems	(41,212,599)	(1,954,779)	39,082	--	(43,128,296)
Infrastructure	<u>(317,300)</u>	<u>(118,691)</u>	<u>--</u>	<u>--</u>	<u>(435,991)</u>
Total accumulated depreciation	<u>(63,119,602)</u>	<u>(4,231,590)</u>	<u>131,368</u>	<u>(55,128)</u>	<u>(67,274,952)</u>
Total capital assets, being depreciated, net	<u>74,540,384</u>	<u>(2,844,701)</u>	<u>--</u>	<u>(55,128)</u>	<u>71,640,555</u>
Business-type activities capital assets, net	\$ <u><u>81,814,176</u></u>	\$ <u><u>1,017,220</u></u>	\$ <u><u>(238,215)</u></u>	\$ <u><u>(65,128)</u></u>	\$ <u><u>82,528,053</u></u>

## E. Interfund and advances receivable/payable, and transfers

The composition of interfund balances as of June 30, 2018, is as follows:

### Interfund receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
General fund	Nonmajor enterprise funds	\$ 1,096,627	Temporary operating loan
General fund	Nonmajor governmental fund	35,641	Temporary operating loan
Local transportation fund	Transit operations fund	1,981,201	Temporary operating loan
Local transportation fund	Capital projects fund	1,414,380	Temporary operating loan
Internal service funds	General fund	8,876	Current portion of advance for underground storage tank upgrade
Total		<u>\$ 4,536,725</u>	

### Advances receivable/payable

Receivable Fund	Payable Fund	Amount	Purpose
Sewer operating fund	General fund	\$ 286,212	Certificate forward purchase proceeds dedicated for sports park
Water operating fund	General fund	<u>266,851</u>	Certificate forward purchase proceeds dedicated for sports park
Total		<u>\$ 553,063</u>	

### Interfund transfers

Transfers Out	Transfers In				
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
General fund	\$ --	\$ 238,377	\$ 2,235,975	\$ 89,508	\$ 2,563,860
Public safety sales tax fund	--	--	114,914	--	114,914
Community development block grant fund	89,800	85,623	--	--	175,423
Nonmajor governmental funds	<u>1,272,484</u>	<u>3,756,055</u>	<u>--</u>	<u>5,684</u>	<u>5,034,223</u>
Total	<u>\$ 1,362,284</u>	<u>\$ 4,080,055</u>	<u>\$ 2,350,889</u>	<u>\$ 95,192</u>	<u>\$ 7,888,420</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. Resources were also moved to the debt service fund as debt service principal and interest payments become due. In turn, the general fund received an



infusion of funds from non-major funds to help pay for debt service. CDBG grant funds were transferred to the general fund for the operation of the Youth Center which is one of the approved eligible HUD programs. The golf course and the Zalud enterprise funds received general fund resources to aid in the operations of the funds.

## F. Long-term debt

### Certificates of Participation

The City has issued the following Certificates of Participation to support both governmental and business-type activities:

#### 2015 Refinancing Project

On June 18, 2015, the City issued certificates of participation in an aggregate principal amount of \$22,650,000 plus premium of \$787,314, through a private placement with Capital One Public Funding, LLC. The certificates will mature on June 1, 2035 with an interest rate of 3.85 percent per annum. Proceeds from the refunding were used to advance refund \$1,880,000 of outstanding 2002 Public Building Refunding Project certificates which had an interest rate of 6.30 percent, and prepay the outstanding balance of \$21,060,000 on the 2013 Lease Agreement, which had been assigned to Rabobank, N.A., and had a variable interest rate based on the U.S. dollar one month LIBOR plus 2.125 percent. \$1,567,054 of the net proceeds and \$559,273 from the 2002 COP reserve fund were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded 2002 COP's. Net proceeds of \$21,208,516 were immediately transferred to Rabobank, N.A. for the prepayment of the outstanding principal plus accrued interest on the 2013 Lease. As a result, the 2002 COP's and 2013 Lease are considered defeased and the liability had been removed from the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debts by \$2,393,472. 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. The difference between the cash flows required to service the old debt of \$36,612,280 (based on an average rate of 4.80 percent on the variable rate 2013 lease agreement) and the cash flows required to service the new debt of \$32,959,646 is \$3,652,734. This refunding resulted in an economic gain of \$1,549,258.

#### 2002 Sewer System Refunding Project 2002 Water System Refunding Project

On March 16, 1999, the City entered into a Certificate Forward Purchase Agreement with Lehman Brothers Special Financing, Inc. to advance refund its 1992 Sewer System Refunding and Improvement Project and its 1992 Water System Refunding Project certificates. Under the agreement, the City received an upfront payment, net of all transaction costs, the amount of \$230,887 for the Sewer System issue and \$215,503 for the Water System issue. The City was not obligated to deliver the refunding certificates prior to September 1, 2002, which is the first optional call date of the 1992 COP's. Terms of the refunding certificates remain the same with final maturity on October 2, 2018 and annual interest rates ranging from 5.80 percent to 6.30 percent.

Pursuant to the agreement, the City executed and delivered the certificates on September 1, 2002. The 2002 Sewer System Refunding Project certificates were issued at a total purchase price of \$7,558,200 consisting of the principal amount of \$7,410,000 plus premium of \$148,200. The 2002 Water System Refunding Project certificates were issued at an aggregate principal amount of \$6,920,000 plus premium of \$138,400. The 1992 COP's are considered defeased and the liability has been removed from the City's financial statements.

The principal amounts of certificates of participation currently outstanding are as follows:

2015 Refinancing Project	\$ 20,925,000
2002 Sewer System Refunding Project	705,000
2002 Water System Refunding Project	<u>655,000</u>
	<u>\$ 22,285,000</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
2019	\$ 925,000	\$ 796,661	\$ 1,360,000	\$ 42,840
2020	945,000	760,952	--	--
2021	950,000	724,185	--	--
2022	945,000	687,995	--	--
2023	1,010,000	651,324	--	--
2024 – 2028	5,845,000	2,620,214	--	--
2029 – 2033	7,075,000	1,392,064	--	--
2034 – 2035	3,230,000	156,887	--	--
Total	\$ 20,925,000	\$ 7,790,282	\$ 1,360,000	\$ 42,840

#### Revenue bonds

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 five 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, 2018 amount to \$19,555,000.

Debt service requirements on revenue bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2019	\$ --	\$ 1,050,808
2020	350,000	1,050,807
2021	660,000	1,036,288
2022	765,000	1,004,077
2023	800,000	966,986
2024 – 2028	4,645,000	4,156,708
2029 – 2033	6,095,000	2,652,353
2034 – 2037	6,240,000	725,906
Total	\$ 19,555,000	\$ 12,643,933

### Pension Obligation Bond

On July 16, 2013, the City Council of the City of Porterville authorized the issuance of its 2013 taxable pension obligation bonds for the purpose of refunding its public safety employee side fund obligation to the California Public Employee's Retirement System (CalPERS) and take advantage of lower interest rates. On November 22, 2013, Rabobank, N.A. offered to enter into an agreement with the City to purchase all of its 2013 Taxable Pension Obligation Refunding Bond for the purchase price of \$3,765,000. The bond will mature on October 1, 2020 and bears interest at the rate of 3 percent per annum, payable semiannually. The amount outstanding at June 30, 2018 is \$1,710,000.

Debt service requirements on the pension obligation bond is as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 555,000	\$ 42,975
2020	570,000	26,100
2021	585,000	8,775
Total	\$ 1,710,000	\$ 77,850

### Notes payable

On October 1, 2003, the City of Porterville was awarded \$3,885,000 under the U.S. Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program to fund the construction of a new neighborhood community center. 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. In April of 2015, the City opted to participate in HUD's refinancing of the note in a Section 108 public offering to take advantage of lower interest rates. The term of the new note remains the same with final maturity in August of 2023. Interest rates on the new note varies from 0.35 percent to 2.49 percent. As of June 30, 2018, the outstanding balance of the note is \$1,648,000.

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, 2018 is \$3,582,136.

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. Final payment on the loan was made in September 2017.

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. On March 1, 2014, the City entered into a Replacement Agreement with CIEDB which reduced the interest rate by 25 basis points, to 3.59 percent per annum commencing with the effective date of the replacement agreement and continuing for the remaining term of the agreement. On May 9, 2017, the Agreement is further amended with the reduction of the outstanding principal by \$63,760 which is the amount of the remaining project funds which were never disbursed to the City because the project had been completed. The outstanding balance of the note as of June 30, 2018 is \$5,601,193.

In addition, the City entered into a second Enterprise Fund Installment Sale Agreement with CIEDB for \$1,500,000. Proceeds from this loan were used to finance the Rocky Hill Reservoir Project which involves the construction of a 550,000 gallon storage reservoir. The remainder of the loan proceeds funded the construction of a new well and a supplemental booster pump. 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. As of June 30, 2018, \$1,255,575 is outstanding.

Debt service requirements on notes payable are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 268,000	\$ 33,378	\$ 400,925	\$ 345,444
2020	285,000	28,916	414,122	332,108
2021	273,000	23,535	427,756	318,329
2022	273,000	17,624	441,843	304,093
2023	273,000	11,072	456,397	289,383
2024 – 2028	276,000	3,864	2,517,776	1,208,596
2029 – 2033	--	--	2,961,378	760,199
2034 – 2038	--	--	2,292,925	283,979
2039	--	--	525,781	11,824
Total	<u>\$ 1,648,000</u>	<u>\$ 118,389</u>	<u>\$ 10,438,903</u>	<u>\$ 3,853,955</u>

#### 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, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Certificates payable	\$ 21,820,000	\$ --	\$ (895,000)	\$ 20,925,000	\$ 925,000
Pension obligation bond	2,250,000	--	(540,000)	1,710,000	555,000
Plus deferred amounts:					
For issuance premiums	708,582	--	(39,365)	669,217	--
Total bonds payable	24,778,582	--	(1,474,365)	23,304,217	1,480,000
Notes payable	1,899,000	--	(251,000)	1,648,000	268,000
Claims*	1,680,672	3,033,012	(3,255,374)	1,458,310	777,093
Compensated absences*	1,125,625	959,556	(1,049,309)	1,035,872	739,055
Governmental activity					
Long-term liabilities	<u>\$ 29,483,879</u>	<u>\$ 3,992,568</u>	<u>\$ (6,030,048)</u>	<u>\$ 27,446,399</u>	<u>\$ 3,264,148</u>

\* Governmental compensated absences are primarily liquidated in the General Fund. Claims liabilities are liquidated by the internal service funds.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Bonds payable:					
Certificates payable	\$ 2,635,000	\$ --	\$ (1,275,000)	\$ 1,360,000	\$ 1,360,000
Revenue bonds	19,555,000	--	--	19,555,000	--
Plus deferred amounts:					
For issuance premiums	22,427	--	(17,912)	4,515	--
Less deferred amounts:					
For issuance discounts	(696,779)	--	50,183	(646,596)	--
Total bonds payable	21,515,648	--	(1,242,729)	20,272,919	1,360,000
Notes payable	10,840,663	--	(401,760)	10,438,903	400,925
Compensated absences	187,213	156,274	(167,591)	175,896	117,823
Business-type activity					
Long-term liabilities	<u>\$ 32,543,524</u>	<u>\$ 156,274</u>	<u>\$ (1,812,080)</u>	<u>\$ 30,887,718</u>	<u>\$ 1,878,748</u>

## G. Fund balance

### Stabilization arrangement

On April 3, 2012, the City Council adopted an ordinance that established a budget stabilization reserve in the general fund. Its purpose is to mitigate one-time annual budget revenue shortfalls due to changes in economic environment and/or actions by the county/state/federal government that have a material effect on the City's revenues. The reserve shall be maintained at a minimum of 15 percent of the general fund annual budgeted operating expenditures. If the reserve balance falls below 10 percent of the annual budgeted operating expenditures, the policy provides that a plan be established to replenish the reserve to the required level within 3 fiscal years.

Expenditures from the budget stabilization reserve may only occur by formal City Council action with not less than four-fifths vote of those voting in agreement. Formal City Council action shall require adoption of a resolution which shall contain the basis of a finding of material effect and that the finding is within the intent and purpose of the budget stabilization reserve policy.

### Fund balance components

Governmental fund balances are presented in the following categories: nonspendable, committed, assigned, and unassigned. A detailed schedule of fund balances at June 30, 2018, is as follows:

	General	Public Safety Sales Tax	Community Development Block Grant	Capital Projects	Other Government al Funds	Total Governmental Funds
Nonspendable:						
Long-term notes receivable	\$1,079,904	\$ --	\$ --	\$ --	\$ --	\$1,079,904
Prepaid items	25,074	--	--	--	--	25,074
Total nonspendable	1,104,978	--	--	--	--	1,104,978
Restricted:						
Ballpark projects	61,821	--	--	--	--	61,821
Library	158,352	--	--	--	--	158,352
Public safety	--	1,215,979	--	--	168,880	1,384,859
Community development	--	--	10,137,100	--	--	10,137,100
Public works projects	--	--	--	--	11,896,796	11,896,796
Building construction	--	--	--	--	648,695	648,695
Debt service	--	--	--	--	970,351	970,351
Landscape maintenance districts	--	--	--	--	308,864	308,864
Total restricted	220,173	1,215,979	10,137,100	--	13,993,586	25,566,838
Committed:						
Porterville hotel project	209,086	--	--	--	--	209,086
Budget stabilization	4,192,895	--	--	--	--	4,192,895
Catastrophic/emergency reserve	2,795,264	--	--	--	--	2,795,264
Council special purposes	100,000	--	--	--	--	100,000
Capital construction/improvement	893,183	--	--	--	--	893,183
Facility deferred maintenance and equipment maintenance	1,114,283	--	--	--	--	1,114,283
Infrastructure deferred and improvements	1,114,283	--	--	--	--	1,114,283
Total committed	10,418,994	--	--	--	--	10,418,994
Assigned:						
Equipment replacement	8,215,952	--	--	--	--	8,215,952
Parks facility	243,919	--	--	--	--	243,919
Total assigned	8,459,871	--	--	--	--	8,459,871
Unassigned	580,774	--	--	(1,884,013)	--	(1,303,239)
Total fund balances	\$20,784,790	\$1,215,979	\$10,137,100	(1,884,013)	\$13,993,586	\$44,247,442

## 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 54 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 position and the changes in net position of the Authority for the year ended June 30, 2018 for the workers' compensation and liability programs.

	Workers'	Liability
	Compensation	Program
	Program	Program
<u>Net Position</u>		
Assets	\$ 77,624,629	\$ 26,830,364
Liabilities to member cities	<u>(69,205,291)</u>	<u>(21,990,829)</u>
Net position, reserved for insurance claims and losses	<u>\$ 8,419,338</u>	<u>\$ 4,839,535</u>
<u>Changes in Net Position</u>		
Operating revenues	\$ 25,422,284	\$ 14,220,592
Operating expenses	<u>(25,980,713)</u>	<u>(14,104,113)</u>
Operating income (loss)	(558,429)	116,479
Non-operating revenues (expenses)	<u>(16,423)</u>	<u>331,641</u>
Change in net position	(574,852)	448,120
Net position, July 1	<u>8,994,190</u>	<u>4,391,415</u>
Net position, June 30	<u>\$ 8,419,338</u>	<u>\$ 4,839,535</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 19<sup>th</sup> 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 interfund services provided and used. 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's coverage for workers' compensation and general liability is as follows:

<u>Workers Compensation</u>
<u>Limits of Coverage</u>
Liberty Insurance Corp Group purchased through CSAC-EIA
<u>\$50M to Statutory Limits</u>
Ace American Insurance Company Group purchased through CSAC-EIA
<u>\$5M to \$50M</u>
Local Agency Workers Compensation Excess Joint Powers Authority (LAWCX) Pooled Layer
<u>\$500,000 to \$5M</u>
City's Retained Limit
\$500,000

### Liability

#### Limits of Coverage

Colony Natl Insurance Company Group Purchased through CARMA
\$14M to \$29M
AmTrust Reinsurance Group Purchased through CARMA
\$4M to \$14M
CARMA Pooled Layer
\$1M to \$4M
CSJVRMA Mid-Layer Pool
\$500,000 to \$1M
CSJVRMA Primary Pool
\$100,000 to \$500,000
City's Retained Limit
\$100,000

The City contracts with a third-party administrator to administer all claims under the medical and dental program. Charges per employee are based on total outstanding claims and past history. The City will pay all medical claims up to \$110,000 per claim. The City then purchases stop loss coverage that covers claim costs above \$110,000 up to \$2,000,000. 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.

At June 30, 2018, \$1,458,310 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. Non-incremental claims adjustment expenses have been included as part of the liability for claims and judgments.

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

	Fiscal year ended	
	June 30, 2018	June 30, 2017
Unpaid claims, beginning of year	\$ 1,680,672	\$ 1,642,837
Incurred claims	3,033,012	3,087,543
Claim payments	(3,255,374)	(3,048,708)
Unpaid claims, end of year	\$ <u>1,458,310</u>	\$ <u>1,680,672</u>

### **C. Contingencies**

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. Construction and other significant commitments

The City has various projects ongoing as of June 30, 2018. The following are the City's significant commitments with contractors at fiscal yearend:

Project	Amount	Spent to Date as of June 30, 2018	Remaining Commitment
Airport gates and access control improvements	\$ 109,364	\$ 84,038	\$ 25,326
Asphalt paver	227,714	--	227,714
Automatic passenger counter system	324,695	263,460	61,235
Digester #3 repairs	300,000	--	300,000
East Porterville phase 2 water connection	159,398	20,770	138,628
Energov permitting and land management software	57,490	15,931	41,559
Jaye Street Bridge widening	7,292,826	7,253,209	39,617
Master plan updates	969,700	409,848	559,852
Mechanical sweeper	332,184	--	332,184
Mobile fare payment system	616,074	441,584	174,490
Parking lot improvements	443,418	327,341	116,077
Plano Street water main and concrete improvements	1,433,457	852,664	580,793
Sewer annexation	1,372,850	18,124	1,354,726
Traffic signal repair	30,992	--	30,992
Traveler information system	400,000	152,166	247,834
Vactor repair	86,788	--	86,788
WWTF dump truck	135,557	--	135,557
WWTF odor control equipment	1,135,500	600,556	534,944
Zero-emission buses	8,915,680	1,618,724	7,296,956
Zero-emission chargers	585,849	--	585,849

As discussed in note 1.D.1, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2018, the amount of encumbrances to be honored upon performance by the vendor in the next fiscal year are as follows:

General fund	\$ 50,646
Public safety sales tax fund	756
Capital projects fund	1,261,806
Nonmajor enterprise funds	25,326
Sewer operations fund	2,600,346
Transit operations fund	8,426,440
Water operations fund	552,206
Internal service funds	99,605
Total	\$ <u>13,017,131</u>

## 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.

Effective on July 1, 2012, the City implemented a two-tiered retirement benefit program. Concurrently, a supplemental deferred compensation (457) plan with a City-match component was implemented for all new employees hired between July 1, 2012 and January 1, 2013. With the supplemental 457 plan, the City shall match, from the first dollar contributed by an employee, all employee contributions to said supplemental 457 plan, provided that the City's contribution on behalf of the employee to CalPERS plus the City's contribution to the supplemental 457 plan shall not exceed twenty five percent of the employee's gross salary.

The City Council has adopted amendments to the 457 plan to accommodate certain tax law changes established by the Internal Revenue Service. In addition to the ICMA Retirement Corporation, the City contracted with Strategic Retirement Advisors to administer the plans and offer 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

### General Information about the Pension Plans

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City's separate *Miscellaneous, agent multiple-employer defined benefit pension plan*, and *Safety cost-sharing multiple-employer defined benefit pension plan*. Both plans are administered by the California Public Employees' Retirement System (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 City resolution. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and their beneficiaries. The Service Retirement Benefit is based on the benefit factor, years of service and final compensation. Members with at least five years of credited service become eligible for service retirement at age 50, for classic CalPERS members or PEPRA safety members, or age 52 for PEPRA miscellaneous members. Other benefits include sick leave credit, non-industrial disability retirement, 1959 Survivor Benefit and post-retirement death benefits. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 2, 2013
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Required employee contribution rates	8.0%	7.0%	6.0%
Required employer contribution rates	29.667%	29.667%	29.667%

	Safety		
	Tier 1	Tier 2	PEPRA
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 2, 2013
Hire date			
Benefit formula	3.0% @ 55	2.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of credited service	5 years of credited service	5 years of credited service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.0%	9.0%	11.5%
Required employer contribution rates*	25.798%	15.742%	12.115%-12.120%

\*Required employer contribution rates for the safety plan includes the UAL payment as a percentage of payroll.

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contributions rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the *Miscellaneous Plan*, the actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the *Safety cost-sharing Plan*, the actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each plan were as follows:

	Miscellaneous			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$2,382,327	\$ 38,074	\$254,998	\$2,675,399

	Safety			
	Tier 1	Tier 2	PEPRA	Total
Contributions - employer	\$1,263,715	\$ 92,842	\$192,835	\$1,549,392

**Actuarial Methods and Assumptions** – The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2016-2017 for the Miscellaneous Plan and the Safety Plan were derived from the June 30, 2014 funding valuation report.

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal cost method
Actuarial assumptions:	
Discount rate	7.5%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Details of the Experience Study report can be found on the CalPERS' website.

**Change of Assumption** – In fiscal year 2016-2017, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount for each plan, the amortization and smoothing periods recently adopted by the CalPERS Board in 2013 were used. Based on the testing, none of the tested plans run out of assets. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, both short-term and long-term market return expectations, as well as the expected pension fund (Public Employee's Retirement Fund) cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

**Amortization of Deferred Outflows and Deferred Inflows of Resources** – Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pensions (active, inactive and retired) as of the beginning of the measurement period.

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference at the measurement date is to be amortized over the remaining four-year period.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience, changes of assumptions and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan.

### Miscellaneous Agent Multiple-Employer Plan

**Changes in the Net Pension Liability** - The following table shows the changes in net pension liability recognized over the measurement period for the Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 87,711,088	\$ 55,425,740	\$ 32,285,348
Changes recognized for the measurement period:			
Service cost	1,867,841	--	1,867,841
Interest on the total pension liability	6,529,749	--	6,529,749
Changes of assumptions	5,686,424	--	5,686,424
Differences between expected and actual experience	(925,820)	--	(925,820)
Plan to plan resource movement	--	--	--
Contributions – employer	--	2,750,175	(2,750,175)
Contributions - employees	--	734,565	(734,565)
Net investment income	--	6,175,766	(6,175,766)
Benefit payments, including refunds of employee contributions	(4,160,895)	(4,160,895)	--
Administrative expense	--	(81,832)	81,832
Net changes during 2016-2017	8,997,299	(5,417,779)	3,579,520
Balance at June 30, 2017	\$ 96,708,387	\$ 60,843,519	\$ 35,864,868

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or higher than the current rate:

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$49,738,860	\$35,864,868	\$24,529,185

### **Pension Expense / (Income) for Measurement Period Ended June 30, 2017**

Service cost	\$ 1,867,841
Interest on total pension liability	6,529,749
Recognized changes of assumptions	1,092,960
Recognized differences between expected and actual experience	(285,084)
Plan to plan resource movement	--
Employee contributions	(734,565)
Projected earnings on pension plan investments	(3,923,263)
Recognized differences between projected and actual earnings on plan investments	(15,386)
Administrative expense	81,832
Total pension expense / (income)	\$ 4,614,084

**Deferred Outflows and Deferred Inflows of Resources** - As of June 30, 2017, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,675,399	\$ --
Changes of assumptions	4,189,998	(322,772)
Differences between expected and actual experiences	177,224	(794,108)
Net difference between projected and actual earnings on pension plan Investments	800,196	--
Total	\$ <u>7,842,817</u>	\$ <u>(1,116,880)</u>

Deferred outflows of \$2,675,399 related to contributions to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Periods Ended June 30	Deferred Outflows / (Inflows) of Resources
2019	\$ 901,163
2020	2,257,221
2021	1,342,651
2022	(450,497)
2023	--
Remaining	--

The EARSL for the Plan for the June 30, 2017 measurement date is 3.8 years, which was obtained by dividing the total service years of 2,099 (the sum of remaining service lifetimes of the active employees) by 548 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

#### **Safety Cost-Sharing Multiple-Employer Plan**

**Allocation of Pension Amounts to Individual Plans** – A key aspect of GASB Statement No. 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. GASB Statement No. 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool.

The schedule of employer allocations provides allocation factors by employer for rate plans within the safety risk pools based on the following allocation methodology which includes two ratios:

- 1) *Actuarial Accrued Liability* - Determined based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2016 used for funding purposes.

- 2) *Market Value of Assets* – Determined based on the sum of the Market Value of Assets (MVA) from the most recent Actuarial Valuation Report as of June 30, 2016 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The following allocation factors are used to determine the City's proportionate share of the safety risk pool pension amounts:

- 1) *Total Pension Liability (TPL)* – Allocate based on the employer's share of the actuarial accrued liability.
- 2) *Fiduciary Net Position (FNP)* – Allocate based on the employer's share of the market value of assets plus additional payments.
- 3) *Net Pension Liability (NPL)* – After completing the above calculations, subtract FNP from TPL to calculate the employer's NPL.
- 4) *Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense* – Allocate based on the employer's share of the actuarial accrued liability.
- 5) *Pension Expense* – After completing the above calculations, calculate the employer's share of collective pension expense based on the employer's share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer's contributions for the fiscal year ended June 30, 2017.

**Net Pension Liability** – The City's net pension liability for its Safety Plan is the proportionate share of the risk pool collective net pension liability. At June 30, 2017, the measurement date, the City's proportionate share of the Safety Risk Pool's net pension liability is 0.25571 percent. As of June 30, 2018, the City reports net pension liability of \$15,278,946 for its proportionate share of the Safety Risk Pool collective net pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the Safety Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or higher than the current rate:

	Discount Rate – 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$24,693,248	\$15,278,946	\$ 7,583,224

***Pension Expense / (Income) for Measurement Period Ended June 30, 2017***

Service cost	\$ 1,364,329
Interest on total pension liability	4,547,707
Changes of benefit terms	595
Recognized changes of assumptions	744,460
Recognized differences between expected and actual experience	8,583
Plan to plan resource movement	(510,927)
Employee contributions	(473,513)
Projected earnings on pension plan investments	(3,111,496)
Recognized differences between projected and actual earnings on plan investments	(22,364)
Administrative expense	65,773
Total pension expense / (income)	<u>\$ 2,613,147</u>



**Deferred Outflows and Deferred Inflows of Resources** - As of June 30, 2017, the City reports the following deferred outflows and deferred inflows of resources related to pensions for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,549,392	\$ --
Changes of assumptions	2,849,722	(218,638)
Differences between expected and actual experiences	196,499	( 51,233)
Change in proportion	381,700	( 7,806)
Difference between projected and actual earnings on investments	621,351	--
Difference between actual contributions and proportionate share of contributions	--	(509,188)
Total	\$ <u>5,598,664</u>	\$ <u>(786,865)</u>

Deferred outflows of \$1,549,392 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2019	\$ 869,583
2020	1,693,721
2021	1,062,677
2022	( 363,574)
2023	--

The EARS� for the public agency cost-sharing multiple-employer defined benefit pension plan for the June 30, 2017 measurement date is 3.8 years, which was obtained by dividing the total service years of 490,088 ( the sum of remaining service lifetimes of the active employees ) by 130,595 (the total number of participants: active, inactive and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

## **G. Postemployment benefits other than pensions (OPEB)**

### **Plan description**

The City's single-employer defined benefit OPEB plan, administered by the City, provides medical, prescription drug, dental, and vision insurance benefits. The City pays claims and administrative expenses for eligible active employees and retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The post-retirement health benefits are basically continuations of the coverages for active employees, with the general exception that upon becoming eligible for Medicare Parts A and B, retirees either leave the plan entirely, or in limited situations, the City plan become the secondary payor to Medicare.

Eligibility and benefit provisions specific to retirees are as follows: An employee must have completed 5 years of service and attained at least age 50, or age 52 in the case of Miscellaneous employees hired on or after January 1,

2013 (PEPRA employees). The City's OPEB plan benefits are also available to spouses of retired employees, 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. Medical plan benefits are paid until age 65 and spouses of over-age 65 retirees may continue participating until the spouse reaches age 65. Surviving spouses may also continue coverage until age 65.

The City's cost for retirees is offset by premiums paid the retirees that vary according to tier and are adjusted periodically. The premiums for medical prescription drug coverage are currently \$490 per month for retiree only or spouse only, and \$980 for retiree and spouse.

#### **Employees covered by benefit terms**

At June, 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	129
Inactive employees entitled to but not yet receiving benefit payments	16
Active employees	276
Total	<u>421</u>

#### **Total OPEB liability**

The City's total OPEB liability of \$10,623,890 was based on an actuarial valuation as of July 1, 2017, a measurement date of June 30, 2018 and a discount rate of 3.90 percent. For purposes of implementation of GASB 75, the total OPEB liability as of the beginning of the 2017-2018 fiscal year, based on the same actuarial valuation, but using a measurement date of June 30, 2017 and a discount rate of 3.60 percent, was \$10,272,579. The results of the July 1, 2017 actuarial valuation were used to determine the total OPEB liability as the June 30, 2017 measurement date, without adjustment.

**Actuarial assumptions** – The total OPEB liability was determined using an actuarial valuation as of July 1, 2017, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	3.00%, average, including inflation
Discount rate	
As of 6/30/17	3.60%, net of investment expense, including inflation
As of 6/30/18	3.90%, net of investment expense, including inflation
Healthcare cost trend rates	8.00% for 2017-18, decreasing to 5.00% for 2020-21 and after
Retirees' share of cost	Retiree premiums assumed to increase by an average of 3% per year for all future years, with the City paying the balance of the costs of the plan (claims and claim-related expenses).

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables of Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

All actuarial assumptions used in measuring the total OPEB liability are described in the July 1, 2017 actuarial valuation performed by Pacific Crest Actuaries. The assumptions were based on plan experience through July 1, 2017. The actuarial cost method used for measuring the total OPEB liability was entry age, level percent of pay.

**Changes in Total OPEB Liability** – The components of the City's total OPEB liability as of June 30, 2018 were as follows:

	Total OPEB Liability
Balance at June 30, 2017	\$10,272,579
Service cost	603,307
Interest on total OPEB liability plus service cost, less ½ benefit payments	385,952
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(327,957)
Benefit payments (claims and claim-related expenses)*	(309,991)
Net change in total OPEB liability	351,311
Balance at June 30, 2018	\$10,623,890

\*Actual pay-as-you-go costs consisting of claims and claim-related expenses, net of retiree contributions.

Changes of assumptions reflect a change in discount rate from 3.60 percent as of July 1, 2017 to 3.90 percent as of June 30, 2018.

Because the City has not contributed to a qualifying trust, the fiduciary net position of the plan is \$0 and the net OPEB liability is by definition equal to the total OPEB liability.

**Sensitivity of the total OPEB liability to changes in the discount rate** – The following presents the City's total OPEB liability as of June 30, 2018 calculated using the discount rate of 3.90 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.90 percent) or 1 percentage point higher (4.90 percent) than the current rate:

	1% Decrease 2.90%	Current Rate 3.90%	1% Increase 4.90%
Total OPEB liability	\$11,769,668	\$10,623,890	\$ 9,620,124

**Sensitivity of the total OPEB liability to changes in the healthcare trend rates** – The following presents the City's total OPEB liability as of June 30, 2018, as well as what the City's total OPEB liability would be if it were calculated using healthcare trend rates that 1 percentage point lower (7.0 percent grading down to 4.0 percent) or 1 percentage point higher (9.0 percent grading down to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB liability	\$8,690,068	\$10,623,890	\$12,894,079

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$938,225. At June 30, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ --	\$ --
Difference between expected and actual experience	--	--
Changes of assumptions	--	276,923
Difference between projected and actual earnings on OPEB plan investments	--	--
Total	\$ --	\$ 276,923

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows / (Inflows) of Resources
2019	\$ (51,034)
2020	(51,034)
2021	(51,034)
2022	(51,034)
2023	(51,034)
2024	(21,753)

**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 had 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 financial statements. As of June 30, 2018, the amount of the defeased debt outstanding amounted to \$515,000 and the amount in escrow is \$557,347.

**NOTE 7 – Prior period adjustments**

The City adopted the provisions of GASB Statement No. 75, related to other postemployment benefits (OPEB), which became effective during the year ended June 30, 2018. As a result of the implementation, beginning net position was reduced by \$4,084,237 for governmental activities and by \$2,240,958 for business-type activities in the government-wide statements. Adjustments were also made to the net positions of the proprietary funds to conform to the requirements of said statements as follows:

Airport Operations	\$	102,601
Golf Course		99,084
Sewer Operations		407,297
Solid Waste		962,277
Transit Operations		38,545
Water Operations		<u>631,154</u>
Total enterprise funds	\$	<u>2,240,958</u>
Risk Management	\$	52,424
Equipment Management		<u>298,477</u>
Total internal service funds	\$	<u>350,901</u>

#### **NOTE 8 – Subsequent events**

On November 1, 2018, the City entered into an Installment Sale Agreement with the Porterville Public Improvement Corporation for the refunding of the Sewer Revenue Bonds, 2011 Series A. The financing structure set a taxable interest rate effective until October 2021 when the 2011 bonds can be paid off and then convert to a tax-exempt interest rate for the remaining term of the new issue. Due to this unique structure, the issue was sold on a private placement basis and was assigned to Banner Bank. The principal amount is \$19,283,000 with an initial taxable interest rate of 4.48 percent and will convert to a tax-exempt rate of 3.47 percent with final maturity on October 1, 2036.

On November 6, 2018, the citizens of the City of Porterville approved Measure I – a local one-cent transactions and use tax to provide funds for the maintenance of local city services, including rapid emergency response times, public safety, street maintenance, and other services. The Measure will become effective beginning on April 1, 2019.

At its November 20, 2018 meeting, the Porterville City Council approved a loan agreement with Cornerstone Main Partners, L.P. in the amount of \$2,700,000 with a 20-year term and interest rate of 2.4 percent. The City has negotiated the sale of property at 14 North Main Street, formerly the site of the Porterville Hotel, to Cornerstone Main Partners, L.P., for the purpose of developing a three-story mixed-use building. The loan will assist the developers with the costs related to the purchase and development of the property.

#### **NOTE 9 – Successor Agency trust for assets of former Redevelopment Agency**

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

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On September 20, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 59-2011.

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Management believes, in conjunction with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

#### Capital assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 1,650,532	\$ --	\$ (1,650,532)	\$ --
Construction in progress	268,114	--	(268,114)	--
Improvements other than buildings	496,251	--	--	496,251
Accumulated depreciation - improvements	( 76,919)	( 9,925)	--	( 86,844)
Capital assets, net	<u>\$ 2,337,978</u>	<u>(9,925)</u>	<u>(1,918,646)</u>	<u>\$ 409,407</u>

#### Note receivable

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 on February 1, 2010, the date of the promissory note. As of June 30, 2018, the principal balance of the note is \$930,000 with interest accrued of \$228,314.

#### Long-term debt

On December 21, 2016, the Successor Agency issued \$4,920,000 of Tax Allocation Refunding Bonds, Series 2016A and \$2,455,000 of Taxable Tax Allocation Refunding Bonds, Series 2016B to refund \$7,380,000 of the outstanding 2008 Series Tax Allocation Refunding Bonds issued to finance redevelopment activities and low and moderate housing activities within or of benefit to the Redevelopment Project Area. Interest rates on the new bonds

range from 2 percent to 4.625 percent. Terms of the refunding bonds remain the same with final maturity on June 1, 2040. The reacquisition price exceeded the net carrying amount of the old debt by \$480,273. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The difference between the cash flows required to service the old debt of \$14,716,240 and the cash flows required to service the new debt of \$11,521,656 is \$3,194,584. This refunding resulted in an economic gain of \$1,330,999. Proceeds in the amount of \$7,436,302 was deposited into an escrow account for all future debt service payments with respect to the 2008 Bonds. Revenue bonds outstanding at June 30, 2018 amount to \$6,985,000.

Fiscal Year Ending June 30	Principal	Interest
2019	\$ 210,000	\$ 279,681
2020	215,000	271,981
2021	225,000	264,081
2022	230,000	255,831
2023	245,000	246,632
2024 – 2028	1,345,000	1,090,250
2029 – 2033	1,615,000	815,319
2034 – 2038	1,985,000	450,106
2039 – 2040	915,000	58,169
Total	<u>\$ 6,985,000</u>	<u>\$ 3,732,050</u>

#### Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 7,185,000	\$ --	\$ ( 200,000)	\$ 6,985,000	\$ 210,000
Total bonds payable	<u>7,185,000</u>	<u>--</u>	<u>( 200,000)</u>	<u>6,985,000</u>	<u>210,000</u>
Total long-term liabilities	<u>\$ 7,185,000</u>	<u>\$ --</u>	<u>\$ ( 200,000)</u>	<u>\$ 6,985,000</u>	<u>\$ 210,000</u>

#### Intergovernmental payable

Advances made by the City of Porterville to the former redevelopment agency for various redevelopment purposes, before its dissolution, were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable. In May of 2018, the State of California Department of Finance issued its final and conclusive determination regarding the loans from the City. In addition to the start-up costs for the formation of the redevelopment project area, which was paid in full by the end of the current fiscal year, only the loan for the storm drain repairs was deemed enforceable and therefor eligible for repayment. At June 30, 2018, the outstanding balance of that loan was \$115,580. All other city loans were determined to be unenforceable.

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**Required Supplementary  
Information**



# REQUIRED SUPPLEMENTARY INFORMATION

## Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

### Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2014	2015	2016	2017
Total pension liability:				
Service cost	\$ 1,707,141	\$ 1,564,655	\$ 1,599,260	\$ 1,867,841
Interest on total pension liability	5,754,567	6,004,410	6,317,200	6,529,749
Changes of assumptions	-	(1,533,174)	-	5,686,424
Difference between expected and actual experience	-	(531,640)	374,140	(925,820)
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)
Net change in total pension liability	4,109,697	1,727,861	4,323,526	8,997,299
Total pension liability, beginning	77,550,004	81,659,701	83,387,562	87,711,088
Total pension liability, ending	\$ 81,659,701	\$ 83,387,562	\$ 87,711,088	\$ 96,708,387
Plan fiduciary net position:				
Contributions - employer	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,750,175
Contributions - employee	799,335	785,498	811,025	734,565
Net investment income	8,234,935	1,260,596	273,011	6,175,766
Benefit payments, including refunds of employee contributions	(3,352,011)	(3,776,390)	(3,967,074)	(4,160,895)
Plan to plan resource movement	-	1,790	-	-
Administrative expense	-	(62,756)	(34,005)	(81,832)
Net change in fiduciary net position	7,845,523	500,516	(371,259)	5,417,779
Plan fiduciary net position, beginning	47,450,960	55,296,483	55,796,999	55,425,740
Plan fiduciary net position, ending	\$ 55,296,483	\$ 55,796,999	\$ 55,425,740	\$ 60,843,519
Plan net pension liability / (asset), ending	\$ 26,363,218	\$ 27,590,563	\$ 32,285,348	\$ 35,864,868
Plan fiduciary net positions as a percentage of the total pension liability	67.72%	66.91%	63.19%	62.91%
Covered payroll	\$ 9,479,377	\$ 9,209,814	\$ 9,567,816	\$ 10,250,475
Plan net pension liability / (asset) as a percentage of covered payroll	278.11%	299.58%	337.44%	349.88%

Note: GASB Statement No. 68 was implemented during fiscal year ending June 30, 2015.

Additional information will be added as they become available in the future.

#### Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 3, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

## REQUIRED SUPPLEMENTARY INFORMATION

### Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Pension Plan Contributions Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 2,163,264	\$ 2,291,778	\$ 2,545,784	\$ 2,504,885	\$ 2,675,399
Contributions in relation to the actuarially determined contribution	(2,163,264)	(2,291,778)	(2,545,784)	(2,504,885)	(2,675,399)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,479,377	\$ 9,209,814	\$ 9,567,816	\$ 10,250,475	\$ 10,150,496
Contributions as a percentage of covered payroll	22.821%	24.884%	26.608%	24.437%	26.357%

#### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial cost method	Entry age normal
Amortization method / period	Level percent of payroll / closed
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50 net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Note: GASB Statement No. 68 was implemented during fiscal year ending June 30, 2015. Additional information will be added as they become available in the future.

# REQUIRED SUPPLEMENTARY INFORMATION

## Safety Plan Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

### Schedule of Proportionate Share of the Net Pension Liability / (Asset) and Related Ratios as of the Measurement Date Last Ten Fiscal Years

	2014	2015	2016	2017
Plan's proportion of the net pension liability / (asset)	0.15770%	0.2255%	0.2509%	0.2557%
Plan's proportionate share of the net pension liability / (asset)	\$ 9,812,745	\$ 9,292,237	\$ 12,993,517	\$ 15,278,946
Plan's covered payroll	\$ 5,317,226	\$ 6,191,102	\$ 6,228,105	\$ 6,601,426
Plan's proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	184.55%	150.09%	208.63%	231.45%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	82.13%	83.72%	78.53%	77.29%
Plan's proportionate share of aggregate employer contributions	\$ 4,736,050	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258

*Note: GASB Statement No. 68 was implemented during fiscal year ending June 30, 2015.*

*Additional information will be added as they become available in the future.*

# REQUIRED SUPPLEMENTARY INFORMATION

## Safety Plan Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

### Schedule of Pension Plan Contributions Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,359,021	\$ 1,314,328	\$ 1,349,037	\$ 1,457,258	\$ 1,549,392
Contributions in relation to the actuarially determined contribution	<u>(4,918,683)</u>	<u>(1,314,328)</u>	<u>(1,349,037)</u>	<u>(1,457,258)</u>	<u>(1,549,392)</u>
Contributions deficiency (excess)	<u>\$ (3,559,662)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,317,226</u>	<u>\$ 6,191,102</u>	<u>\$ 6,228,105</u>	<u>\$ 6,601,426</u>	<u>\$ 6,493,831</u>
Contributions as a percentage of covered payroll	<u>92.505%</u>	<u>21.229%</u>	<u>21.660%</u>	<u>22.075%</u>	<u>23.859%</u>

Note: GASB Statement No. 68 was implemented during fiscal year ending June 30, 2015.  
Additional information will be added as they become available in the future.

## REQUIRED SUPPLEMENTARY INFORMATION

### Other Postemployment Benefits Plan

#### Schedule of Changes in Total OPEB Liability and Related Ratios Last 10 Fiscal Years

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 603,307
Interest	385,952
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(327,957)
Benefit payments	<u>(309,991)</u>
Net change in total OPEB liability	351,311
Total OPEB liability - beginning	<u>10,272,579</u>
Total OPEB liability - ending	<u>\$ 10,623,890</u>
Covered employee payroll	<u>\$ 17,470,913</u>
Total OPEB liability as a percentage of covered employee payroll	<u>60.81%</u>

*Note: GASB Statement No. 75 was implemented during fiscal year ending June 30, 2018.  
Additional information will be added as they become available in the future.*

**Notes to Schedule:**

Changes of benefit terms: There were not changes in benefit terms in 2018.

Changes of assumptions: Changes of assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.90%
2017	3.60%

City of Porterville  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive(Negative)
REVENUES				
Property taxes	\$ 6,590,000	\$ 6,590,000	\$ 7,041,157	\$ 451,157
Sales taxes	6,109,737	6,109,737	6,070,284	(39,453)
Utility users tax	4,000,000	4,000,000	4,055,845	55,845
Franchise tax	1,561,134	1,561,134	1,623,661	62,527
Transient occupancy tax	500,000	500,000	559,247	59,247
Business licenses	450,000	450,000	482,858	32,858
Building permits	230,000	230,000	271,610	41,610
Plumbing permits	125,000	125,000	174,448	49,448
Electrical permits	120,000	120,000	74,634	(45,366)
Other licenses and permits	14,800	14,800	12,564	(2,236)
Vehicle license fees	25,000	25,000	31,534	6,534
State grants/reimbursements	187,535	187,535	83,195	(104,340)
Other grants	-	-	13,217	13,217
Planning and zoning	30,000	30,000	53,824	23,824
Engineering and inspection	77,000	77,000	347,653	270,653
Police services	334,000	334,000	446,203	112,203
Fire services	45,000	45,000	82,333	37,333
Library services	40,000	40,000	39,995	(5)
Recreational activities	2,374,100	2,374,100	2,558,060	183,960
Other service charges	4,500	4,500	26,097	21,597
Interdepartmental service charge	1,906,412	1,906,412	2,419,139	512,727
Special assessments and fees	5,454	5,454	8,374	2,920
Parking fines	14,000	14,000	12,817	(1,183)
Vehicle code fines	2,000	2,000	2,334	334
Other fines	20,000	20,000	18,581	(1,419)
Interest	250,000	250,000	108,891	(141,109)
Rent	295,000	295,000	297,527	2,527
Contributions	5,000	5,000	1,200	(3,800)
Other revenues	102,200	102,200	175,650	73,450
Total revenues	25,417,872	25,417,872	27,092,932	1,675,060
EXPENDITURES				
Current:				
Community and economic development	963,310	963,310	1,139,583	(176,273)
General government	3,158,894	3,158,894	2,954,712	204,182
Parks and recreation	5,585,688	5,585,688	5,796,175	(210,487)
Public safety - fire	3,892,043	3,892,043	3,742,309	149,734
Public safety - police	9,458,156	9,458,156	8,929,700	528,456
Public works	2,490,783	2,490,783	2,230,903	259,880
Debt service:				
Interest and administrative charges	180	180	151	29
Capital outlay	670,180	670,180	945,841	(275,661)
Total expenditures	26,219,234	26,219,234	25,739,374	479,860
Excess (deficiency) of revenues over (under) expenditures	(801,362)	(801,362)	1,353,558	2,154,920
OTHER FINANCING SOURCES (USES)				
Transfers in	1,405,151	1,405,151	1,362,284	(42,867)
Transfers out	(2,018,675)	(2,018,675)	(2,563,860)	(545,185)
Sale of capital assets	-	-	52,533	52,533
Total other financing sources (uses)	(613,524)	(613,524)	(1,149,043)	(535,519)
Net change in fund balance	(1,414,886)	(1,414,886)	204,515	1,619,401
Fund balance - beginning	20,580,275	20,580,275	20,580,275	-
Fund balance - ending	\$ 19,165,389	\$ 19,165,389	\$ 20,784,790	\$ 1,619,401

City of Porterville  
Public Safety Sales Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with
			Actual	Final Budget
	Original	Final	Amounts	Positive(Negative)
REVENUES				
Sales tax	\$ 3,566,891	\$ 3,566,891	\$ 3,653,853	\$ 86,962
Charges for services	2,500	2,500	4,622	2,122
Investment earnings	5,000	5,000	2,277	(2,723)
Total revenues	3,574,391	3,574,391	3,660,752	86,361
EXPENDITURES				
Current:				
Parks and recreation	535,369	527,358	517,834	9,524
Public safety - fire	1,483,649	1,482,696	1,430,322	52,374
Public safety - police	1,665,175	1,647,575	1,553,805	93,770
Total expenditures	3,684,193	3,657,629	3,501,961	155,668
Excess(deficiency) of revenues over(under) expenditures	(109,802)	(83,238)	158,791	242,029
OTHER FINANCING SOURCES (USES)				
Transfers out	(32,257)	(30,000)	(114,914)	(84,914)
Total other financing sources (uses)	(32,257)	(30,000)	(114,914)	(84,914)
Net change in fund balance	(142,059)	(113,238)	43,877	157,115
Fund balance - beginning	1,172,102	1,172,102	1,172,102	-
Fund balance - ending	\$ 1,030,043	\$ 1,058,865	\$ 1,215,979	\$ 157,115



City of Porterville  
Community Development Block Grant  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with
			Actual	Final Budget
	Original	Final	Amounts	Positive(Negative)
REVENUES				
Federal grants	\$ 634,391	\$ 634,391	\$ 748,081	\$ 113,690
State grants/reimbursements	92,424	92,424	56,499	(35,925)
Charges for services	725	725	602	(123)
Investment earnings	20,000	20,000	29,063	9,063
Total revenues	747,540	747,540	834,245	86,705
EXPENDITURES				
Current:				
Community Development	448,645	448,645	286,358	162,287
Debt Service:				
Principal	251,000	251,000	251,000	-
Interest and administrative charges	36,327	36,327	36,327	-
Total expenditures	735,972	735,972	573,685	162,287
Excess(deficiency) of revenues over(under) expenditures	11,568	11,568	260,560	248,992
OTHER FINANCING SOURCES (USES)				
Transfers out	(90,843)	(90,843)	(175,423)	(84,580)
Net change in fund balance	(79,275)	(79,275)	85,137	164,412
Fund balance - beginning	10,051,963	10,051,963	10,051,963	-
Fund balance - ending	\$ 9,972,688	\$ 9,972,688	\$ 10,137,100	\$ 164,412

**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.

**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. Beginning with fiscal year 2007-2008, this fund is also used to account for the one-half cent sales tax measure (Measure R), which the voters of Tulare County approved in the November 2006 election. These funds are to be used for road and transportation improvements.

**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 and distribution of the newly-adopted Traffic Impact Fee assessed on new developments. These funds are to be used for the implementation of the Circulation Element.

**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. The current revenue stream consists of developer impact fees and interest income. These funds help pay for debt service on the Infrastructure Refinancing Bonds for that portion spent on the construction of the sports complex.

**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.

**Building Construction Fund** - This fund was created to accumulate and account for monies for building new facilities. The amounts in this fund are derived from an accumulation of general reserves, sale of surplus real property and interest earnings. Interest income from this fund is used for debt service of the Public Buildings Refunding Project Certificates of Participation.

## **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. 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 2002 Public Buildings Refunding Project Certificates of Participation obligation and the 2013 Infrastructure Refunding Lease Agreement.

## CITY OF PORTERVILLE

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue					
	Special Gas Tax	Local Transportation Fund	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
<b>ASSETS</b>						
Cash and investments	\$ 1,725,782	\$ 2,639,414	\$ -	\$ 117,038	\$ 320,240	\$ 1,321,858
Receivables - misc (net):						
Taxes	126,974	846,457	-	-	1,468	-
Intergovernmental receivables	261,008	205,611	20,864	70,202	-	-
Interfund receivables	-	3,395,581	-	-	-	-
Restricted - cash with fiscal agent	-	-	-	-	-	-
Total assets	<u>\$ 2,113,764</u>	<u>\$ 7,087,063</u>	<u>\$ 20,864</u>	<u>\$ 187,240</u>	<u>\$ 321,708</u>	<u>\$ 1,321,858</u>
<b>LIABILITIES</b>						
Accounts and other payables	\$ -	\$ -	\$ -	\$ 5,968	\$ 12,844	\$ -
Payroll payable	-	-	-	12,392	-	-
Interfund payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,360</u>	<u>12,844</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental	-	759,975	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>759,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted						
Building construction	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Landscape maintenance districts	-	-	-	-	308,864	-
Public safety	-	-	-	168,880	-	-
Public works	2,113,764	6,327,088	20,864	-	-	1,321,858
Total fund balances	<u>2,113,764</u>	<u>6,327,088</u>	<u>20,864</u>	<u>168,880</u>	<u>308,864</u>	<u>1,321,858</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,113,764</u>	<u>\$ 7,087,063</u>	<u>\$ 20,864</u>	<u>\$ 187,240</u>	<u>\$ 321,708</u>	<u>\$ 1,321,858</u>

## CITY OF PORTERVILLE

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 2,113,222	\$ 648,695	\$ -	\$ 8,886,249
Receivables - misc (net):					
Taxes	-	-	-	-	974,899
Intergovernmental receivables	-	-	-	-	557,685
Interfund receivables	-	-	-	-	3,395,581
Restricted - cash with fiscal agent	-	-	-	1,009,742	1,009,742
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 2,113,222</u>	<u>\$ 648,695</u>	<u>\$ 1,009,742</u>	<u>\$ 14,824,156</u>
<b>LIABILITIES</b>					
Accounts and other payables	\$ -	\$ -	\$ -	\$ 3,750	\$ 22,562
Payroll payable	-	-	-	-	12,392
Interfund payable	-	-	-	35,641	35,641
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,391</u>	<u>70,595</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - intergovernmental	-	-	-	-	759,975
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>759,975</u>
<b>FUND BALANCES</b>					
Restricted					
Building construction	-	-	648,695	-	648,695
Debt service	-	-	-	970,351	970,351
Landscape maintenance districts	-	-	-	-	308,864
Public safety	-	-	-	-	168,880
Public works	-	2,113,222	-	-	11,896,796
<b>Total fund balances</b>	<u>-</u>	<u>2,113,222</u>	<u>648,695</u>	<u>970,351</u>	<u>13,993,586</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ -</u>	<u>\$ 2,113,222</u>	<u>\$ 648,695</u>	<u>\$ 1,009,742</u>	<u>\$ 14,824,156</u>

## CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	Special Revenue					
	Special Gas Tax	Local Transportation Fund	Traffic Safety	Public Safety Grant	Landscape Maintenance District	Transportation Development
Revenues:						
Intergovernmental	\$ 2,457,828	\$ 1,996,336	\$ -	\$ 261,168	\$ -	\$ -
Special assessments and fees	-	-	-	-	73,236	326,009
Fines and forfeitures	-	-	120,697	-	-	-
Investment earnings	8,028	35,891	350	1,208	-	5,054
Miscellaneous	-	-	-	38,906	-	-
Total revenues	<u>2,465,856</u>	<u>2,032,227</u>	<u>121,047</u>	<u>301,282</u>	<u>73,236</u>	<u>331,063</u>
Expenditures:						
Parks and leisure services	-	-	-	-	148,519	-
Public safety - police	-	-	-	220,859	-	-
Debt redemption - principal	-	-	-	-	-	-
Debt redemption - interest & charges	-	-	-	-	-	-
Capital outlay	-	-	-	59,441	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,300</u>	<u>148,519</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,465,856</u>	<u>2,032,227</u>	<u>121,047</u>	<u>20,982</u>	<u>(75,283)</u>	<u>331,063</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(1,980,845)</u>	<u>(2,559,915)</u>	<u>(113,203)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>(1,980,845)</u>	<u>(2,559,915)</u>	<u>(113,203)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	<u>485,011</u>	<u>(527,688)</u>	<u>7,844</u>	<u>20,982</u>	<u>(75,283)</u>	<u>181,063</u>
Fund balances - July 1	<u>1,628,753</u>	<u>6,854,776</u>	<u>13,020</u>	<u>147,898</u>	<u>384,147</u>	<u>1,140,795</u>
Fund balances - June 30	<u>\$ 2,113,764</u>	<u>\$ 6,327,088</u>	<u>\$ 20,864</u>	<u>\$ 168,880</u>	<u>\$ 308,864</u>	<u>\$ 1,321,858</u>

## CITY OF PORTERVILLE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Park Development	Storm Drain Development	Building Construction	General Government	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	4,715,332
Special assessments and fees	39,190	211,466	-	-	649,901
Fines and forfeitures	-	-	-	-	120,697
Investment earnings	60	9,679	2,649	2,113	65,032
Miscellaneous	-	-	-	(5,713)	33,193
Total revenues	39,250	221,145	2,649	(3,600)	5,584,155
Expenditures:					
Parks and leisure services	-	-	-	-	148,519
Public safety - police	-	-	-	-	220,859
Debt redemption - principal	-	-	-	1,435,000	1,435,000
Debt redemption - interest & charges	-	-	-	896,004	896,004
Capital outlay	-	-	-	-	59,441
Total expenditures	-	-	-	2,331,004	2,759,823
Excess (deficiency) of revenues over (under) expenditures	39,250	221,145	2,649	(2,334,604)	2,824,332
Other financing sources (uses):					
Transfers in	-	-	-	2,350,889	2,350,889
Transfers out	(39,250)	(166,606)	(24,404)	-	(5,034,223)
Total other financing sources (uses)	(39,250)	(166,606)	(24,404)	2,350,889	(2,683,334)
Net change in fund balances	-	54,539	(21,755)	16,285	140,998
Fund balances - July 1	-	2,058,683	670,450	954,066	13,852,588
Fund balances - June 30	\$ -	\$ 2,113,222	\$ 648,695	\$ 970,351	\$ 13,993,586



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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax section 2103	\$ 240,507	\$ 233,297	\$ (7,210)
State gasoline tax section 2105	349,142	325,101	(24,041)
State gasoline tax section 2106	215,671	185,526	(30,145)
State gasoline tax section 2107	451,041	423,099	(27,942)
State gasoline tax section 2107.5	7,500	7,500	-
Total other taxes	<u>1,263,861</u>	<u>1,174,523</u>	<u>(89,338)</u>
Intergovernmental:			
State grants	1,012,500	1,022,297	9,797
Federal grants	<u>367,355</u>	<u>261,008</u>	<u>(106,347)</u>
Total intergovernmental	<u>1,379,855</u>	<u>1,283,305</u>	<u>(96,550)</u>
Interest	<u>15,000</u>	<u>8,028</u>	<u>(6,972)</u>
Total revenues	<u>2,658,716</u>	<u>2,465,856</u>	<u>(192,860)</u>
Other financing uses:			
Transfers out	<u>(3,894,775)</u>	<u>(1,980,845)</u>	<u>1,913,930</u>
Total other financing uses	<u>(3,894,775)</u>	<u>(1,980,845)</u>	<u>1,913,930</u>
Net change in fund balance	\$ <u>(1,236,059)</u>	485,011	\$ <u>1,721,070</u>
Fund balance - July 1		<u>1,628,753</u>	
Fund balance - June 30		\$ <u>2,113,764</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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other taxes:			
State gasoline tax - LTF	\$ 500,000	\$ 698,218	\$ 198,218
Sales tax - County Measure R	1,425,385	1,092,507	(332,878)
Total other taxes	<u>1,925,385</u>	<u>1,790,725</u>	<u>(134,660)</u>
Intergovernmental:			
State grants	332,000	-	(332,000)
Federal grants	<u>1,904,615</u>	<u>205,611</u>	<u>(1,699,004)</u>
Interest	<u>70,000</u>	<u>35,891</u>	<u>(34,109)</u>
Total revenues	<u>3,900,000</u>	<u>2,032,227</u>	<u>(1,867,773)</u>
Other financing uses:			
Transfers out	<u>(10,934,800)</u>	<u>(2,559,915)</u>	<u>8,374,885</u>
Total other financing uses	<u>(10,934,800)</u>	<u>(2,559,915)</u>	<u>8,374,885</u>
Net change in fund balance	\$ <u>(7,034,800)</u>	(527,688)	\$ <u>6,507,112</u>
Fund balance - July 1		<u>6,854,776</u>	
Fund balance - June 30		\$ <u>6,327,088</u>	

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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures:			
Penal code fines	\$ 150,000	\$ 120,697	\$ (29,303)
Interest	400	350	(50)
Total revenues	<u>150,400</u>	<u>121,047</u>	<u>(29,353)</u>
Other financing uses:			
Transfers out	<u>(150,400)</u>	<u>(113,203)</u>	<u>37,197</u>
Total other financing uses	<u>(150,400)</u>	<u>(113,203)</u>	<u>37,197</u>
Net change in fund balance	\$ <u><u>-</u></u>	7,844	\$ <u><u>7,844</u></u>
Fund balance - July 1		<u>13,020</u>	
Fund balance - June 30		\$ <u><u>20,864</u></u>	

## 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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
State grants	\$ 270,000	\$ 261,168	\$ (8,832)
Federal grants	15,000	-	(15,000)
Total intergovernmental	<u>285,000</u>	<u>261,168</u>	<u>(23,832)</u>
Interest	1,200	1,208	8
Other	<u>42,500</u>	<u>38,906</u>	<u>(3,594)</u>
Total revenues	<u>328,700</u>	<u>301,282</u>	<u>(27,418)</u>
Expenditures:			
Public safety - fire	-	-	-
Public safety - police	427,927	220,859	207,068
Capital outlay	<u>-</u>	<u>59,441</u>	<u>(59,441)</u>
Total expenditures	<u>427,927</u>	<u>280,300</u>	<u>147,627</u>
Net change in fund balance	<u>\$ (99,227)</u>	20,982	<u>\$ (175,045)</u>
Fund balance - July 1		<u>147,898</u>	
Fund balance - June 30		<u>\$ 168,880</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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$ 115,500	\$ 73,236	\$ (42,264)
Total revenues	<u>115,500</u>	<u>73,236</u>	<u>(42,264)</u>
Expenditures:			
Parks and leisure services:			
Cost of service	<u>164,336</u>	<u>148,519</u>	<u>15,817</u>
Total expenditures	<u>164,336</u>	<u>148,519</u>	<u>15,817</u>
Net change in fund balance	\$ <u>(48,836)</u>	(75,283)	\$ <u>(58,081)</u>
Fund balance - July 1		<u>384,147</u>	
Fund balance - June 30		\$ <u><u>308,864</u></u>	

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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Transportation impact fees	\$ 200,000	\$ 326,009	\$ 126,009
Interest	10,000	5,054	(4,946)
Total revenues	<u>210,000</u>	<u>331,063</u>	<u>121,063</u>
Other financing uses:			
Transfers out	<u>(241,750)</u>	<u>(150,000)</u>	<u>91,750</u>
Total financing uses	<u>(241,750)</u>	<u>(150,000)</u>	<u>91,750</u>
Net change in fund balance	\$ <u>(31,750)</u>	181,063	\$ <u>212,813</u>
Fund balance - July 1		<u>1,140,795</u>	
Fund balance - June 30		\$ <u><u>1,321,858</u></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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Park impact fees	\$ 50,000	\$ 39,190	\$ (10,810)
Interest	55	60	5
Total revenues	<u>50,055</u>	<u>39,250</u>	<u>(10,805)</u>
Other financing uses:			
Transfers out	<u>(50,055)</u>	<u>(39,250)</u>	<u>10,805</u>
Total other financing uses	<u>(50,055)</u>	<u>(39,250)</u>	<u>10,805</u>
Net change in fund balance	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		\$ <u><u>-</u></u>	

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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Storm drain fees	\$ 100,000	\$ 211,466	\$ 111,466
Interest	18,000	9,679	(8,321)
Total revenues	<u>118,000</u>	<u>221,145</u>	<u>103,145</u>
Other financing uses:			
Transfers out	<u>(1,463,080)</u>	<u>(166,606)</u>	<u>1,296,474</u>
Total other financing uses	<u>(1,463,080)</u>	<u>(166,606)</u>	<u>1,296,474</u>
Net change in fund balance	\$ <u>(1,345,080)</u>	54,539	\$ <u>1,399,619</u>
Fund balance - July 1		<u>2,058,683</u>	
Fund balance - June 30		\$ <u>2,113,222</u>	



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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 5,000	\$ 2,649	\$ (2,351)
Total revenues	5,000	2,649	(2,351)
Other financing uses:			
Transfers out	(505,000)	(24,404)	480,596
Total other financing uses	(505,000)	(24,404)	480,596
Net change in fund balance	\$ (500,000)	(21,755)	\$ 478,245
Fund balance - July 1		670,450	
Fund balance - June 30		\$ 648,695	

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, 2018

	Totals		
	Original and Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ -	\$ 2,113	\$ 2,113
Other	-	(5,713)	(5,713)
Total revenues	-	(3,600)	(3,600)
Expenditures:			
General government:			
Administration	1,350	5,100	(3,750)
Debt redemption, principal	1,435,000	1,435,000	-
Debt redemption, interest	890,904	890,904	-
Total expenditures	2,327,254	2,331,004	(3,750)
Excess (deficiency) of revenues over (under) expenditures	(2,327,254)	(2,334,604)	(7,350)
Other financing sources (uses):			
Transfers in	1,727,854	2,350,889	623,035
Total other financing sources (uses)	1,727,854	2,350,889	623,035
Net change in fund balance	\$ (599,400)	16,285	\$ 615,685
Fund balance - July 1		954,066	
Fund balance - June 30		\$ 970,351	

## **NONMAJOR ENTERPRISE FUNDS**

Enterprise 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 Pearle Zalud Estate. It is now used to account for the operations of the Zalud House Museum.

### **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 Position  
Nonmajor Enterprise Funds  
June 30, 2018

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 62,213	\$ 2,390,724	\$ 500	\$ 2,453,437
Receivables (net of allowance for uncollectibles)	5	69,173	-	69,178
Intergovernmental receivables	-	33,031	-	33,031
Inventories	-	125,623	-	125,623
Total current assets	62,218	2,618,551	500	2,681,269
Noncurrent assets:				
Notes receivable	-	507,645	-	507,645
Capital assets:				
Land	23,240	1,000,125	102,048	1,125,413
Construction in progress	-	219,878	-	219,878
Buildings	75,526	506,971	71,219	653,716
Improvements other than buildings	3,547	8,876,655	385,918	9,266,120
Machinery and equipment	63,341	891,918	342,140	1,297,399
Less accumulated depreciation	(120,997)	(5,501,226)	(593,467)	(6,215,690)
Total noncurrent assets	44,657	6,501,966	307,858	6,854,481
Total assets	106,875	9,120,517	308,358	9,535,750
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	100,514	73,134	173,648
Total deferred outflows of resources	-	100,514	73,134	173,648
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and other payables	438	29,103	16,536	46,077
Payroll payable	578	8,435	8,161	17,174
Interfund payable	-	-	1,096,627	1,096,627
Compensated absences payable	-	994	6,352	7,346
Total current liabilities	1,016	38,532	1,127,676	1,167,224
Noncurrent liabilities:				
Compensated absences payable	-	1,622	4,142	5,764
Net pension liability	-	410,575	286,956	697,531
Net other postemployment benefits obligation	-	106,110	102,472	208,582
Total noncurrent liabilities	-	518,307	393,570	911,877
Total liabilities	1,016	556,839	1,521,246	2,079,101
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension-related items	-	4,403	3,228	7,631
Deferred OPEB-related items	-	2,766	2,671	5,437
Total deferred inflow of resources	-	7,169	5,899	13,068
<b>NET POSITION</b>				
Net investment in capital assets	44,657	5,994,321	307,858	6,346,836
Unrestricted	61,202	2,662,702	(1,453,511)	1,270,393
Total net position	\$ 105,859	\$ 8,657,023	\$ (1,145,653)	\$ 7,617,229

City of Porterville  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2018

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
Operating revenues:				
Charges for services	\$ 7,369	\$ 1,490,712	\$ 170,163	\$ 1,668,244
Other revenues	<u>775</u>	<u>159,508</u>	<u>65</u>	<u>160,348</u>
Total operating revenues	<u>8,144</u>	<u>1,650,220</u>	<u>170,228</u>	<u>1,828,592</u>
Operating expenses:				
Cost of sales and services	18,718	1,286,313	289,363	1,594,394
General and administrative	5,495	149,401	123,898	278,794
Depreciation/amortization	<u>3,045</u>	<u>291,289</u>	<u>34,989</u>	<u>329,323</u>
Total operating expenses	<u>27,258</u>	<u>1,727,003</u>	<u>448,250</u>	<u>2,202,511</u>
Operating income (loss)	<u>(19,114)</u>	<u>(76,783)</u>	<u>(278,022)</u>	<u>(373,919)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	-	62,875	-	62,875
Investment earnings	174	20,735	293	21,202
Interest expense	<u>-</u>	<u>(139)</u>	<u>-</u>	<u>(139)</u>
Total nonoperating revenue (expenses)	<u>174</u>	<u>83,471</u>	<u>293</u>	<u>83,938</u>
Income before contributions and transfers	<u>(18,940)</u>	<u>6,688</u>	<u>(277,729)</u>	<u>(289,981)</u>
Capital contributions and transfers:				
Capital contributions - federal and state grants	-	43,899	-	43,899
Transfers in	<u>10,000</u>	<u>5,684</u>	<u>69,000</u>	<u>84,684</u>
Total contributions and transfers	<u>10,000</u>	<u>49,583</u>	<u>69,000</u>	<u>128,583</u>
Change in net position	<u>(8,940)</u>	<u>56,271</u>	<u>(208,729)</u>	<u>(161,398)</u>
Net position - beginning	<u>114,799</u>	<u>8,703,353</u>	<u>(837,840)</u>	<u>7,980,312</u>
Prior period adjustments	<u>-</u>	<u>(102,601)</u>	<u>(99,084)</u>	<u>(201,685)</u>
Net position - ending	<u>\$ 105,859</u>	<u>\$ 8,657,023</u>	<u>\$ (1,145,653)</u>	<u>\$ 7,617,229</u>

City of Porterville  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018

	Zalud House	Airport Operations	Golf Course	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 8,553	\$ 1,715,639	\$ 170,228	\$ 1,894,420
Payments to employees	(13,640)	(204,375)	(152,989)	(371,004)
Payments to suppliers and others	(10,939)	(1,251,034)	(235,141)	(1,497,114)
Net cash provided by operating activities	(16,026)	260,230	(217,902)	26,302
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash from interfund	-	-	211,910	211,910
Subsidy from federal and state grants	-	29,844	-	29,844
Transfers in from other funds	10,000	5,684	69,000	84,684
Net cash (used) by noncapital financing	10,000	35,528	280,910	326,438
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Construction and other capital projects	-	(48,587)	-	(48,587)
Interest paid on long-term debt and advances	-	(605)	-	(605)
Principal payments on long-term debt	-	(13,606)	-	(13,606)
Principal payments on notes receivable	-	50,326	-	50,326
Purchase of capital assets	-	(210,134)	(63,301)	(273,435)
Subsidy from federal and state grants	-	43,899	-	43,899
Net cash (used) by capital and related financing activities	-	(178,707)	(63,301)	(242,008)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	174	20,735	293	21,202
Net cash provided by investing activities	174	20,735	293	21,202
Net Increase (decrease) in cash and cash equivalents	(5,852)	137,786	-	131,934
Balances - beginning of year	68,065	2,252,938	500	2,321,503
Balances - end of the year	\$ 62,213	\$ 2,390,724	\$ 500	\$ 2,453,437
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (19,114)	\$ (76,783)	\$ (278,022)	\$ (373,919)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	3,045	291,289	34,989	329,323
Changes in assets and liabilities:				
Accounts payable	14	(234)	2,243	2,023
Compensated absences	-	(19,057)	(163)	(19,220)
Customer receivables	409	65,419	-	65,828
Inventory	-	(27,340)	-	(27,340)
Other postemployment benefits	-	6,275	6,059	12,334
Pensions	-	21,702	15,790	37,492
Salaries and benefits payable	(380)	(1,041)	1,202	(219)
Net cash provided by operating activities	\$ (16,026)	\$ 260,230	\$ (217,902)	\$ 26,302

## **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 created for the purpose of identifying, controlling, preventing, and transferring risk and to manage the City's insurance programs 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. Revenues are derived from charges to departments and interest income.

### **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 Position  
Internal Service Funds  
June 30, 2018

	Risk Management	Equipment Management	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 920,089	\$ 1,447,102	\$ 2,367,191
Receivables (net of allowance for uncollectibles)	36,262	28,977	65,239
Intergovernmental receivable	115,580	182,640	298,220
Interfund receivable	8,876	-	8,876
Total current assets:	<u>1,080,807</u>	<u>1,658,719</u>	<u>2,739,526</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	129,617	129,617
Improvements other than buildings	-	6,639	6,639
Machinery and equipment	-	835,723	835,723
Less accumulated depreciation	-	(743,597)	(743,597)
Total noncurrent assets:	<u>-</u>	<u>228,382</u>	<u>228,382</u>
Total assets	<u>1,080,807</u>	<u>1,887,101</u>	<u>2,967,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension-related items	68,496	341,664	410,160
Total deferred outflows of resources	<u>68,496</u>	<u>341,664</u>	<u>410,160</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	172,047	251,349	423,396
Payroll payable	7,792	33,610	41,402
Accrued claims	777,093	-	777,093
Compensated absences payable	2,978	20,047	23,025
Total current liabilities	<u>959,910</u>	<u>305,006</u>	<u>1,264,916</u>
Noncurrent liabilities:			
Accrued claims	681,217	-	681,217
Compensated absences payable	-	6,039	6,039
Net pension liability	369,544	1,293,987	1,663,531
Net other postemployment obligations	54,217	308,685	362,902
Total noncurrent liabilities	<u>1,104,978</u>	<u>1,608,711</u>	<u>2,713,689</u>
Total liabilities	<u>2,064,888</u>	<u>1,913,717</u>	<u>3,978,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension-related items	13,257	22,311	35,568
Deferred OPEB-related items	1,413	8,046	9,459
Total deferred inflows of resources	<u>14,670</u>	<u>30,357</u>	<u>45,027</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	228,382	228,382
Unrestricted	(930,255)	56,309	(873,946)
Total net position	<u>\$ (930,255)</u>	<u>\$ 284,691</u>	<u>\$ (645,564)</u>



City of Porterville  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2018

	Risk Management	Equipment Management	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 6,590,369	\$ 3,461,791	\$ 10,052,160
Other revenues	841	207,929	208,770
Total operating revenues	<u>6,591,210</u>	<u>3,669,720</u>	<u>10,260,930</u>
Operating expenses:			
Cost of sales and services	6,050,068	3,390,238	9,440,306
General and administrative	709,069	74,727	783,796
Depreciation/amortization	-	52,655	52,655
Total operating expenses	<u>6,759,137</u>	<u>3,517,620</u>	<u>10,276,757</u>
Operating income (loss)	(167,927)	152,100	(15,827)
Nonoperating revenues (expenses):			
Investment earnings	<u>(3,196)</u>	5,760	2,564
Change in net position	<u>(171,123)</u>	157,860	(13,263)
Net position - beginning	<u>(706,708)</u>	425,308	(281,400)
Prior period adjustment	<u>(52,424)</u>	(298,477)	(350,901)
Net position - ending	<u><u>\$ (930,255)</u></u>	<u><u>\$ 284,691</u></u>	<u><u>\$ (645,564)</u></u>

City of Porterville  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2018

	Risk Management	Equipment Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 6,606,133	\$ 3,665,791	\$ 10,271,924
Payments to employees	(121,467)	(676,943)	(798,410)
Payments to suppliers and others	(6,913,289)	(2,562,516)	(9,475,805)
Net cash provided by operating activities	<u>(428,623)</u>	<u>426,332</u>	<u>(2,291)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advances to other funds	10,663	-	10,663
Cash from interfund	1,689	-	1,689
Intergovernmental - operating assistance	567,119	(182,020)	385,099
Net cash (used) by noncapital financing	<u>579,471</u>	<u>(182,020)</u>	<u>397,451</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(129,617)	(129,617)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(129,617)</u>	<u>(129,617)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	(3,196)	5,760	2,564
Net cash provided by investing activities	<u>(3,196)</u>	<u>5,760</u>	<u>2,564</u>
Net Increase (decrease) in cash and cash equivalents	<u>147,652</u>	<u>120,455</u>	<u>268,107</u>
Balances - beginning of year	<u>772,437</u>	<u>1,326,647</u>	<u>2,099,084</u>
Balances - end of the year	<u>\$ 920,089</u>	<u>\$ 1,447,102</u>	<u>\$ 2,367,191</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (167,927)	\$ 152,100	\$ (15,827)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	-	52,655	52,655
Changes in assets and liabilities:			
Accounts payable	(71,843)	130,779	58,936
Accrued claims	(222,362)	-	(222,362)
Compensated absences	(1,881)	(759)	(2,640)
Customer receivables	14,923	(3,929)	10,994
Other postemployment benefits	3,206	18,254	21,460
Pensions	14,790	73,770	88,560
Salaries and benefits payable	2,471	3,462	5,933
Net cash provided by operating activities	<u>\$ (428,623)</u>	<u>\$ 426,332</u>	<u>\$ (2,291)</u>

## 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 funds.

City of Porterville  
Schedule of Changes in Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2018

<u>Special Deposits</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>
<b>Assets</b>				
Cash and investments	\$ 1,510,515	\$ 1,477,657	\$ 962,728	\$ 2,025,444
Total assets	<u>\$ 1,510,515</u>	<u>\$ 1,477,657</u>	<u>\$ 962,728</u>	<u>\$ 2,025,444</u>
<b>Liabilities</b>				
Accounts and other payables	\$ 37,524	\$ 827,604	\$ 811,729	\$ 53,399
Refundable deposits, utilities	402,155	107,902	97,460	412,597
Refundable deposits, miscellaneous	655,076	1,105,142	822,777	937,441
Other deposits, safety	415,760	319,732	113,485	622,007
Total liabilities	<u>\$ 1,510,515</u>	<u>\$ 2,360,380</u>	<u>\$ 1,845,451</u>	<u>\$ 2,025,444</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	124
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	130
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	142
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	146
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	148
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 POSITION BY COMPONENT (in thousands)  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities:										
Net investment in capital assets	\$ 349,278	\$ 351,422	\$ 351,797	\$ 352,352	\$ 350,078	\$ 362,675	\$ 376,078	\$ 376,681	\$ 380,683	\$ 384,474
Restricted	15,181	14,383	11,681	9,160	8,266	4,152	26,482	25,262	25,297	26,719
Unrestricted	16,992	15,908	17,321	23,043	28,545	32,343	(18,340)	(17,650)	(10,323)	(20,249)
Total governmental activities net position	<u>\$ 381,451</u>	<u>\$ 381,713</u>	<u>\$ 380,799</u>	<u>\$ 384,555</u>	<u>\$ 386,889</u>	<u>\$ 399,170</u>	<u>\$ 384,220</u>	<u>\$ 384,293</u>	<u>\$ 395,657</u>	<u>\$ 390,944</u>
Business-type activities:										
Net investment in capital assets	\$ 41,328	\$ 35,164	\$ 46,006	\$ 44,059	\$ 44,211	\$ 43,444	\$ 47,096	\$ 52,217	\$ 51,993	\$ 54,180
Restricted	1,453	1,450	3,251	3,271	3,239	3,272	3,297	3,326	3,373	3,434
Unrestricted	18,807	26,701	18,665	21,633	24,254	27,762	16,239	15,222	24,660	26,393
Total business-type activities net position	<u>\$ 61,588</u>	<u>\$ 63,315</u>	<u>\$ 67,922</u>	<u>\$ 68,963</u>	<u>\$ 71,704</u>	<u>\$ 74,478</u>	<u>\$ 66,632</u>	<u>\$ 70,765</u>	<u>\$ 80,026</u>	<u>\$ 84,007</u>
Primary government:										
Net investment in capital assets	\$ 390,606	\$ 386,586	\$ 397,803	\$ 396,411	\$ 394,289	\$ 406,119	\$ 423,174	\$ 428,898	\$ 432,676	\$ 438,654
Restricted	16,634	15,833	14,932	12,431	11,505	7,424	29,779	28,588	28,670	30,153
Unrestricted	35,799	42,609	35,986	44,676	52,799	60,105	(2,101)	(2,428)	14,337	6,144
Total primary government net position	<u>\$ 443,039</u>	<u>\$ 445,028</u>	<u>\$ 448,721</u>	<u>\$ 453,518</u>	<u>\$ 458,593</u>	<u>\$ 473,648</u>	<u>\$ 450,852</u>	<u>\$ 455,058</u>	<u>\$ 475,683</u>	<u>\$ 474,951</u>

Note: GASB Statement No. 68, Accounting and Financial Reporting for pensions was implemented beginning with the fiscal year ending June 30, 2015. It required that the net pension liability and other pension-related items be presented on the financial statements. The result of the adjustments made for pension-related items was a decrease in unrestricted net position.

Note: In fiscal year 2017-2018, certain amounts of governmental activities net position were reclassified to show certain restrictions. These amounts have no effect on the results of activities. For consistency with the fiscal year 2017-2018 presentation, the components of governmental activities net position for fiscal years' 2014-2015 through 2016-2017 were also reclassified.



CITY OF PORTERVILLE  
CHANGES IN NET POSITION (in thousands)  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>EXPENSES</b>										
Governmental activities:										
Community and economic development	\$ 2,690	\$ 3,284	\$ 3,070	\$ 1,975	\$ 1,450	\$ 1,350	\$ 1,572	\$ 2,156	\$ 725	\$ 1,594
General government	2,847	4,925	3,613	3,041	2,923	2,816	3,197	3,213	2,129	3,415
Parks and recreation	5,165	5,528	5,449	5,832	5,350	5,490	5,865	6,550	5,362	7,332
Public safety - fire	3,979	4,410	4,646	4,878	4,498	4,692	4,283	4,660	5,080	6,805
Public safety - police	9,023	9,746	9,725	10,368	9,788	10,863	10,174	10,765	11,233	13,822
Public works	4,654	5,448	6,392	7,135	6,694	5,258	7,271	5,679	4,782	6,583
Interest on long-term debt	1,909	1,942	1,934	1,524	1,080	1,205	1,203	1,122	1,088	1,045
Total governmental activities expenses	<u>30,267</u>	<u>35,283</u>	<u>34,829</u>	<u>34,753</u>	<u>31,783</u>	<u>31,674</u>	<u>33,565</u>	<u>34,145</u>	<u>30,399</u>	<u>40,596</u>
Business-type activities:										
Airport	1,656	974	1,287	1,563	1,335	1,534	1,570	1,619	1,723	1,729
Golf course	419	386	376	384	383	403	358	373	358	449
Sewer operating	6,501	6,032	6,170	6,697	6,235	6,500	6,654	6,976	6,466	7,145
Solid waste	5,181	5,310	5,358	5,338	5,233	5,450	5,574	5,568	5,428	6,185
Transit	2,037	2,017	2,151	2,210	2,303	3,084	3,258	4,459	4,584	4,910
Water operating	4,746	5,106	4,967	4,971	4,829	5,472	5,544	5,695	7,164	7,106
Zalud estate	31	24	29	28	27	26	21	26	29	27
Total business-type activities expenses	<u>20,571</u>	<u>19,849</u>	<u>20,338</u>	<u>21,191</u>	<u>20,345</u>	<u>22,469</u>	<u>22,979</u>	<u>24,716</u>	<u>25,752</u>	<u>27,551</u>
Total primary government expenses	<u>\$ 50,838</u>	<u>\$ 55,132</u>	<u>\$ 55,167</u>	<u>\$ 55,944</u>	<u>\$ 52,128</u>	<u>\$ 54,143</u>	<u>\$ 56,544</u>	<u>\$ 58,861</u>	<u>\$ 56,151</u>	<u>\$ 68,147</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
Community and economic development	\$ 236	\$ 211	\$ 263	\$ 258	\$ 352	\$ 373	\$ 51	\$ 29	\$ 36	\$ 136
General government	1,494	1,585	1,613	1,622	1,656	1,746	1,786	2,037	2,554	2,622
Parks and recreation	1,603	1,731	1,891	1,931	1,942	1,695	1,766	2,007	2,378	2,673
Public safety - fire	36	45	23	80	70	86	77	104	331	229
Public safety - police	520	598	461	587	624	485	530	411	388	526
Public works	233	167	204	298	219	390	355	303	427	569
Operating grants and contributions:										
Community and economic development	1,600	1,388	1,576	1,489	854	796	904	887	554	719
General government	486	599	476	469	469	449	523	511	491	524
Parks and recreation	163	206	199	53	243	33	89	297	264	126
Public safety - fire	--	30	304	6	71	76	61	72	2	--
Public safety - police	263	334	308	400	255	247	427	354	367	273
Public works	1,348	1,275	1,699	1,850	1,241	1,306	1,884	2,022	1,932	3,836
Capital grants and contributions:										
Community and economic development	--	--	--	--	--	--	--	--	101	--
Parks and recreation	42	1,159	282	59	331	1,283	510	183	428	138
Public safety - fire	--	--	100	128	50	--	27	--	--	--
Public safety - police	--	--	85	76	141	108	21	--	--	62
Public works	5,637	3,444	3,392	4,854	4,894	14,199	11,688	2,653	6,556	4,008
Total governmental activities program revenues	<u>13,661</u>	<u>12,772</u>	<u>12,876</u>	<u>14,160</u>	<u>13,412</u>	<u>23,272</u>	<u>20,699</u>	<u>11,870</u>	<u>16,809</u>	<u>16,441</u>

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Business-type activities:										
Charges for services:										
Airport	1,597	805	1,288	1,485	1,206	1,415	1,343	1,591	1,831	1,650
Golf course	323	281	225	235	226	214	208	198	176	170
Sewer operating	6,554	7,042	6,964	6,868	7,115	7,011	7,253	7,574	8,527	7,512
Solid waste	4,971	5,290	5,418	5,536	5,659	5,676	5,793	5,970	5,902	5,996
Transit	375	332	357	381	462	624	622	626	643	682
Water operating	4,371	4,621	4,842	4,736	4,942	5,073	4,676	5,766	10,856	11,557
Zalud estate	3	7	5	7	7	3	6	4	10	8
Operating grants and contributions:										
Airport	10	—	20	10	10	10	10	10	25	63
Solid waste	7	12	6	10	6	8	6	578	23	22
Transit	1,943	1,315	1,470	1,452	1,796	3,140	1,673	3,534	3,694	3,557
Water operating	—	—	—	—	—	—	16	—	902	446
Capital grants and contributions:										
Airport	57	477	1,850	306	32	35	65	33	32	44
Sewer operating	49	32	51	16	25	34	47	87	192	35
Solid waste	—	—	421	525	—	1,221	—	—	696	—
Transit	528	704	1,387	69	1,001	551	1,385	2,022	215	1,601
Water operating	99	191	177	33	75	250	195	251	303	98
Total business-type activities program revenues	20,887	21,109	24,481	21,669	22,562	25,265	23,298	28,244	34,027	33,441
Total primary government program revenues	\$ 34,548	\$ 33,881	\$ 37,357	\$ 35,829	\$ 35,974	\$ 48,537	\$ 43,997	\$ 40,114	\$ 50,836	\$ 49,882
Net (expense)/revenue										
Governmental activities	\$ (16,606)	\$ (22,511)	\$ (21,953)	\$ (20,593)	\$ (18,371)	\$ (8,402)	\$ (12,866)	\$ (22,275)	\$ (13,590)	\$ (24,155)
Business-type activities	316	1,260	4,143	478	2,217	2,796	319	3,528	8,275	5,890
Total primary government net expense	\$ (16,290)	\$ (21,251)	\$ (17,810)	\$ (20,115)	\$ (16,154)	\$ (5,606)	\$ (12,547)	\$ (18,747)	\$ (5,315)	\$ (18,265)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 8,408	\$ 7,644	\$ 7,777	\$ 7,238	\$ 7,347	\$ 7,406	\$ 7,425	\$ 6,784	\$ 6,629	\$ 7,041
Sales taxes	6,147	5,785	6,122	6,484	7,163	7,401	7,596	9,049	9,626	9,724
Utility users tax	3,894	4,046	4,048	3,908	3,970	3,955	3,883	3,752	3,913	4,056
Other taxes	2,312	2,128	2,028	1,819	1,838	1,923	2,056	2,108	2,116	2,183
Unrestricted investment earnings	1,428	1,060	704	666	191	603	382	605	326	527
Miscellaneous	178	2,007	324	96	87	66	256	138	841	91
Transfers	(455)	103	(68)	(83)	109	(85)	(87)	(87)	(89)	(95)
Total governmental activities	21,912	22,773	20,935	20,128	20,705	21,269	21,511	22,349	23,362	23,527
Business-type activities:										
Unrestricted investment earnings	661	569	386	479	105	408	292	499	238	236
Miscellaneous	5	—	10	1	528	36	2	19	658	—
Transfers	455	(103)	68	83	(109)	85	87	87	89	95
Total business-type activities	1,121	466	464	563	524	529	381	605	985	331
Total primary government	\$ 23,033	\$ 23,239	\$ 21,399	\$ 20,691	\$ 21,229	\$ 21,798	\$ 21,892	\$ 22,954	\$ 24,347	\$ 23,858
Extraordinary item - governmental activities	\$ —	\$ —	\$ —	\$ 4,221	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Change in Net Position</b>										
Governmental activities	\$ 5,306	\$ 262	\$ (1,018)	\$ 3,756	\$ 2,334	\$ 12,867	\$ 8,645	\$ 74	\$ 9,772	\$ (628)
Business-type activities	1,437	1,726	4,607	1,041	2,741	3,325	700	4,133	9,260	6,221
Total primary government	\$ 6,743	\$ 1,988	\$ 3,589	\$ 4,797	\$ 5,075	\$ 16,192	\$ 9,345	\$ 4,207	\$ 19,032	\$ 5,593

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	Total
2008-09	\$ 8,407,702	\$ 1,576,019	\$ 3,894,372	\$ 310,832	\$ 6,147,526	\$ 20,336,451
2009-10	7,644,246	1,469,489	4,045,732	276,338	5,784,887	19,220,692
2010-11	7,776,735	1,485,182	4,048,106	301,029	6,121,968	19,733,020
2011-12	7,237,972	1,482,657	3,908,443	309,577	6,484,037	19,422,686
2012-13	7,346,813	1,473,957	3,969,652	335,319	7,163,179	20,288,920
2013-14	7,406,413	1,551,762	3,955,357	370,999	7,401,187	20,685,718
2014-15	7,424,560	1,608,882	3,882,942	446,771	7,596,116	20,959,271
2015-16	6,784,136	1,616,751	3,752,400	491,386	9,048,935	21,693,608
2016-17	6,629,521	1,564,156	3,912,707	551,783	9,626,375	22,284,542
2017-18	7,041,157	1,623,661	4,055,845	559,247	9,724,137	23,004,048

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
General fund:										
Nonspendable	\$ 1,262	\$ 4,041	\$ 8,400	\$ 5,551	\$ 5,323	\$ 5,245	\$ 4,472	\$ 4,354	\$ 1,614	\$ 1,105
Restricted	--	--	518	439	418	62	62	62	220	220
Committed	1,867	2,462	2,644	2,091	4,373	4,894	5,018	6,213	9,882	10,419
Assigned	4,706	4,890	5,361	5,654	6,251	6,573	6,668	7,253	8,272	8,460
Unassigned	<u>10,940</u>	<u>7,313</u>	<u>4,918</u>	<u>2,372</u>	<u>1,070</u>	<u>1,539</u>	<u>599</u>	<u>596</u>	<u>592</u>	<u>581</u>
Total general fund	<u>\$ 18,775</u>	<u>\$ 18,706</u>	<u>\$ 21,841</u>	<u>\$ 16,107</u>	<u>\$ 17,435</u>	<u>\$ 18,313</u>	<u>\$ 16,819</u>	<u>\$ 18,478</u>	<u>\$ 20,580</u>	<u>\$ 20,785</u>
All other governmental funds:										
Nonspendable	\$ 930	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	18,483	18,848	17,821	17,341	18,744	18,386	26,420	25,023	25,077	25,347
Unassigned	<u>(1,346)</u>	<u>(1,790)</u>	<u>(3,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(150)</u>	<u>(1,884)</u>
Total all other governmental funds	<u>\$ 18,067</u>	<u>\$ 17,058</u>	<u>\$ 13,892</u>	<u>\$ 17,341</u>	<u>\$ 18,744</u>	<u>\$ 18,386</u>	<u>\$ 26,420</u>	<u>\$ 25,023</u>	<u>\$ 24,927</u>	<u>\$ 23,463</u>

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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenues:</b>										
Taxes	\$ 20,761	\$ 19,603	\$ 19,975	\$ 19,450	\$ 20,317	\$ 20,709	\$ 20,959	\$ 21,694	\$ 22,285	\$ 23,004
Licenses and permits	957	836	825	749	780	882	967	1,023	966	1,048
Intergovernmental	7,979	7,291	6,744	8,202	6,879	16,084	14,718	5,956	7,979	6,920
Charges for services	3,520	3,703	3,845	4,178	4,263	4,312	3,998	4,257	5,193	5,979
Special assessments and fees	705	515	1,032	539	933	413	318	430	804	658
Fines and forfeitures	268	355	240	286	233	280	231	191	197	154
Investment earnings	1,183	891	702	665	279	668	545	880	607	512
Miscellaneous	373	114	220	109	145	96	183	186	584	210
<b>Total revenues</b>	<b>35,746</b>	<b>33,308</b>	<b>33,583</b>	<b>34,178</b>	<b>33,829</b>	<b>43,444</b>	<b>41,919</b>	<b>34,617</b>	<b>38,615</b>	<b>38,485</b>
<b>Expenditures:</b>										
Community/Economic development	2,582	3,114	2,964	1,860	1,373	1,154	1,471	2,084	1,068	1,427
General government	2,733	4,638	3,449	2,674	2,612	2,562	2,856	2,909	2,818	2,955
Parks and recreation	4,861	5,026	4,888	5,149	4,809	4,803	5,071	5,959	6,073	6,463
Public safety:										
Fire	3,817	4,033	4,305	4,501	4,203	3,950	4,012	4,263	4,855	5,178
Police	8,584	8,887	8,848	9,441	8,957	9,406	9,514	9,976	10,784	10,704
Public works	2,483	2,972	3,777	4,642	4,140	2,643	3,834	2,994	2,907	3,578
Capital outlay	7,288	4,601	2,755	4,142	3,544	16,731	16,490	4,175	7,445	6,779
Debt service:										
Principal	1,117	981	974	914	948	571	1,099	984	1,324	1,686
Interest and other charges	2,207	1,872	1,894	1,516	1,810	1,205	1,955	952	975	932
<b>Total expenditures</b>	<b>35,672</b>	<b>36,124</b>	<b>33,854</b>	<b>34,839</b>	<b>32,396</b>	<b>43,025</b>	<b>46,302</b>	<b>34,296</b>	<b>38,249</b>	<b>39,702</b>
<b>Excess of revenues over (under) expenditures</b>	<b>74</b>	<b>(2,816)</b>	<b>(271)</b>	<b>(661)</b>	<b>1,433</b>	<b>419</b>	<b>(4,383)</b>	<b>321</b>	<b>366</b>	<b>(1,217)</b>
<b>Other financing sources (uses):</b>										
Transfers in	13,845	11,090	8,066	9,798	7,914	18,904	18,017	7,388	7,558	7,793
Transfers out	(13,373)	(11,382)	(8,128)	(9,851)	(7,805)	(18,989)	(18,104)	(7,476)	(7,647)	(7,888)
Issuance of long-term debt	8,543	--	--	--	21,060	3,765	23,437	--	--	--
Payments on refunding	(5,003)	--	--	--	(19,887)	(3,560)	(23,186)	--	--	--
Sale of capital assets	15	2,030	198	15	16	--	12	29	--	52
Insurance recoveries	--	--	--	--	--	--	152	--	137	--
<b>Total other financing sources (uses)</b>	<b>4,027</b>	<b>1,738</b>	<b>136</b>	<b>(38)</b>	<b>1,298</b>	<b>120</b>	<b>328</b>	<b>(59)</b>	<b>48</b>	<b>(43)</b>
<b>Net change in fund balances before extraordinary items</b>	<b>4,101</b>	<b>(1,078)</b>	<b>(135)</b>	<b>(699)</b>	<b>2,731</b>	<b>539</b>	<b>(4,055)</b>	<b>262</b>	<b>414</b>	<b>(1,260)</b>
<b>Extraordinary item:</b>										
RDA dissolution	--	--	--	(1,586)	--	--	--	--	--	--
<b>Net change in fund balances</b>	<b>\$ 4,101</b>	<b>\$ (1,078)</b>	<b>\$ (135)</b>	<b>\$ (2,285)</b>	<b>\$ 2,731</b>	<b>\$ 539</b>	<b>\$ (4,055)</b>	<b>\$ 262</b>	<b>\$ 414</b>	<b>\$ (1,260)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.443%</b>	<b>9.051%</b>	<b>9.222%</b>	<b>7.916%</b>	<b>7.490%</b>	<b>6.032%</b>	<b>8.044%</b>	<b>6.417%</b>	<b>7.463%</b>	<b>7.952%</b>

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

Fiscal Year	Secured Locally Assessed	State Assessed	Unsecured	Total Taxable Assessed Value (1)	Total Direct Tax Rate
2008-09	\$ 2,171,628,515	\$ 1,792,900	\$ 76,479,583	\$ 2,249,900,998	0.118%
2009-10	2,090,270,281	1,951,769	78,626,789	2,170,848,839	0.118%
2010-11	2,084,784,505	1,983,635	75,997,039	2,162,765,179	0.118%
2011-12	2,039,834,161	1,983,897	86,842,153	2,128,660,211	0.118%
2012-13	1,982,402,325	1,965,732	81,810,544	2,066,178,601	0.118%
2013-14	2,048,455,363	2,191,850	81,633,705	2,132,280,918	0.118%
2014-15	2,140,517,119	2,191,850	82,873,390	2,225,582,359	0.118%
2015-16	2,225,814,816	2,267,139	86,102,059	2,314,184,014	0.118%
2016-17	2,397,586,332	1,404,888	86,879,908	2,485,871,128	0.118%
2017-18	2,482,750,996	1,369,024	128,725,952	2,612,845,972	0.119%

Source: County of Tulare Office of the Auditor-Controller

**NOTE:**

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

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

LAST NINE FISCAL YEARS

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
City Direct Rates:										
City Basic Rate	<u>0.1183</u>	<u>0.1182</u>	<u>0.1182</u>	<u>0.1183</u>	<u>0.1182</u>	<u>0.1181</u>	<u>0.1181</u>	<u>0.1184</u>	<u>0.1185</u>	<u>0.1186</u>
Total City Direct Rate	0.1183	0.1182	0.1182	0.1183	0.1182	0.1181	0.1181	0.1184	0.1185	0.1186
Overlapping Rates:										
County of Tulare	0.1821	0.1825	0.1820	0.1820	0.1814	0.1806	0.1806	0.1808	0.1810	0.1800
Porterville Elementary School	0.2477	0.2471	0.2497	0.2443	0.2544	0.2577	0.2577	0.2593	0.2593	0.2593
Porterville High School	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294	0.1294
Kern Community College	0.0848	0.0851	0.0858	0.0848	0.0842	0.0884	0.0884	0.0893	0.0889	0.1120
County School Service Fund	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244	0.0244
Porterville Cemetery District	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046
Porterville Memorial District	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085	0.0085
Sierra View District Hospital	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193	0.0193
Tulare County Air Pollution Control District	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003
Tulare County Flood Control District	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021	0.0021
Education Revenue Augmentation	<u>0.2374</u>	<u>0.2371</u>	<u>0.2376</u>	<u>0.2376</u>	<u>0.2383</u>	<u>0.2391</u>	<u>0.2392</u>	<u>0.2386</u>	<u>0.2384</u>	<u>0.2393</u>
Total Direct Rate	<u>1.0589</u>	<u>1.0588</u>	<u>1.0621</u>	<u>1.0557</u>	<u>1.0652</u>	<u>1.0726</u>	<u>1.0726</u>	<u>1.0752</u>	<u>1.0748</u>	<u>1.0978</u>

Note:

In 1978, the State of California passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, taxes are levied within the tax rate area to pay interest and redemption charges on voter-approved indebtedness. Some of the bonds are applicable to only a few tax rate areas within the City.

Source: County of Tulare Office of the Auditor-Controller

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

Taxpayer	2017-2018			2008-2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Realty Company	\$ 88,715,072	1	3.40%	\$ 8,779,646	10	0.39%
Del Mesa Farms (Foster Poultry Farms)	37,852,830	2	1.45%	40,106,578	2	1.78%
Henderson-Prospect Partners II LP	19,350,133	3				
Target Corporation	18,771,564	4	0.72%			
Village at Henderson LLC	18,692,431	5				
Lowes HIW Inc	13,599,140	6	0.52%			
Beckman Coulter Inc	10,743,834	7	0.41%	10,669,028	6	0.47%
Porterville Investments 2005 LP	10,731,030	8	0.41%	11,340,360	4	0.50%
Royalty Carpet Mills Inc	10,447,844	9	0.40%	15,285,701	3	0.68%
Wal-Mart Stores Inc	10,345,702	10	0.40%	86,519,639	1	3.85%
Nicholson Daryl & Victoria (TRS)			-	10,669,305	5	0.47%
Cherry Keith (SCSR TR R & RT Irrevocable Trust)			-	10,479,200	7	0.47%
Ennis Family Investments			-	10,250,596	8	0.46%
Porterville Retirement Res LLC			-	9,084,273	9	0.40%
Subtotal	239,249,580		9.16%	213,184,326		9.48%
Total taxable assessed value of other taxpayers	2,373,596,392		90.84%	2,036,716,672		90.52%
Total taxable assessed value	\$ 2,612,845,972		100.00%	\$ 2,249,900,998		100.00%

Source: County of Tulare Office of the Auditor-Controller



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

Fiscal Year	Total Tax Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008-09	\$ 3,725,591	\$ 3,725,591	100.00%	\$ -	\$ 3,725,591	100.00%
2009-10	3,531,015	3,279,389	92.87%	76,304	3,355,693	95.03%
2010-11	3,517,413	3,246,202	92.29%	67,880	3,314,082	94.22%
2011-12	3,393,024	2,757,668	81.27%	82,257	2,839,925	83.70%
2012-13	3,317,263	2,171,025	65.45%	83,571	2,254,596	67.97%
2013-14	3,423,529	2,354,390	68.77%	80,621	2,435,011	71.13%
2014-15	3,585,992	2,436,201	67.94%	87,311	2,523,512	70.37%
2015-16	3,768,290	2,564,303	68.05%	60,262	2,624,566	69.65%
2016-17	3,921,556	2,668,785	68.05%	61,450	2,730,236	69.62%
2017-18	4,147,469	2,862,706	69.02%		2,862,706	69.02%

Source: County of Tulare Office of the Auditor-Controller

**CITY OF PORTERVILLE  
SALES AND USE TAX RATES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Effective Date</u>	<u>State Tax Rate</u>	<u>County Transportation Tax Rate</u>	<u>City Tax Rate*</u>	<u>County District Tax Rate</u>	<u>Combined Rate</u>
2008-09	04/01/2007	6.25%	0.25%	1.25%	0.50%	8.25%
	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2009-10	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2010-11	04/01/2009	7.25%	0.25%	1.25%	0.50%	9.25%
2011-12	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
2012-13	07/01/2011	6.25%	0.25%	1.25%	0.50%	8.25%
	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2013-14	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2014-15	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
2015-16	01/01/2013	6.50%	0.25%	1.25%	0.50%	8.50%
	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
2016-17	01/01/2016	6.25%	0.25%	1.50%	0.50%	8.50%
	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%
2017-18	01/01/2017	6.00%	0.25%	1.50%	0.50%	8.25%

\*includes City district tax of 1/2%

Source: State Board of Equalization, State of California

CITY OF PORTERVILLE  
TAXABLE SALES BY ECONOMIC CATEGORY (in thousands)  
LAST TEN FISCAL YEARS

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
General retail	\$ 156,348	\$ 151,545	\$ 155,235	\$ 176,415	\$ 185,195	\$ 189,682	\$ 185,774	\$ 177,516	\$ 184,006	\$ 188,892
Transportation	101,432	94,669	106,036	118,399	133,007	143,345	153,340	144,124	148,012	167,745
Food products	89,881	90,280	96,805	101,837	104,115	101,042	106,871	113,106	120,458	110,411
Construction	51,732	46,201	46,490	49,088	52,286	56,000	60,825	61,845	69,100	71,417
Business to business	16,874	18,293	17,815	16,211	19,169	24,228	21,304	26,386	30,240	25,390
Miscellaneous	<u>5,452</u>	<u>4,875</u>	<u>5,022</u>	<u>6,007</u>	<u>4,983</u>	<u>6,030</u>	<u>6,253</u>	<u>6,509</u>	<u>6,715</u>	<u>7,467</u>
Total	<u>\$ 421,719</u>	<u>\$ 405,863</u>	<u>\$ 427,403</u>	<u>\$ 467,957</u>	<u>\$ 498,755</u>	<u>\$ 520,327</u>	<u>\$ 534,367</u>	<u>\$ 529,486</u>	<u>\$ 558,531</u>	<u>\$ 571,322</u>

Source: MuniServices

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

<u>Fiscal Year</u>	<u>Sewer Service Charges</u>	<u>Lab Service Charges</u>	<u>Reclamation Operation</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
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
2011-12	6,068,089	326,127	-	264,428	209,754	6,868,398
2012-13	6,278,051	344,206	-	303,851	189,212	7,115,320
2013-14	6,171,141	379,558	-	272,981	187,559	7,011,240
2014-15	6,186,747	368,679	-	328,875	369,037	7,253,338
2015-16	6,202,430	404,022	-	630,011	337,333	7,573,796
2016-17	6,544,083	478,818	-	1,136,381	367,363	8,526,645
2017-18	6,387,579	386,359	-	302,736	435,081	7,511,756

**CITY OF PORTERVILLE  
SEWER RATES  
LAST TEN FISCAL YEARS**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
<b>A. Residential</b>										
(rate per month)										
Single Family (per unit)	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87	\$26.87
Multiple Family (per unit)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
Mobile Homes Park (per space)	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52	\$25.52
<b>B. Commercial</b>										
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										
Bars, Hotels without Dining	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22	\$1.22
Restaurants	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97	\$2.97
Retail Stores, Offices	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04	\$1.04
Auto Repair, Service Station	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36	\$1.36
Car Wash, Laundry, Packing House	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96
Hospital, Rest Homes	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Mortuaries	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96	\$1.96
Schools	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
Churches	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
City of Porterville	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83	\$0.83
State Hospital	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09	\$1.09
Multi-unit with consumption	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19
<b>C. Industrial</b>										
(per 100 cubic feet of water used with a minimum of \$26.87 per month)										
	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93	\$0.93

Source: City of Porterville Finance Department

**CITY OF PORTERVILLE  
TOP TEN SEWER USERS BY REVENUE  
CURRENT YEAR AND NINE YEARS AGO**

	<u>2017-18</u>		<u>2008-09</u>	
	<u>Rank</u>	<u>Revenue</u>	<u>Rank</u>	<u>Revenue</u>
Porterville State Developmental Center	1	\$ 169,338	1	\$ 169,338
Foster Farms	2	\$ 138,643	2	\$ 104,472
Golden Hills Mobile Home Park, LLC	3	\$ 68,292	3	\$ 68,292
Mission Bell Park	4	\$ 48,998	4	\$ 48,998
Village at Henderson LLC	5	\$ 42,989		
Holiday Retirement Site 5280	6	\$ 39,505		
Ranchview Mobile Home Park	7	\$ 36,443	5	\$ 36,443
Santa Fe Plaza	8	\$ 32,155	6	\$ 32,155
Villa Robles Apartments	9	\$ 31,849	7	\$ 31,849
PI Properties No 112 LLC	10	\$ 27,868		
Parkview Apartments			8	\$ 26,949
Porterville Pacific Associates			9	\$ 25,418
Porterville Family Apartments			10	\$ 23,887
 Total Number of Sewer Users	 <u>12,803</u>		 <u>11,710</u>	

Source: City of Porterville Finance Department

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

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Meter Installation Charges</u>	<u>Water Service Charges</u>	<u>Connection Fees</u>	<u>Other</u>	<u>Total</u>
2008-09	\$ 4,096,933	\$ 43,179	\$ 107,282	\$ 24,865	\$ 99,197	\$ 4,371,456
2009-10	4,403,997	22,548	92,591	14,303	88,096	4,621,535
2010-11	4,528,190	25,187	103,066	5,990	179,242	4,841,675
2011-12	4,528,544	10,102	83,691	10,221	102,944	4,735,502
2012-13	4,749,951	13,554	84,139	9,351	85,365	4,942,360
2013-14	4,646,737	37,303	97,465	32,333	234,491	5,048,329
2014-15	4,359,261	30,123	136,988	58,694	90,701	4,675,767
2015-16	5,440,758	29,218	130,366	46,429	119,367	5,766,138
2016-17	10,526,676	18,876	107,744	16,107	187,108	10,856,511
2017-18	11,184,150	19,802	106,108	18,188	228,956	11,557,204

**CITY OF PORTERVILLE  
WATER RATES  
LAST TEN FISCAL YEARS**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17*</u>	<u>2017-18</u>
<b>A. Metered</b>										
<b>Monthly meter charge</b>										
<b>Meter Size</b>										
Less than 1 inch	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ 16.50	\$ 16.88
1 inch	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 11.00	\$ 18.15	\$ 18.57
1-1/4 inch	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ 13.50	\$ 22.28	\$ 22.79
1-1/2 inch	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 16.00	\$ 26.40	\$ 27.01
2 inches	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 20.00	\$ 33.00	\$ 33.76
3 inches	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 27.00	\$ 44.55	\$ 45.57
4 inches	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 16.50	\$ 33.00	\$ 54.45	\$ 55.70
6 inches	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 40.00	\$ 66.00	\$ 67.52
8 inches	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 50.00	\$ 82.50	\$ 84.40
<b>Water consumption charge</b>										
Per 100 cubic feet of water	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.90	\$ 1.75	\$ 1.79
<b>B. Unmetered</b>										
Flat rate charge per month	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 29.93	\$ 42.80	\$ 79.01	\$ 80.83

\*Rates effective August 1, 2016

Source: City of Porterville Finance Department



**CITY OF PORTERVILLE  
TOP TEN WATER USERS BY REVENUE  
CURRENT YEAR AND NINE YEARS AGO**

	2017-18		2008-09	
	Rank	Revenue	Rank	Revenue
Foster Farms	1	\$ 267,660	1	\$ 81,121
City of Porterville Sports Complex	2	\$ 99,269		
City of Porterville Golf Course	3	\$ 69,219	2	\$ 35,446
Porterville High School	4	\$ 48,416	3	\$ 33,644
Monache High School	5	\$ 44,280	6	\$ 26,011
Kern JT Jr College	6	\$ 40,767	4	\$ 32,635
Sierra View District Hospital	7	\$ 37,289		
Golden Hills MHP LLC	8	\$ 30,816		
Mission Bell Park	9	\$ 26,561	10	\$ 13,004
Mountain View Apartments	10	\$ 24,270		
Granite Hills High School			5	\$ 27,919
Burton Pathways Charter HS			7	\$ 17,791
City of Porterville Zalud Park			8	\$ 16,276
Villa Robles Apartments			9	\$ 13,018
<b>Total Number of Connections</b>	<u>16,723</u>		<u>15,000</u>	
<b>Total Water Consumption (in hundred cubic feet)</b>		<u>3,938,823</u>		<u>4,975,651</u>

Source: City of Porterville Finance Department

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

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Governmental activities:										
Notes	\$ 3,779	\$ 3,611	\$ 3,232	\$ 2,925	\$ 2,747	\$ 2,556	\$ 2,352	\$ 2,133	\$ 1,899	\$ 1,648
Revenue bonds	7,392	7,344	7,295	-	-	-	-	-	-	-
Pension obligation bond	-	-	-	-	-	3,765	3,275	2,770	2,250	1,710
Certificates of Participation	23,295	22,631	21,948	21,220	21,292	23,374	23,437	23,138	22,529	21,594
Business-type activities:										
Notes	5,069	13,181	13,032	12,708	12,372	12,024	11,663	11,290	10,841	10,439
Revenue bonds	-	-	17,652	17,483	17,630	18,712	18,760	18,809	18,858	18,908
Certificates of Participation:	19,414	18,280	8,462	7,633	6,745	6,116	5,033	3,880	2,657	1,365
Capital lease	233	-	-	-	-	-	-	-	-	-
Total primary government	<u>\$ 59,182</u>	<u>\$ 65,047</u>	<u>\$ 71,621</u>	<u>\$ 61,969</u>	<u>\$ 60,786</u>	<u>\$ 66,547</u>	<u>\$ 64,520</u>	<u>\$ 62,020</u>	<u>\$ 59,034</u>	<u>\$ 55,664</u>
Percentage of personal income (1)	7.23%	7.13%	7.78%	6.61%	6.56%	6.93%	6.67%	6.93%	6.04%	5.39%
Per capita (1)	1,137	1,228	1,322	1,125	1,095	1,195	1,155	1,032	985	916

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  
As of June 30, 2018

2017-18 Assessed Valuation: \$ 2,612,845,972  
Redevelopment Incremental Valuation: 156,014,497  
Adjusted Assessed Valuation: 2,768,860,469

	Total Debt 6/30/18	% Applicable	City's Share of Debt 6/30/18
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District School Facilities Improvement District No. 1	\$ 40,225,000	3.255%	\$ 1,309,324
Kern Community College District Safety, Repair and Improvement District	128,956,081	3.274%	4,222,022
Porterville Unified School District - Strathmore High	2,085,000	0.057%	1,188
Porterville Unified School District School Facilities Improvement District	16,190,907	81.178%	13,143,454
Burton School District	4,621,935	95.854%	4,430,310
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 23,106,298
<u>DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT:</u>			
Tulare County Certificates of Participation	\$ 33,425,000	8.304%	\$ 2,775,612
Tulare County Pension Obligation Bonds	251,220,000	8.304%	20,861,309
Tulare County Board of Education Certificates of Participation	34,660,000	8.304%	2,878,166
Kern Community College District Certificates of Participation	30,115,000	2.943%	886,284
Kern Community College District Benefit Obligations	78,805,000	2.943%	2,319,231
Porterville Unified School District Certificates of Participation	25,850,000	47.093%	12,173,541
Burton School District Certificates of Participation	19,470,000	95.854%	18,662,774
City of Porterville General Fund Obligations	21,594,217	100.000%	21,594,217
City of Porterville Pension Obligation Bonds	1,710,000	100.000%	1,710,000
City of Porterville Notes Payable - HUD	1,648,000	100.000%	1,648,000
TOTAL DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT			\$ 85,509,134
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 6,985,000	100.000%	\$ 6,985,000
TOTAL DIRECT DEBT			\$ 24,952,217
TOTAL OVERLAPPING DEBT			\$ 90,648,215
COMBINED TOTAL DEBT			\$ 115,600,432 (2)

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

Ratios to 2017-18 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.83%
Total Direct Debt (\$24,952,217)	0.90%
Combined Total Debt	4.18%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$156,014,497):

Total Overlapping Tax Increment Debt	4.48%
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Sources: California Municipal Statistics, Inc.  
City of Porterville Finance Department

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

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

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Assessed valuation	\$ 2,249,901	\$ 2,170,849	\$ 2,162,765	\$ 2,128,660	\$ 2,066,179	\$ 2,132,281	\$ 2,225,582	\$ 2,314,184	\$ 2,485,871	\$ 2,612,846
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	562,475	542,712	540,691	532,165	516,545	533,070	556,396	578,546	621,468	653,211
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	84,371	81,407	81,104	79,825	77,482	79,961	83,459	86,782	93,220	97,982
Total net debt applicable to limit:										
General obligation bonds (1)	-	-	-	-	-	-	-	-	-	-
Pension obligations bonds	-	-	-	-	-	3,765	3,275	2,770	2,250	1,710
Total net debt	-	-	-	-	-	3,765	3,275	2,770	2,250	1,710
Legal debt margin	\$ <u>84,371</u>	\$ <u>81,407</u>	\$ <u>81,104</u>	\$ <u>79,825</u>	\$ <u>77,482</u>	\$ <u>76,196</u>	\$ <u>80,184</u>	\$ <u>84,012</u>	\$ <u>90,970</u>	\$ <u>96,272</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	5%	4%	3%	2%	2%

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

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

Sources:

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

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

<u>Fiscal Year</u>	<u>Total Revenue (1)</u>	<u>Less: Operating Expense (2)</u>	<u>Net Available Revenue</u>	<u>2002 Senior Bonds Debt Service</u>	<u>Senior Debt Service Coverage</u>	<u>Remaining Net Revenue</u>	<u>Parity / Subordinate Debt Service</u>	<u>Parity / Subordinate Coverage</u>	<u>Net Revenue After Debt Service</u>
<b>Water system improvement projects</b>									
2008-09	\$ 4,525	\$ 3,552	\$ 973	\$ 690	1.41	\$ 283	\$ -	-	\$ 283
2009-10	4,783	3,670	1,113	687	1.62	426	151	2.82	275
2010-11	4,941	3,467	1,474	687	2.15	787	326	2.41	461
2011-12	4,858	3,441	1,417	681	2.08	736	476	1.55	260
2012-13	4,978	3,233	1,745	684	2.55	1,061	476	2.23	585
2013-14	5,135	3,867	1,268	684	1.85	584	476	1.23	108
2014-15	4,734	4,068	666	682	0.98	-	461	-	(461)
2015-16	5,878	4,171	1,707	684	2.50	1,023	460	2.22	563
2016-17	10,932	5,785	5,147	678	7.59	4,469	524	8.53	3,945
2017-18	11,632	5,731	5,901	676	8.73	5,225	462	11.31	4,763
<b>Sewer system improvement projects</b>									
2008-09	\$ 6,960	\$ 4,255	\$ 2,705	\$ 739	3.66	\$ 1,966	\$ 1,308	1.50	\$ 658
2009-10	7,361	3,749	3,612	734	4.92	2,878	1,309	2.20	1,569
2010-11	7,191	3,654	3,537	733	4.83	2,804	1,259	2.23	1,545
2011-12	7,158	3,848	3,310	735	4.50	2,575	1,652	1.56	923
2012-13	7,162	3,441	3,721	735	5.06	2,986	1,336	2.24	1,650
2013-14	7,248	3,688	3,560	728	4.89	2,832	1,336	2.12	1,496
2014-15	7,417	3,913	3,504	730	4.80	2,774	1,336	2.08	1,438
2015-16	7,831	4,157	3,674	729	5.04	2,945	1,336	2.20	1,609
2016-17	8,640	3,810	4,830	731	6.61	4,099	1,336	3.07	2,763
2017-18	7,626	4,381	3,245	725	4.48	2,520	1,336	1.89	1,184

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

(1) Total revenue includes investment earnings.

(2) Operating expenses do not include interest or depreciation and amortization expenses.

CITY OF PORTERVILLE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>Education Level in Years of Formal Schooling (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
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%
2011-12	55,107	\$ 937,370,070	\$ 17,010	29.0	69.7% High school graduate or higher	18,335	13.9%
2012-13	55,490	\$ 926,960,450	\$ 16,705	28.0	68.5% High school graduate or higher	18,623	13.6%
2013-14	55,697	\$ 960,661,856	\$ 17,248	29.6	68.9% High school graduate or higher	18,892	12.4%
2014-15	55,852	\$ 967,915,160	\$ 17,330	29.5	67.6% High school graduate or higher	19,039	12.7%
2015-16	60,070	\$ 894,933,110	\$ 14,898	29.0	66.9% High school graduate or higher	19,151	11.6%
2016-17	59,908	\$ 977,638,652	\$ 16,319	29.1	66.8% High school graduate or higher	19,604	11.2%
2017-18	60,798	\$ 1,031,985,252	\$ 16,974	30.0	66.8% High school graduate or higher	19,907	12.1%

Sources:

(1) California Department of Finance / City of Porterville Community Development Department

(2) U.S. Census Bureau "American Community Survey ", at [www.factfinder2.census.gov](http://www.factfinder2.census.gov)

(3) California Department of Education "District Enrollment by Grade" at <http://dq.cde.ca.gov/dataquest>

(4) State of California Employment Development Department "Unemployment Rates and Labor Force", at [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)

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

Employer	2017-18			2008-09		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Porterville Public Schools	1,496	1	5.82%	1,281	2	5.77%
Porterville State Developmental Center	1,301	2	5.06%	1,851	1	8.34%
Wal-Mart Distribution Center	1,299	3	5.05%	901	4	4.06%
Sierra View Medical Center	836	4	3.25%	961	3	4.33%
Burton School District	699	6	2.72%	385	9	1.73%
City of Porterville	595	5	2.32%	465	7	2.09%
Eagle Mountain Casino	484	7	1.88%	532	6	2.40%
Foster Farms	420	9	1.63%	376	10	1.69%
Wal-Mart Retail Store	310	8	1.21%	392	8	1.77%
Family Healthcare Network	276	10	1.07%	664	5	2.99%
Total	<u>7,716</u>		<u>30.02%</u>	<u>7,808</u>		<u>35.17%</u>
City labor force	<u>25,700</u>			<u>22,200</u>		

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

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

Function	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
General government	24	26	24	25	25	23	26	26	25	25
Public safety:										
Fire										
Sworn	35	35	34	35	32	35	33	38	36	36
Unsworn	3	2	2	3	3	2	2	2	2	2
Police										
Sworn	59	55	60	54	60	59	56	58	57	57
Unsworn	25	25	27	26	28	31	27	30	28	31
Public works:										
Engineering and building	16	17	18	18	17	17	16	16	17	16
Streets maintenance	6	6	6	6	5	5	5	5	6	6
Community development:										
Planning and zoning	10	9	8	6	8	6	7	8	8	7
Economic development	2	2	2	2	2	2	2	2	2	2
Housing	2	2	2	2	2	2	1	1	1	1
Parks and Leisure Services:										
Parks	20	20	20	18	17	18	19	19	18	18
Leisure Services	5	5	5	5	4	4	4	4	4	4
Library	10	9	10	10	10	10	10	10	10	10
Sewer operations	13	14	16	13	17	16	14	15	14	12
Solid waste	22	21	20	20	20	20	22	21	20	20
Airport operations	1	1	1	1	2	2	2	3	3	3
Golf course	2	2	2	2	2	2	2	2	2	2
Water operations	13	11	12	12	12	15	15	14	14	19
Equipment maintenance	6	6	6	7	7	6	6	8	8	8
Total	<u>274</u>	<u>268</u>	<u>275</u>	<u>265</u>	<u>273</u>	<u>275</u>	<u>269</u>	<u>282</u>	<u>275</u>	<u>279</u>

Source: City of Porterville, Finance Department



CITY OF PORTERVILLE  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

FUNCTION	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Police</b>										
Crimes (1):										
Homicide	2	5	1	3	3	7	3	3	4	1
Rape	9	10	11	7	12	7	10	13	14	6
Robbery	60	60	65	47	73	39	37	55	52	65
Assaults	551	575	606	467	461	408	405	444	472	548
Burglary	351	386	482	558	542	436	278	308	306	343
Theft	1,024	1,091	1,242	1,003	936	737	717	796	807	1,002
Stolen vehicles	262	223	267	162	253	190	204	225	279	287
Traffic accidents:										
Non-injury	349	310	368	373	329	293	291	280	313	320
Injury	187	207	194	220	182	222	202	241	273	266
Fatal	6	5	3	2	6	3	4	4	5	4
Calls for service	28,792	30,094	30,753	31,895	31,701	30,263	33,848	38,991	38,247	54,614
Officer-initiated activity	31,303	38,970	37,161	38,394	33,868	33,322	31,866	25,606	22,027	17,718
Reports	9,579	9,503	9,474	9,268	9,159	8,723	8,374	8,293	8,038	7,831
Arrests:										
Felony	1,624	1,506	1,421	1,204	1,246	1,457	1,168	1,090	984	914
Misdemeanor	2,690	2,527	2,296	2,463	2,094	2,295	2,831	2,937	2,556	2,208
Mover citations	2,387	2,313	2,551	2,725	3,433	2,536	2,233	1,286	1,299	998
Non-mover and other citations	2,927	2,369	2,314	2,917	3,965	3,115	2,408	1,711	1,582	1,129
<b>Fire</b>										
Emergency responses:										
Fires	473	375	413	431	521	409	364	249	252	347
Medical	3,040	2,848	2,922	2,985	3,247	3,055	3,582	3,222	3,310	3,194
Hazardous materials	-	-	-	-	-	-	-	-	-	-
Other	863	881	854	942	1,004	967	1,206	1,345	1,414	1,523
Inspections	865	1,123	1,255	1,125	1,588	1,100	1,038	1,032	1,222	732
Hazard abatement	1,424	1,395	998	1,461	769	1,276	-	-	-	-
Violations noticed/citations issued	244	235	583	154	473	382	66	291	70	549
Public education - presentations and tours	138	179	238	204	123	118	167	77	59	64
Investigations	212	158	155	146	262	133	164	200	236	312

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

FUNCTION	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Public works:</b>										
Building permits issued	364	293	230	240	222	211	252	274	292	297
Streets:										
Street resurfacing (square feet)	114,000	1,000,071	1,211,969	1,687,492	1,936,432	1,309,796	1,189,247	712,095	446,997	394,158
Potholes repaired (square feet)	21,000	17,000	14,153	14,396	10,511	8,717	8,517	28,962	33,817	18,641
Solid waste:										
Refuse collected (tons/day)	109	111	123	123	109	96	101	104	107	111
Recyclables collected (tons/day)	37	38	47	50	50	45	31	38	41	37
Water:										
Number of consumers	14,673	14,694	14,843	15,214	15,395	15,450	15,576	15,635	15,406	16,492
Water introduced into system (millions of gallons)	4,271	4,042	3,970	4,208	4,284	4,196	3,548	3,019	3,206	3,548
Metered water deliveries (millions of gallons)	4,201	3,456	3,529	3,955	3,836	3,642	3,223	2,552	2,959	2,946
New water connections	178	97	156	54	74	102	144	148	704	625
Water mains breaks	6	11	11	3	6	11	11	19	17	21
Wastewater:										
Average daily sewage treatment (millions of gallons)	4.8	4.6	4.8	4.8	4.8	4.6	4.4	4.4	4.4	4.4
<b>Parks and leisure services:</b>										
Athletic field permits issued	84	63	64	54	70	69	137	191	188	107
Facility rentals										
Community rooms/centers	14	14	29	42	34	28	40	32	32	4
Municipal swimming pool	40	32	43	45	56	60	52	64	62	79
Park pavilions	392	481	489	525	552	530	592	623	581	589
Zalud Estate house and gardens	1	5	6	9	15	11	14	13	10	11
Recreation program enrollment:										
Recreation afterschool program (RAP)	1,926	1,579	1,739	1,917	1,622	1,485	1,663	1,656	1,778	1,709
Sports activities	1,617	1,483	1,813	2,101	2,621	2,499	2,449	2,199	2,016	2,214
Summer/winter camp	552	211	240	417	353	441	586	607	548	529
Kindergarten/pre-school classes	324	420	297	352	316	394	289	341	328	315

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	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	2	2	2
Patrol units	66	70	76	75	68	68	65	64	74	69
Fire:										
Stations	2	2	2	2	2	2	2	3	3	3
Hydrants	1735	1829	1840	1,929	1,937	1,875	1,902	1,916	2,002	2,190
Public works:										
Streets, lights, signals										
Miles	193	196	196	196	196	196	206	206	206	207
Streetlights	3232	3333	3336	3,336	3,336	3,535	3,701	3760	3778	3839
Traffic signals	48	49	49	49	49	49	49	50	50	50
Sewers (miles)	170	170	171	171	171	176	179	179	179	181
Water mains (miles)	210	210	212	212	213	213	213	213	213	214
Storm drains (miles)	52	52	52	52	52	52	52	52	52	53
Parks and Leisure Services:										
Parks acreage	306	306	306	306	306	308	308	308	308	308
Parks	24	24	24	24	24	25	25	25	25	25
Community centers	2	1	1	1	1	1	1	1	1	1
Library volumes/circulations	271,337	271,161	294,212	297,900	288,326	300,662	296,498	260,834	251,155	231,831

Sources: Various city departments



*City of Porterville, California*

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